



Annual Report
2007

Letter to the Shareholder

The Hon Syd Stirling MLA
Treasurer
Legislative Assembly of the Northern Territory
DARWIN NT 0800

Dear Minister

On behalf of the Power and Water Corporation it gives us great pleasure to present the Corporation's fifth annual report, for the year ended 30 June 2007, in accordance with the provisions of Section 44 of the *Government Owned Corporations Act*.

Yours sincerely



Neil Philip
Chairman



Andrew Macrides
Managing Director

27th September 2007

Contents

- Chairman’s Report 2
- Managing Director’s Report 3
- About Us..... 4
- Our Business 6
- Indigenous Essential Services Pty Ltd 7
- Our People 8
- Organisational Chart..... 11
- Our Customers..... 12
- Working with the Community 18
- Working with Business and Government 19
- Environment 21
- Managing Our Assets 22
- Safety..... 24
- Gas Supply..... 26
- Corporate Governance..... 27
- Regulatory, Compliance and Legal 33
- 2006-2007 Cost Recovery – Water Supply and Sewerage Services 35
- Maps 36
- Statistics to June 2007..... 39
- Key Performance Indicators against
Statement of Corporate Intent Targets 41

COVER IMAGE

FRONT:
DARREN JOHNSON
MANAGER COMMUNITY
LIAISON, REMOTE OPERATIONS

CENTRE:
CINDY CHEW
ANALYST, PLANNING
AND ANALYSIS,
FINANCIAL SERVICES

BACK:
RICHARD SUMMERAUER
SYSTEMS COORDINATOR
MECHANICAL/ELECTRICAL,
WATER SERVICES

Chairman's Report

The Power and Water Corporation Board welcomes Andrew Macrides as the Corporation's new Managing Director. Andrew replaces Kim Wood who left the Corporation in February 2007.

Our 2006-2007 financial performance, net profit after tax (NPAT) recorded a loss of \$69 million. The loss is due to the application of Accounting Standard AASB136 related to impairment of assets, which results in a \$132 million write-down of water and sewerage assets projected for 30 June 2007. Excluding the write-down, NPAT would be on budget at \$34 million.

In 2007-2008, the Corporation is budgeted to achieve an NPAT of \$22 million in the face of rising input costs especially for energy and supplies. In this regard the recently announced CPI-based tariff rises were necessary and timely.

Since Power and Water became a Corporation in 2002, investment in capital works and maintenance has increased significantly from around \$80 million to almost \$130 million a year and in April this year the Corporation announced an \$814 million investment in further capital works, repairs and maintenance.

In 2006-2007, higher revenues have offset cost increases. Electricity sales were above budget and this reflects the increased activity by private developers resulting from the Territory's booming economic conditions.

Energy costs for 2006-2007 are forecast to be \$144 million, 5 per cent higher than projected. Gas consumption was higher than expected due to increased electricity demand and sourced from higher priced contracts. Distillate usage at the Channel Island Power Station was high a number of times in October and November 2006 because of record demand.

Higher repairs and maintenance expenditure is the result of increased activity and costs. We have continued to buy locally wherever possible, paying more than \$384 million to Territory-based firms so far this year, out of a total spend of \$587 million.

Key focuses for the coming year will not only be the implementation of the Corporation's five year, \$814 million investment program across all areas of the organisation but increased demand for our services and service delivery expectations from all sectors of the community. I believe that we are well placed to meet these challenges.

In concluding I would like to thank the management and staff for their contribution to another successful year and fellow Board members, Barry Chambers, Margaret Gibson and Linda Mackenzie who have joined our other directors Judith King, Peter Vines and Bob Neil.



Neil Philip CHAIRMAN

Managing Director's Report

I am pleased to present the Managing Director's report, having been appointed to this role in May this year after many years with the Corporation.

The past 12 months has been an exciting and challenging period for the Corporation. One of the most significant outcomes has been the announcement of a five-year, \$814 million infrastructure plan to cater for demand growth, asset refurbishment and renewal. This represents the largest investment by Power and Water in essential services in the Territory's history.

Achievements this year that are on track or completed include major projects such as the Bonaparte Gas Pipeline, Channel Island power station control system upgrade, construction of the \$126.6 million Weddell Power Station and the \$10 million Alice Springs Soil Aquifer Treatment System. The first two stages of the 20-year project to underground powerlines across suburban Darwin were completed at a cost of over \$21 million and work on further stages is continuing.

While investment in our networks has been, and will continue to be substantial, the performance of the electricity supply system to our customers in the Northern Territory has shown improvement on previous years. In addition, Power and Water will further develop its Energy Source Strategy for remote communities with a view to providing cost-effective and environmental energy solutions in these communities.

Power and Water remains committed to environmental best practice, continues to invest in renewable energy technology and is a major partner in the Alice Springs Solar Cities project for which Federal funding was announced in April. A component of Stage 2 of the Ben Hammond Complex, one of our major facilities, is aiming for a Four Star Green Building rating which will be a first in the Territory.

In addition to achieving ISO 14001 certification for meeting the Australian Standards for Environment, the Corporation has also achieved ISO 9001 for Quality and AS/NZS 4801 for Occupational Health & Safety accreditation.

Financially, the Corporation's net profit after tax (NPAT) recorded a loss of \$69 million in 2006-2007. In the face of expected rising costs for energy and supplies during the next financial year we have budgeted to achieve an NPAT of \$22 million.

Attracting skilled and experienced staff to the Territory is always a challenge and we have chosen to 'grow our own' by offering young Territorians apprenticeships and traineeships. Between March 2004 and March 2007 we have doubled our apprentice and trainee workforce from less than 30 to 61 people Territory-wide.

I would like to take this opportunity to acknowledge Power and Water's hard working staff who continue to do an outstanding job in some often difficult circumstances.



A handwritten signature in white ink on a green background, reading 'Andrew Macrides'.

Andrew Macrides MANAGING DIRECTOR

About Us

Power and Water Corporation is the sole provider of electricity, water supply and sewerage services to almost 80,000 customers across the Northern Territory – an area of more than 1.3 million square kilometres.

We provide our services across varying environments, from the tropics of the north to the deserts of Central Australia. With total assets of more than \$1 billion, Power and Water is one of the largest businesses in the Northern Territory, employing more than 750 Territorians.

Power and Water became the Northern Territory's first Government Owned Corporation under the *Government Owned Corporations Act* on 1 July 2002. This means we are mandated to operate at least as efficiently as any comparable business and to maximise the sustainable return to the Territory on its investment in the Corporation.

We must also follow government policy in the areas of fleet management, procurement and employment under the *Public Sector Employment and Management Act*.

We are a key partner in whole of government counter-terrorism programs and belong to the Energy Infrastructure Assurance Advisory Group and the Water Infrastructure Advisory Group. We also have an integral role in the Northern Territory's counter disaster structure and response.

Our services are either regulated or open to competition:

- Electricity network services are regulated by the Utilities Commission
- Electricity generation services are open to competition
- Water and sewerage services are provided under monopoly licences
- Retail services to large customers (known as contestable customers) are open to competition
- Retail services to other customers are regulated by the Government.

Natural gas is the energy of choice for more than 90% of our electricity generation and is purchased through our wholly owned subsidiary, Gasgo Pty Limited. Through our wholly owned subsidiary, Darnor Pty Limited, Power and Water has a 2.5 per cent interest in NT Gas Pty Ltd, the lessee and operator of the Amadeus Basin to Darwin gas pipeline. Power and Water also has 2.5 per cent of the units in the Amadeus Gas Trust. These arrangements are likely to be dissolved when the lease on the pipeline expires in June 2011. Once new supply becomes available, we may on sell gas if it is surplus to our long-term needs.

We support the provision of electricity, water and sewerage services in remote Territory communities through our wholly owned subsidiary not-for-profit business Indigenous Essential Services Pty Ltd (IES). Services are provided under a 'fee-for-service' agreement with the Department of Planning and Infrastructure.

Our Values

Safety is Paramount

We aim to protect our people, customers and the community. 'Zero harm' is our safety goal.

Our People

We value our people and will encourage them to achieve their full potential. We recognise that we need to embrace change as an organisation.

Growth

We will grow the Corporation's business by fostering an efficient, performance-driven culture.

Integrity

We will be honest, consistent and fair in all of our dealings with customers, suppliers and our people.

The Natural Environment

We will protect the natural environment by at least meeting mandated environmental obligations and seeking ways to minimise our environmental footprint.

The Power and Water Corporation remains committed to meeting and, where possible, exceeding our customers' expectations for performance.

Our Strategic Goals

Customers and Community

1. Customer Management
To ensure our customers are satisfied with the products, pricing and service we provide.
2. Being Socially Responsible
To meet our social responsibilities to the community in which we operate.

Our Staff

3. Safety Management
To consistently achieve 'zero harm' targets for safety.
4. Employee Management
To build the satisfaction level, skills, motivation and performance of all employees.
5. Leadership Development
To develop a high-achieving management team.
6. Cultural Change
To move towards a high performance culture.

The Business

7. Capital Asset Management
To optimise the cash committed to capital and operational expenditure by gaining a risk/consequence based understanding of the underlying capital needs of the business and the subsequent impact on maintenance expenditure.
8. Financial Management
To operate all financial aspects of the Corporation in an efficient and timely manner.
9. Business Development
To actively seek ways to minimise risk and to provide growth opportunities for the Corporation.
10. Increase Efficiency
To improve returns to the shareholder, and outcomes for customers by continuously pursuing opportunities for efficiency.
11. Environmental Management
To be seen as a leader in environmental management and compliance in the Territory.

Accountability

12. Stakeholder Management
To build a high level of trust with stakeholders.
13. Crisis Management
To respond appropriately to any reasonably foreseeable crisis.
14. Performance Measurement
To ensure timely compliance with all statutory reporting obligations, and to provide meaningful information to all stakeholders.



RIGHT:
1. POWER NETWORKS STAFF

2. RETAIL STAFF MEMBER



Our Business

Business Unit	Function
Office of the Managing Director	Oversees the day-to-day running of the Corporation ensuring effective governance and operation.
Retail	Manages and is responsible for our interface with customers throughout the Territory.
Power Networks	Constructs and maintains the electricity network infrastructure that connects customers throughout the Territory to the electricity generators.
Generation	Generates electricity to meet the needs of customers in the major and minor centres in the Northern Territory.
System Control	Provides the operational control of the electricity system to ensure reliability and efficiency is optimised.
Water Services	Provides water supply and sewerage services to major and minor centres.
Gas	Develops and implements strategies to ensure the Corporation has access to reliable and competitively priced feedstock gas fuel for electricity generation.
Remote Operations	Provides power, water and sewerage services to Indigenous communities throughout the Territory.
Technology Services	Provides a diverse range of specialist services to all areas of the Corporation, including procurement, project management, controls and communications, engineering and testing services, metering and sustainable energy.
Business Services/Company Secretary	Provides services including board and ministerial liaison, information technology, corporate communications, office services, records management, quality, OH&S, risk, environmental services and fleet management.
Financial Services	Provides corporate support and management regarding financial operations, budgetary planning, economic advice, regulatory compliance and strategic planning.
Human Resources	Provides corporate support and advice to the Managing Director and business units relating to human resources, industrial relations and training.
Office of General Counsel	Provides legal, insurance and property related advice and services, including managing legal matters undertaken by external legal service providers.

Indigenous Essential Services Pty Ltd

Indigenous Essential Services (IES) Pty Ltd was established in 2003 to support the provision of power, water supply and sewerage services to residents in remote communities across the Northern Territory. The Northern Territory Government funds the provision of the services through the Department of Planning and Infrastructure (DPI).

Power and Water's Remote Operations Unit assumes the role of service provider while DPI undertakes the planning, coordinating and purchasing role. DPI is invoiced monthly on a fee-for-service basis as work is completed under Service Agreements.

In 2007 IES provided services to 72 communities. Providing these services presents a number of challenges that service providers in other areas do not experience: the tyranny of distance between communities and urban centres, the availability and retention of staff and contractors, and extreme weather conditions.

The services could not be provided without the work of Essential Services Operators (ESOs). ESOs are community residents appointed by councils in remote communities across the Northern Territory, who are then contracted by the Power and Water Corporation.

Remote Operations oversees ESO training. Service coordinators travel to communities and provide mechanical, electrical, water and sewerage training. Training is managed by Group Training Northern Territory under a partnership arrangement between Power and Water Corporation and Charles Darwin University. ESOs work towards completing a nationally recognised qualification.

More information about IES is available in the Indigenous Essential Services Pty Ltd Annual Report.



LEFT:
POWER AND WATER
REMOTE OPERATIONS STAFF

Our People

Over the past 12 months many initiatives identified in the 2004 Enterprise Bargaining Agreement (EBA) have been delivered. They include:

- A full review of the competency requirements for all Power and Water's Service Workers was undertaken. This has resulted in the development of the relevant job models for the Generation, Networks and System Control business units and the assessment of all employees against these new job models. These employees now have an individual training plan to enable them to maintain and develop the required competencies.
- MyPlan, a new performance management system to ensure Power and Water achieves its goals and targets under the Statement of Corporate Intent.
- Development of a Reward and Recognition Program, which identifies and rewards employees for outstanding contributions. This program has been in effect for 7 months and has already had 73 employees recognised.
- The Cultural Change Program, which promotes further improvements to the culture and operations.
- The Leadership Development Program, which all leaders will have the chance to participate in. The first phase is expected to be completed by the end of 2007, with the program to continue for another six to 12 months.
- A comprehensive 3 day corporate induction has been developed and implemented for all new employees with Power and Water. This induction provides an effective "launchpad" for new employees for their career with Power and Water.
- As part of the Integrated Management System, staff also benefit from improved procedures and processes. Management and staff are working towards a safer working environment throughout the organisation.

Training Agreement with Charles Darwin University

Power and Water and Charles Darwin University (CDU) have entered into a six-year agreement worth around \$18 million. Under the agreement, CDU will manage our training requirements and deliver training in association with Territory organisations Connell Wagner and Group Training NT.

CDU is able to provide training across the board, from basic hands-on training of apprentices to post-graduate technical and management education.

Apprentice and Graduate Program

Power and Water is continuing its focus on ensuring the right people are in place for the future by developing its base of skilled staff. Apprentice intake increased to 16 for 2006-2007 with overall current apprentice numbers now at 61. Further development of the Apprentice program has been conducted with the creation of a mentoring program for all Power and Water Apprentices.

Through our Graduate Program, we have 14 graduates in varied disciplines across the organisation with another two to begin on completion of studies in 2007. Vacation employment has given students the chance to see us as a potential employer when they complete their studies. The Graduate Program is under review to provide a more structured approach including continued study options.

Apprentices and Trainees' Achievements

We are proud of our apprentices: a number of our young achievers have won major awards.

This year Power and Water was a finalist of the Apprentice Host of the Year at the Group Training NT Awards. Two apprentices were also recognised for their accomplishments:

- Sam Murray, Electrotechnology (Systems Electrician) Power Networks, won Apprentice of the Year.
- Ben Cooper, ESI Distribution (Powerline) Generation, was runner up Apprentice of the Year.

Career Development

In 2006-2007, 35 staff were enrolled in Diploma or Certificate IV in Business (Frontline Management).

To reduce skill gaps, and in line with the 2004 EBA, the organisation has enrolled trainee technical specialists and current staff into a Diploma of Electrical Engineering.

Statement of Corporate Intent (SCI) 2006-2007 Performance

Key Result Area	Key Performance Target	Key Performance Results	Performance Achievements
Staff Indices	Staff Satisfaction > 82%	74%	<ul style="list-style-type: none"> • Staff satisfaction has improved over the last 12 months through management responding to employee feedback in a period of change, community scrutiny and increased workloads. • Power and Water has an ongoing focus on developing employee performance and job satisfaction through the implementation and enhancement of a range of workforce development programs.

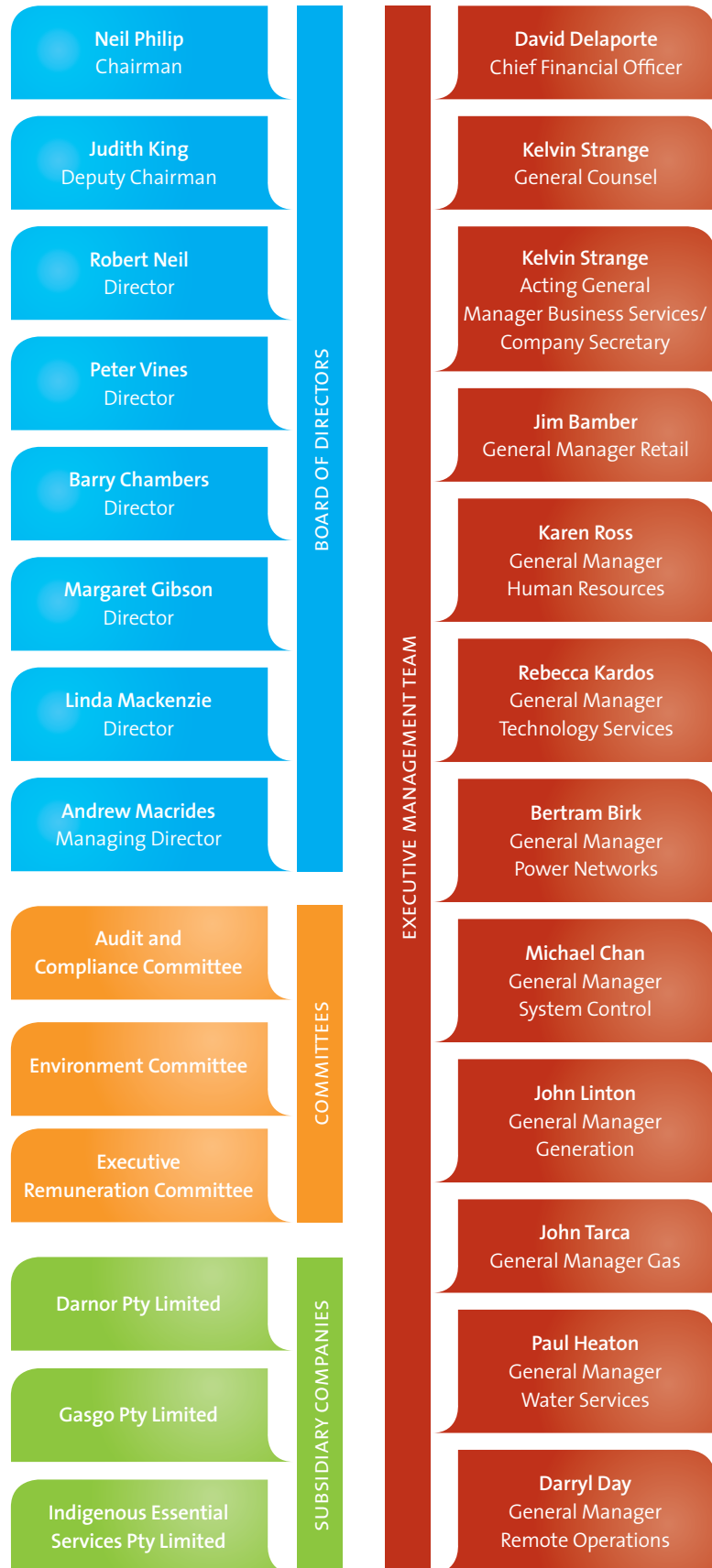
Safety

We aim to protect our people, customers and the community. 'Zero harm' is our safety goal.



KIERAN RUANE
NETWORK SAFETY ADVISOR,
POWER NETWORKS

Organisational Chart



Our Customers

Getting Set for the Wet Season

The Corporation launched its Wet Season awareness campaign on 28 October 2006 in Darwin's Casuarina Square. Fashion students from Charles Darwin University were invited to create outfits with wet season flair, which were then modelled in a fashion parade.

Major causes of Wet Season power outages in the Top End are fruit bats, falling tree branches, strong winds and lightning strikes. Strategies to minimise power outages include a tree-trimming program, installing fibreglass cross-arms and lightning surge arresters and guards to keep animals off the powerlines. Our community awareness campaign informs customers about ways to 'weather the storms' and helps to highlight the conditions our crews work under.

Safety and Reliability: Vegetation Management

Power and Water is committed to protecting the safety of members of our community. Trees, including palms, can be blown into powerlines when they grow too close to them. If this happens, they can conduct electricity and become safety hazards. A significant proportion of power outages across the Top End are caused by trees and palms interfering with powerlines. Through our tree trimming program, contractors clear vegetation around powerlines in the road reserve and remove the debris from the site.

From Ron Goodin to Owen Springs

To address noise issues and to increase capacity and improve reliability of supply to Alice Springs residents, Power and Water has committed up to \$20 million to remove the Titan and Taurus generators from the Ron Goodin Power Station site and purchase a new generator for the new site.

Local businesses are set to win significant work with the project. A tender for site infrastructure that includes site security, water, power, civil works and fuel storage will be advertised in November and associated work will begin in 2008.

The Titan and Taurus generators are expected to be relocated by October 2008. The new 8MW generating set at the Owen Springs Power Station is expected to be installed and commissioned by the end of November 2008.

Darwin Water Strategy Public Consultation

In December 2006 the Corporation launched the Darwin Water Story, a public document providing information on past, present and future water issues such as high water use and the need for greater efficiency. Initiatives under consideration include accessing additional ground water from Howard East Stage 2, raising Darwin River Dam, future dams, recycling effluent and water efficiency measures.

Water Services staff conducted presentations to community and business groups. They have also manned displays at popular markets and shopping centres and provided direct distribution to schools and other interested individuals.

A survey in conjunction with the launch of the Darwin Water Story began in December 2006 and closed on World Water Day in March 2007. Results from the 610 surveys completed found that about 60 per cent of residents and businesses believed water conservation in Darwin is critical. The survey also showed that 85 per cent of people felt it was socially responsible for them to monitor water use.

There was widespread interest in the use of rainwater tanks and grey-water reuse systems. Power and Water is analysing the results and plans to incorporate the findings into awareness campaigns and future initiatives.

Connecting Customers: Constructing 32 metre Power Poles

To help bring power to the Compass Resources Browns Oxide Mine at Batchelor, we have extended the existing Darwin to Katherine 132 kV transmission system by 4km to a new zone substation at Batchelor. The project includes construction of 2.5km of 22kV underground cable through Batchelor and 5km of 22kV distribution line to the mine site.

Power poles of up to 32 metres were also under construction throughout the year. This is the first time these types of poles have been used in the Territory for 132kV transmission line construction. Care has been taken to work with the local community to minimise the environmental impact including the need to clear vegetation.

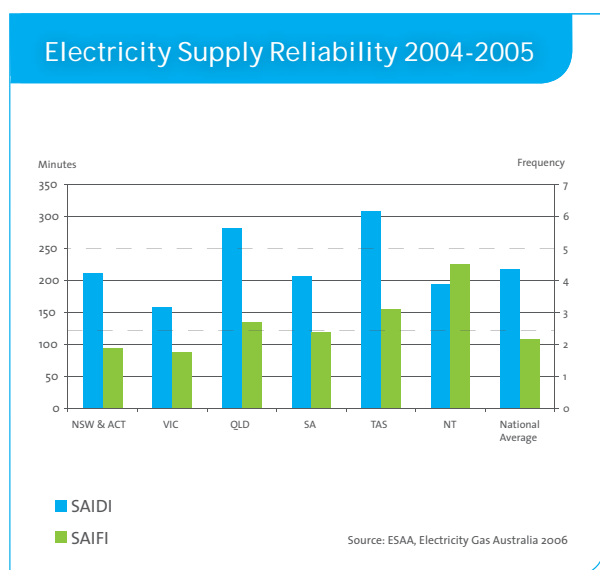
Power and Water is committed to protecting the safety of members of our community and our employees.

Electricity Supply Reliability

Power and Water continues to improve electricity network performance Territory-wide. The Territory is an extremely challenging environment in which to provide a reliable electricity supply. Lightning, storms, bats and fast vegetation growth cause power outages at a higher frequency than that experienced by other states and the ACT. Despite this, the duration of outages is less than the national average.

Reliability of supply is measured using various indices, in particular the System Average Interruption Frequency Index (SAIFI), or how many times each customer is off supply per annum, and System Average Interruption Duration Index (SAIDI), a measure of the average minutes each customer is off supply per annum.

The following graph compares our performance with the national average, as published in the ESAA, *Electricity Gas Australia 2006*.



In 2006-2007 Power and Water exceeded its network response times for each major urban centre.

Power Restoration Response Times and Targets		
Network Response Times	2006-2007 Corporate Target	2006-2007 Achievement
Darwin	90% restored within 80 minutes	94%
Katherine	90% restored within 80 minutes	98%
Alice Springs	90% restored within 80 minutes	91%

*Tenant Creek power restoration response times were incomplete at time of publication

Electricity Standards of Service

Since Power and Water became a Corporation in 2002 investment in both capital works and maintenance has significantly increased from around \$80 million to almost \$130 million per annum.

The Northern Territory Electricity Standards of Service report, released by the Utilities Commission (2005-2006), has shown infrastructure investments have had positive impacts on service delivery. The report shows that:

- 76 per cent of customers speak to a staff member within 20 seconds of phoning Power and Water
- In Katherine the average minutes of off-supply per customer due to network problems in a year was 178 minutes (after two major event days were excluded) – half the minimum standard of 401 minutes
- For Darwin, Katherine and Alice Springs the average duration of network related interruptions was better than the minimum standard.

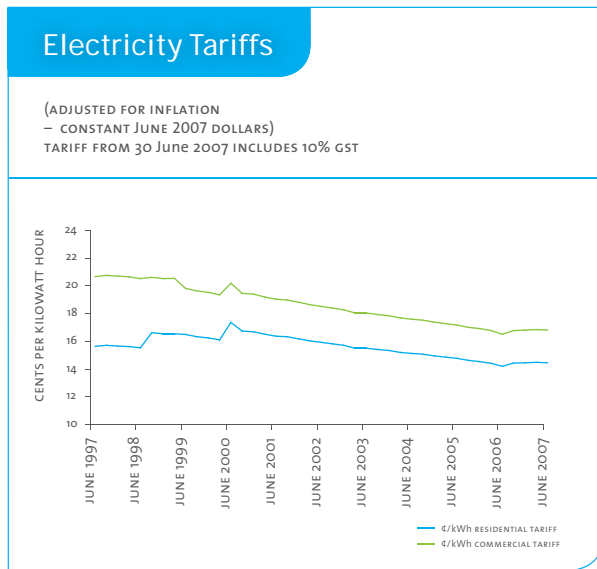
We aim to further improve standards by upgrading and refurbishing our assets, innovative technologies, information systems and continuously developing skills.

RIGHT: POWER NETWORKS STAFF



Electricity Tariffs

Over the last 10 years to 30 June 2007 electricity prices for both residential and commercial customers have decreased in real terms. Residential customers have seen a decrease of 8 per cent, while commercial customers have seen a decrease of 19 per cent over the same period (inclusive of the impact of GST).



LEFT:
POWER AND WATER
LINE CREW AT WORK

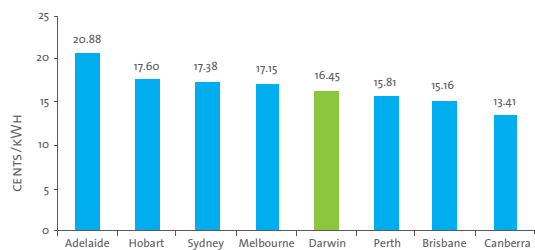
Price Comparisons

The following graphs compare prices for electricity and water in the Northern Territory with other capital cities, as at 30 June 2007. Direct comparisons of sewerage prices are not possible as tariff structures and methodologies vary significantly across States.

Electricity

Residential Electricity Tariff Comparison

AS AT 30 June 2007
 BASED ON 1250 kWh PER QUARTER [ESAA AVERAGE]
 (CALCULATED USING A VARIABLE CONSUMPTION CHARGE
 AND FIXED DAILY CHARGE COMPONENT)

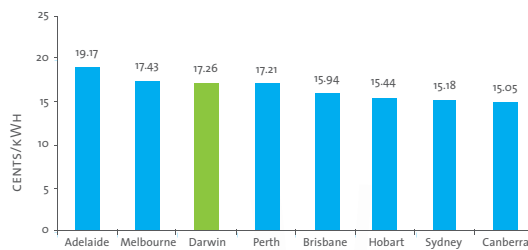


*Note the average NT con-contestable residential consumption is 2028 kWh per month

Source: Retailers Published Tariffs

Commercial Electricity Tariff Comparison

AS AT 30 June 2007
 BASED ON 2500 kWh PER QUARTER [ESAA AVERAGE]
 (CALCULATED USING A VARIABLE CONSUMPTION CHARGE
 AND FIXED DAILY CHARGE COMPONENT)



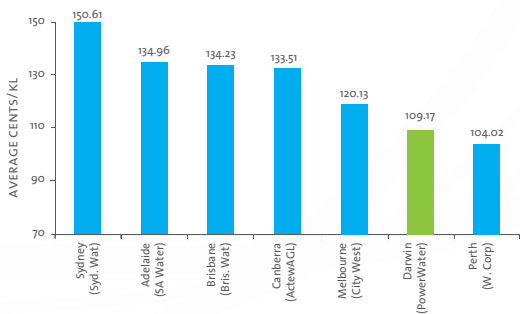
*Note the average NT con-contestable commercial consumption is 4008 kWh per month

Source: Retailers Published Tariffs

Water

Residential Water Tariff Comparison

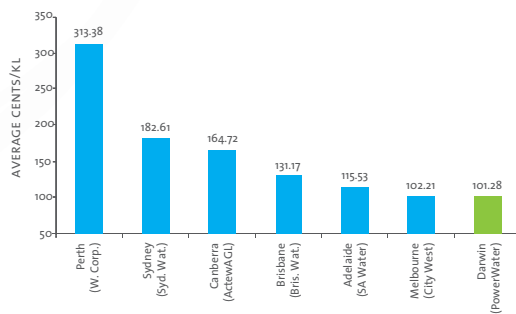
AS AT 30 June 2007
 BASED ON 266 kL PER ANNUM [WSAA FACTS 2005 AVERAGE]



Source: Retailers Published Tariffs

Commercial Water Tariff Comparison

AS AT 30 June 2007
 BASED ON 1325 kL PER ANNUM [WSAA FACTS 2005 AVERAGE]
 [AVERAGE DARWIN COMMERCIAL CONSUMPTION IS 3528 kL PER ANNUM]



Source: Retailers Published Tariffs

Statement of Corporate Intent (SCI) 2006-2007 Performance

Key Result Area	Key Performance Target	Key Performance Results	Performance Achievements
Customer Service Improvement	Customer Satisfaction Index > 80%	68%	<ul style="list-style-type: none"> While overall customer satisfaction was stable (68%), customer satisfaction for the provision of electricity and water supply services were very high (81% and 90% respectively). Targeted strategies are expected to aid in improving the overall customer satisfaction measure.
	Connections to existing supply properties within 24 hours (%) > 98%	98%	<ul style="list-style-type: none"> Power and Water has continued to maintain its high connection rates through contractor management and performance, and by improving connection processes and procedures through the Retail Management System.
	Connections to new services in major urban area within five working days (%) > 98%	88%	<ul style="list-style-type: none"> Increased customer demand reflecting economic development and reduced ability to recruit field staff consistent with national skills shortages, contributed to the target not being met. Connections in outlying distribution areas such as Dundee Beach required additional time to complete.
	Connections to new Subdivisions where minor extensions or augmentation is required within 18 weeks (%) > 90%	70%	<ul style="list-style-type: none"> Increased development activity and process delays associated with minor projects contributed to the target not being met.
	Average call response time (%) > 80%	69%	<ul style="list-style-type: none"> Average call response times did not meet the target of 80% but exceeded the minimum standards of service of 63%. The contribution from call centre staff and quality of service is expected to continue to improve along with change management process reviews.
Electricity Supply Reliability	Average Minutes off-supply/customer (SAIDI) ¹ : Darwin < 177 Katherine < 241 Tennant Creek < 97 Alice Springs < 80	Darwin: 225 Katherine: 104 Tennant Creek: 31 Alice Springs: 111	<ul style="list-style-type: none"> A number of initiatives have contributed to minimising overall system interruption duration. The Darwin region was affected by adverse weather conditions (particularly lightning strikes and storms). Unusual weather and some equipment faults in Alice Springs also affected performance, while the Katherine region benefited from excellent weather conditions during 2006-2007. Improvement initiatives include: installing bat guards on poles; installing fibre glass cross arms, installing additional reclosers (which improves our vegetation trimming programs); undergrounding powerlines; and maintaining our standard of installing overhead earth wires on all transmission lines.

Key Result Area	Key Performance Target	Key Performance Results	Performance Achievements
	<p>Average No. of Interruptions/customer (SAIFI)²:</p> <p>Darwin < 3.6 Katherine < 7.0 Tennant Creek < 3.4 Alice Springs < 2.0</p>	<p>Darwin: 3.9 Katherine: 3.3 Tennant Creek: 1.3 Alice Springs: 3.0</p>	<ul style="list-style-type: none"> The frequency of interruptions has seen significant improvement from previous years and is attributed to the successful implementation of the initiatives above. These measures should result in further improvement in the forthcoming year. Despite unusual weather in Alice Springs, the frequency of interruption remains at average minimum levels as in previous years. Power and Water remains committed to meeting and exceeding the minimum standards of service to our customers.
	<p>Average Minutes off-supply /customer /interruption (CAIDI)³:</p> <p>Darwin < 49 Katherine < 34 Tennant Creek < 29 Alice Springs < 40</p>	<p>Darwin: 57 Katherine: 31 Tennant Creek: 24 Alice Springs: 37</p>	<ul style="list-style-type: none"> The performance results in customer average outage duration are consistent with the SAIDI and SAIFI results. While there have been significant improvements in reducing the frequency of interruptions, a small number of severe adverse weather conditions affected the duration of interruptions, particularly in the Darwin region. Work crews have continued to exceed the response times in all regions during 2006-2007 (> 90% restoration within 80 minutes).
Water Supply Reliability	<p>Average Planned interruption duration/customer (hrs):</p> <p>Darwin < 2.50 Alice Springs < 2.50</p>	<p>Darwin: 1.14 Alice Springs: 1.93</p>	<ul style="list-style-type: none"> The good result in Darwin is attributed to the accessibility of the Darwin region, allowing service crews to be in attendance to call outs within 15 to 20 minutes wherever the fault may occur.
	<p>Average Unplanned interruption duration/customer (hrs):</p> <p>Darwin < 1.50 Alice Springs < 2.00</p>	<p>Darwin: 0.94 Alice Springs: 1.96</p>	<ul style="list-style-type: none"> The good result in Darwin is attributed to the accessibility of the Darwin region, allowing service crews to be in attendance to call outs within 15 to 20 minutes wherever the fault may occur.
Sewerage Service Reliability	<p>Average Unplanned interruption duration/customer (hrs):</p> <p>Darwin < 2.50 Alice Springs < 2.50</p>	<p>Darwin: 1.40 Alice Springs: 0.98</p>	<ul style="list-style-type: none"> The good result for sewerage service reliability in Darwin can also be attributed to the demographics of the Darwin region and the short travel time required by a service crew to attend to a fault. Service crews remain ready to respond to faults and minimise inconvenience to customers.

1. System Average Interruption Duration Index (SAIDI)

2. System Average Interruption Frequency Index (SAIFI)

3. Customer Average Interruption Index (CAIDI)

Working with the Community

We invest in our community through a range of sponsorship arrangements. In 2006-2007 we distributed more than \$260,000 across a number of areas including community, technology, arts and culture, environment, children and sport.

In 2006-2007 our sponsorships included the Arafura Games, COOLmob, Darwin Festival, Housing Industry Association, Life Education Australia, Young Achiever Awards, Special Children's Christmas Party, Tennis NT, the Katherine Red Cross Canoe Marathon, the Alice Springs Festival, Land for Wildlife and a range of regional festivals.

We sponsor organisations or events that align with our corporate values of growth, integrity, safety, the environment, our customers and our people. Sponsorships must have wide reaching benefits to Territorians.

Relationships built through these agreements are a powerful way to have a positive impact on the community we serve. The future of sponsorships rests in building these relationships and depends on commitment from both parties. Wherever possible, we try to engage staff in events we sponsor.

Young Achiever Awards

Power and Water is the proud sponsor of the Science and Engineering Award to honour young scientists and engineers who are responsible for many innovative ideas that benefit our community.

This year's winner David Johnston was selected as the youngest member of this year's Australian Physics Olympiad team, which won the silver medal in Shanghai.

Tennis in Alice Springs

Around 200 Alice Springs primary school students had the opportunity to convince Tennis Australia representatives that they could be the next Australian tennis superstar during the seventh annual Junior Gala Tennis Open Day, held in September 2006 at the Red Centre Tennis Academy.

Twelve of the students received a Power and Water tennis scholarship, which will provide them with a free coaching program for the rest of the year.

2007 Melaleuca Awards

Our Melaleuca Awards celebrate the work of Territorians who look after our environment. The awards have been running for five years and highlight environmental sustainability and responsibility. The 2007 awards attracted an exciting range of entries from Territory schools, businesses, community groups and individuals.

Our annual Celebrity Lighten-Up Challenge, held in conjunction with the Melaleuca Awards, focused on some of the Territory's personalities battling to consume the lowest amount of power and water over three months.

The winners of the 2007 Melaleuca Environmental Excellence Awards, announced at a ceremony at Parliament House in June 2007, were:

Category	Winner
Community	Katherine Town Council – Water saving devices at Katherine Sportsground and Aquatic Centre
Commercial/Industry	Casuarina Square – reducing cardboard waste Highly commended: Imparja TV program Yamba's Playtime
Small Business	Eco Options – providing environmentally friendly household and building products
Schools	Pularumpi School – saving water through a new irrigation system
Environmental Grants	COOLmob – conducting home sustainability audits Desert Knowledge Australia COOLmob – developing an eco-footprint calculator suitable for Alice Springs Millner Primary School – installing a water conservation system Our Lady of the Sacred Heart College, Year 7 – planting trees at Hamilton Downs Station on the Year 7 school camp
Chairman's Award	Katherine High School, Intensive Learning Unit – students with special needs have created a garden to showcase their abilities.



LEFT:
1. SOME OF THE 2007 MELALEUCA AWARD WINNERS
2. POWER NETWORKS GENERAL MANAGER, BERTRAM BIRK AT THE 2006/2007 'GET SET FOR THE WET' CAMPAIGN LAUNCH

Working with Business and Government

Industry Opportunities

In early 2007 we announced we would spend a record \$592 million on capital upgrades over the next five years. Another \$222 million will be directed to a repairs and maintenance program. This is the largest investment in essential services in the Territory's history and will provide unprecedented opportunities for local businesses.

Businesses across the Territory recognise that our investment will provide an unprecedented opportunity to plan for their future. The boost in spending will also help increase their business activity and profitability.

In June we hosted industry briefings in Darwin and Alice Springs.

The program has been developed to ensure relatively even distribution of works over the five years. This presents opportunities for local businesses to enter into alliances and partnerships.

Major initiatives include:

- \$20 million towards power generation and networks in Alice Springs
- \$126 million for a new power station at Weddell to service Palmerston and Darwin
- \$7 million to increase power supply at Katherine
- \$5.2 million at the Marrakai Zone Substation and 66kV line
- \$16 million for the duplication of rising main and extension of East Point Outfall
- \$10 million for the upgrade of Ludmilla Wastewater and Treatment plant
- \$8 million capital upgrade to Howard East Borefield

Frances Bay Substation

The \$6.9 million contract to construct Darwin CBD's Frances Bay Zone Substation was awarded to Sitzler Bros following a competitive tendering process. Construction will be complete in July 2007.

The substation will provide an alternative source of electricity to the Darwin Central Business District and will help meet growing demand for electricity arising from new projects such as the redevelopment of Darwin's waterfront.

Alice Springs Water Reuse Project

The Alice Springs Water Reuse Project aims to solve the problem of dry weather overflows into Ilparpa Swamp, while making productive use of a resource that would otherwise evaporate and go to waste.

The project is a joint initiative of Power and Water, the Department of Primary Industry, Fisheries and Mines and the Department of Natural Resources, Environment and the Arts.

The project, which is expected to be completed by the end of 2007 at a cost of \$10 million, is one element of the Alice Springs Urban Water Management Strategy.

Underground Power Project

Around 700 properties now have access to underground power since undergrounding work began in May 2004 in Nightcliff. Work in neighbouring suburb Rapid Creek, where there are about 675 properties, started in October 2006. Boring has been completed for 138 of the first 341 properties.

To date, the project has cost over \$21 million and a further \$8 million is budgeted for 2008-2009.

The project is overseen by Power and Water Corporation, but the Managing Contractor (Nilsen Electric NT) is responsible for the design, procurement and construction components and managing the subcontractors.

Undergrounding of powerlines will protect the lines and supply from external factors such as falling trees and cyclonic weather. Reliability of supply and the life expectancy of the lines are also expected to increase dramatically.

Dundee Region Power Supply

Work to extend the electricity network to the Dundee Beach area started in February 2004. About \$6.3 million has been spent on this project. Funding is from the NT Government and the Power and Water Corporation.

Town power was officially turned on for the first time on Saturday 28 January 2006. Around 1000 customers in the Dundee Beach and Native Point areas were connected to power by mid-2007.

Connection to the Dundee Beach Electrical Distribution System is covered by the rules set out in the Power and Water Corporation's Distribution System Extension Policy.

Undergrounding of powerlines will protect the lines and supply from external factors such as falling trees and cyclonic weather.

Aeropower Helicopter Inspection

In May 2007 low flying helicopters began scouting high voltage power lines across Darwin, Katherine and Pine Creek.

Queensland-based company Aeropower was secured to conduct the airborne maintenance, using helicopters as a platform to patrol, inspect, construct, string, wash and perform live-line repairs and maintenance.

Aerial inspections are faster, more cost effective, and allow maintenance and inspection without having to turn off electricity to our customers.

Renewable Energy Partnerships

Solar Cities Project – Alice Springs

Power and Water Corporation is helping the Alice Springs community to become a solar city. Alice Springs was confirmed as a Solar City in April 2007 under the Australian Government's \$75.3 million Solar Cities project.

Solar Cities is designed to demonstrate how solar power, smart meters, energy efficiency and new approaches to electricity pricing can combine to provide a sustainable energy future in urban locations throughout Australia. It is also a partnership approach that involves all levels of Government, the private sector and the local community.

Power and Water will support the project in a number of areas including cost reflective pricing, buy back rates and 'smart metering'. A major plank of the Solar Cities project is the provision of price signals to customers to help them manage their energy account as well as installation of up to 300 rooftop PV systems in Alice Springs over seven years.

Solar Initiatives – Central Australia

Two remote communities – Bulman in Arnhem Land and Kings Canyon in the Centre – are being used to test the viability of flat-plate solar photovoltaic technology to reduce the consumption of distillate. They add about 30 per cent capacity to the power plant in an efficient way, as peak

demand in the Northern Territory closely matches the availability of solar power over the course of a day.

Solar panels reduce the need for diesel, reduce greenhouse emissions and contain the cost of power generation. The Bulman project was completed in November 2002 and generates 56kW peak, saving about 70 tonnes of greenhouse gas emissions per year. The Kings Canyon project was completed in December 2003 and generates 241kW peak.

The project, worth \$3.6 million, is the largest single installation of its kind in Australia. The panels have an expected life of 25 years.

The Corporation also participates in the Australian Government's solar buy back scheme. The Department of Business, Economic and Regional Development offers a rebate on the purchase of the solar equipment. Power and Water enters into contractual arrangements with customers for the purchase of the electricity.

Wind Energy at Tennant Creek - Tender

The Power and Water Corporation called for Expressions of Interest from businesses to enter into an agreement to purchase electricity generated by wind power in Tennant Creek, which has an average wind speed of about 5m per second.

A planned wind generator at Tennant Creek is just one of a range of projects to draw energy from non fossil fuel sources.

Investments in renewable energy projects in Tennant Creek qualify for rebates of around 50 per cent because the Australian Greenhouse Office recognises the town as eligible for its Remote Renewable Power Generation Program.

Successfully harnessing the wind to produce electricity in Tennant Creek could help Power and Water meet annual targets under the Mandated Renewable Energy Targets Legislation, which requires utilities to acquire Renewable Energy Certificates.



LEFT:
KINGS CANYON
SOLAR PANELS

Environment

Environment Management and Accountability

Minimising our impact on the environment is a priority for the Corporation. This is demonstrated by our strategies and policies. These include our Environment Vision Statement; Quality, Health and Safety Policy; Environment Strategy and Environment Action Plan.

We also publish annually our Environment Report; Waste Water Treatment, Reuse and Discharge Report and Water Quality Report.

The reports can be accessed at www.powerwater.com.au.

Renewable Energy Certificates

Under the Australian Government's Renewable Energy (Electricity) Act 2000, annual Mandated Renewable Energy Targets (MRETs) have been established for wholesalers on grids exceeding 100MW. Power and Water has managed its Renewable Energy program so that the MRET has been satisfied in each of the six years to date. A principal source of renewable energy certificates (RECs) has been from solar hot water systems. Other sources include the solar power stations and the landfill gas generator in Darwin.

Renewable Energy Roadmap

We have developed a Renewable Energy Roadmap that identifies goals and actions to achieve renewable energy objectives in the most effective and cost-efficient manner. The roadmap recommendations have been the subject of industry consultation and extensive research.

As the MRET increases steadily towards the 61,500 REC target in three years time, we will need to work even harder to meet the target each year. Current indications are that the targets are achievable, but market factors such as a slump in housing activity could have an impact.

Larrakeyah Wastewater Outfall – Strategy

Licensing requirements require that Larrakeyah outfall be closed down by 2011. Two options were presented to the public at a residents' meeting in February 2007 and discussions have commenced with Darwin City Council on alternative pipeline routes. Expansion of the Ludmilla Wastewater Treatment Plant and extension of the East Point outfall are also currently being planned as part of the overall closure strategy.

Statement of Corporate Intent (SCI) 2006-2007 Performance

Key Result Area	Key Performance Target	Key Performance Results	Performance Achievements
Environmental Performance	Greenhouse Gas Emissions: Channel Island Power Station: < 672kg of CO ₂ per MWh at 60% of full load	596kg of CO ₂ per MWh at 82% of full load	<ul style="list-style-type: none"> Performance achievement is attributed to the continued management of spinning reserves, utilisation of combined cycle generators, efficient plant configuration, and continued use of gas as the main source of fuel. Power and Water is committed to the Australian Government's Generator Efficiency Program to minimise emissions of greenhouse gases from electricity generation.
	Greenhouse Gas Emissions: Ron Goodin Power Station: < 1051kg of CO ₂ per MWh at 50% of full load	661kg of CO ₂ per MWh at 88% of full load	<ul style="list-style-type: none"> Performance achievement is attributed to the continued management of spinning reserves, efficient plant configuration, and continued use of gas as the main source of fuel. Power and Water is committed to the Australian Government's Generator Efficiency Program to minimise emissions of greenhouse gases from electricity generation.
	Standards for: Environmental Management Systems (ISO14001) Occupational Health and Safety (AS4801) Quality Management Systems (ISO9001)	Maintained Certification	<ul style="list-style-type: none"> During 2006-2007 SAI Global has undertaken 6-monthly surveillance audits of Power and Water's business units in all regions. The audit reported that there were no instances of non-conformance to standards for Environment (ISO 14001), Quality (ISO 9001) and Occupational Health and Safety (AS/NZS 4801). The continued review and mapping of processes will support Power and Water's quality improvement program.

Managing Our Assets

Infrastructure Protection

Given the vastness of the Northern Territory, the harsh environment and the scope of our infrastructure, we face significant challenges in protecting our assets.

We have been recognised nationally as being proactive in critical infrastructure protection. This includes an all hazards approach in line with the principles outlined in the Australian/New Zealand Standard for Risk Management (AS/NZS4360).

Asset Management Systems Project

Power and Water is undertaking a major project to develop a strategy and long term solution for asset management. This includes improved cost-effective life cycle asset management and maintenance management and improved and reliable reporting to stakeholders. The project started in 2006-2007 and will finish by 2010, and has an approved expenditure of \$14.4 million.

The project will deliver the above through:

- Development and maintenance of a corporate asset management framework;
- Implementation of new asset management and spatial IT systems based on an integrated asset register;
- Improved and defined business processes;
- Providing training and additional skills to staff; and
- Improved data quality through data cleansing and the asset validation project.

The project will improve the quality of our financial and regulatory reporting, and will involve engagement with stakeholders.

Operational Headquarters Upgrade

We are redeveloping our major operational depot for the northern region, the Ben Hammond Complex in Stuart Park. The redevelopment, which will incorporate civil and construction works, will remove asbestos and provide structural upgrades to ensure buildings at the site meet relevant codes.

Stage one of the redevelopment, completed in 2005, saw the main workshop and office areas refurbished. Stage two will include office and workshop accommodation and upgrades to buildings and power, water, sewerage and fire water mains. Buildings that contain asbestos will be demolished, and two new buildings will be constructed.

All works are conducted in line with an Environmental Management Plan and legislation, to ensure nearby residents will not be affected by possible impacts from noise, vibrations and dust. Completion is expected by mid to late 2008.

Improving Network Reliability

We are continuing to replace deteriorated cross-arms on power poles with a fibreglass variety, which will help reduce power outages caused by fruit bats, lightning strikes and tree branches.

The fibreglass cross-arms will significantly reduce the number of power outages, as fibreglass is inert and will not conduct electricity. This will also prevent a lot of power outages currently caused by lightning strikes.

Raising the Height of Darwin River Dam

Raising the height of Darwin River Dam is required to provide additional water to meet increased demand in the Darwin, Palmerston and rural areas.

Raising the 30m high Dam by up to 1.3m will increase available yield by around 20 per cent. Infrastructure such as the pump station and rising mains is capable of supplying additional water. Raising the structure is an efficient and cost effective option and is technically and environmentally feasible.

Planning for this project will commence in 2007-2008 and is expected to be completed in 2009-2010 at a cost of over \$8 million.



The construction of the new Weddell power station in the Top End is the largest investment in Northern Territory electricity infrastructure in more than two decades.

LEFT:
BEN HAMMOND OPERATIONAL COMPLEX - DARWIN

Capital Investment

During 2006-2007, \$98.2 million was spent on the capital investment program. In 2007-2008 it is forecast \$152.9 million will be spent.

	2003- 2004	2004- 2005	2005- 2006	2006- 2007
Capital Investment (\$'000)	60 800	63 518	60 426	98 190

A new power station will be built in the Top End to meet the future electricity needs of the growing population in the Darwin and Katherine region. The construction of the new power station is the largest investment in Northern Territory electricity infrastructure in more than two decades.

We will have two generators at Weddell, with the first expected to be in operation by late 2007. The second will be operational by 2008. Each set has a capacity of 39 megawatts. The new generators are expected to meet increasing demand in the Darwin - Katherine region for the next five years.

GE Energy, one of the world's leading suppliers of power generation and energy delivery technology, was awarded the contract.

The total investment for the two new Weddell generators is almost \$86 million. Additional project costs include the gas connection to the Amadeus pipeline (\$500,000) and the communication infrastructure (\$500,000).

Repairs and Maintenance

Investing in the repairs and maintenance of our more than \$1 billion worth of assets is a priority. During 2006-2007, \$40.9 million was spent on the repairs and maintenance program. In 2007-2008 it is forecast that in excess of \$46.0 million will be spent on repairs and maintenance.

	2003- 2004	2004- 2005	2005- 2006	2006- 2007
Repairs & Maintenance (\$'000)	44 430	40 969	41 150	40 851

RIGHT:
1. SENIOR PROJECT MANAGER, GREG BRAND AND
CONSULTANTS AT FRANCES BAY POWER STATION
2. ALF KURNOTH FROM POWER NETWORKS



Safety

Improving Safety

Power and Water is committed to improving safety conditions for all employees by implementing appropriate risk and reporting systems, and through ongoing engagement and involvement of the workforce. While we did not meet the target for Lost Time Injuries during the year, we have continued to examine the underlying factors to improve safety performance and have applied a behaviour-based approach to safety where individuals are empowered to take more responsibility for safety outcomes.

Zero Harm

We remain committed to achieving our long-term aim of zero harm. Our aim is to continually improve occupational health and safety performance to eliminate workplace illness and injury resulting from our operations. We have adopted the following safety principles:

- Health and safety is the first consideration for all work to be carried out
- Line management is responsible and accountable for preventing injuries
- All employees are responsible for their own safety and the safety of others
- We believe that all injuries can be prevented
- Training is an essential element for a safe workplace
- All health and safety incidents shall be reported and investigated
- It is good business to prevent illness and injury
- We will only engage contractors who conform to Power and Water safety standards
- Health and safety is a 24-hour commitment.

Management Systems Certification AS/NZS 4801

In July 2006 the Corporation was certified to the management systems standard AS/NZS 4801, "Occupational health and safety management systems-Specification with guidance for use".

The recognition was part of the Integrated Management Systems, which saw three management systems standards – ISO 14001 (Environment), ISO 9001 (Quality), and AS/NZS 4801 (OH&S) – certified simultaneously. The certification and ongoing improvement was verified and maintained following a mid-year surveillance audit.

Lost Time Injury Rate

In 2006-2007, 23 lost time injuries were reported and a lost time injury frequency rate of 15. This was an increase on 2005-2006, when there were 16 lost time injuries and a lost time injury frequency rate of 11.

The most serious injury was a fractured arm, resulting from an employee tripping over a forklift. Musculoskeletal injuries, caused though manual handling and entering or leaving vehicles, were the most common types, with seven back injuries reported.

Other Indicators of OH&S Performance

Improving incident reporting and safe act observations are key internal system performance indicators. The number of incidents investigated within 30 days (83 per cent), and the number of safe act observations (87 per cent), are examples in these areas.

Safe Act Observations

Encouraging interaction and discussion about safety in the workplace is one of the foundations of improving OH&S. To date 184 employees have been trained in the process of safe act observations. Indicators have been set to monitor the improvement of safe acts observed compared to unsafe acts.

Statement of Corporate Intent (SCI) 2006-2007 Performance

Key Result Area	Key Performance Target	Key Performance Results	Performance Achievements
	Lost time injuries < 11;	23	<ul style="list-style-type: none"> • Cultural and behavioural change issues, and ongoing identification and reporting of risks continue to be the main focus to minimise injury rates. The overall levels of safety are expected to continue to improve.
	Lost time injury frequency rate < 8	15	



Our People

We value our people and will encourage them to achieve their full potential. We recognise that we need to embrace change as an organisation.

LEFT:
DAVID GEORGE
SENIOR NATURAL
SYSTEMS ENGINEER,
WATER SERVICES

MIDDLE:
GWENNY TRIKILIS
ICT SERVICE CENTRE
SUPPORT OFFICER,
BUSINESS SERVICES

RIGHT:
MURPHY GONSALVEZ
PRINCIPAL STRATEGIC
ANALYST, GAS UNIT

FRONT:
RICHARD BALDOCK
ELECTRICAL APPRENTICE,
POWER NETWORKS

Gas Supply

The major power stations in Darwin, Alice Springs, Katherine, Pine Creek and Tennant Creek use natural gas to generate electricity, which is a much cleaner fuel than coal and produces less greenhouse emissions.

Our gas supply is secured from the Amadeus Basin fields in Central Australia. It is transported to the power stations via the Palm Valley to Alice Springs Pipeline (PVAS) and Amadeus Basin to Darwin Pipeline (ABDP), and to the McArthur River Mine via a gas spurline. The Amadeus fields cannot sustain the Corporation's increasing gas demand and the majority of the current contracts for gas supply with the Amadeus Basin gas producers are due to terminate in 2009.

The Corporation signed a gas sales agreement with Eni Australia BV in June 2006. The agreement is for the purchase of between 740 and 860 petajoules of gas over 25 years starting 1 January 2009.

Gas will be transported by sub-sea pipe from the Blacktip Field in the Joseph Bonaparte Gulf, about 100km west of Wadeye, to a processing plant near Wadeye. It will then be

transported via a 280km onshore gas pipeline (Bonaparte Gas Pipeline) to connect to the existing ABDP, near Hayes Creek. A firm gas transportation agreement has been signed with the Australian Pipeline Trust to construct, own and operate the new pipeline that will transport this gas.

Construction of the onshore Blacktip gas facilities has begun with clearing and civil works at the onshore gas treatment site. Detailed engineering on other aspects of the on-shore facilities is well advanced, and all major contracts for the offshore gas facilities have been awarded.

The Full Council of the Northern Land Council has approved the pipeline construction on Aboriginal land that forms part of the corridor between Wadeye and the Hayes Creek connection point to the ABDP. Negotiations are well advanced with proprietors of all non-Aboriginal land holdings. The pipeline design is largely complete and its construction has been put out to tender. The pipeline is planned to be laid in the dry season 2008.

The major power stations in Darwin, Alice Springs, Katherine, Pine Creek and Tennant Creek use natural gas to generate electricity, which is a much cleaner fuel than coal and produces less greenhouse emissions.



LEFT:
YULARA POWER STATION AND GAS DELIVERY SYSTEM

Corporate Governance

Although Power and Water is not required to comply with the Australian Stock Exchange's (ASX) Corporate Governance Statement, the following section reports on the statement's 10 corporate governance principles.

Principle 1

Lay solid foundations for management and oversight by the Board

Power and Water's Board has seven independent non-executive members, including the Chair, and one executive member, Power and Water's Managing Director.

The Board is responsible to the Shareholding Minister for ensuring strategic direction, accountability of management, corporate performance and corporate governance of Power and Water and its subsidiary entities. The primary document setting out Power and Water's annual performance targets for agreement with the Shareholding Minister is the Statement of Corporate Intent.

The Board operates according to a Board of Directors' Charter, which clearly identifies the role of the directors and outlines the matters that are considered by the Board.

The Northern Territory *Government Owned Corporations Act* and the *Corporations Act* largely set the Board's duties.

The Board has established committee structures and corporate policies that address Power and Water's specific areas of focus along with governance principles to maintain the integrity of its stewardship. Board committees have been structured to address critical issues that require more detailed examination and involvement. In June 2007, the Board undertook a review of its subsidiary companies, Board membership and its Committee structure generally and endorsed the establishment of new Board arrangements and Committee structure arrangements effective 1 July 2007.

The **Audit and Compliance Committee** oversees Power and Water's and its subsidiaries' financial management, external reporting, audit, risk management and statutory and other compliance. Ernst & Young is Power and Water's internal audit provider. The 2006-2007 internal audit plan included 1237.5 hours of audits focused on high and medium risk areas. The committee met four times during the year.

The **Executive Remuneration Committee** is responsible for:

- Evaluating the performance of the Managing Director and determining and recommending his or her remuneration package to the Board
- Reviewing and approving the remuneration package to the Board

- Reviewing and approving the remuneration proposals from the Managing Director for the Corporation's senior executive contracts under the *Public Sector Employment and Management Act*
- Informing the Board about executive remuneration matters in general.

The committee met four times during the year.

The **Environment Committee** oversees the Corporation's environmental performance and compliance with regulatory requirements. Power and Water strives to protect the environment through managing the impact of its operations. The committee met four times during the year.

Power and Water does not have a Nomination Committee as the Shareholding Minister recommends the appointment of new directors.

Gasgo Pty Limited is a wholly owned subsidiary of the Corporation and purchases gas on behalf of the Corporation. The Board for Gasgo comprises an external Chairman and three directors from Power and Water.

Darnor Pty Limited is a wholly owned subsidiary and holds Power and Water's 2.5 per cent interest in NT Gas Pty Ltd, the lessee/operator of the Amadeus Basin to Darwin gas pipeline, and 2.5 per cent of the units in the Amadeus Gas Trust. The Board for Darnor comprises an external Chairman and three directors from Power and Water.

Indigenous Essential Services Pty Ltd is a wholly owned subsidiary that provides electricity, water and sewerage services to remote communities in the Territory. The subsidiary Board for IES Pty Ltd comprises all directors from the Corporation.

Principle 2

Structure the Board to add value

Directors are appointed by the Administrator of the Northern Territory on the recommendation of the Shareholding Minister. A director may resign by written notice to the Shareholding Minister.

Directors' fees are determined by the Shareholding Minister. Refer to Note 28 to the Financial Statements. Directors are not eligible for retirement benefits.

Resignation of Director

Mr Kim Wood served in the position of Managing Director from 1 August 2002 until he tendered his resignation effective 2 February 2007.

Appointment of New Directors

On 21 March 2007, the Shareholding Minister appointed Mr Barry Chambers, Ms Margaret Gibson and Ms Linda Mackenzie to the board of directors. In accordance with the Government Owned Corporations Act, all three will serve a four-year term on the Board.

Mr Neil Philip (Chairman)

LLB (Hons)

Mr Philip has been Chairman since the establishment of Power and Water Corporation on 1 July 2002. Mr Philip was a founding shareholder and Chairman of Nexus Energy Ltd, a Melbourne based publicly listed company. During his period as Chairman of Nexus Energy Ltd, Mr Philip provided board leadership in growing Nexus Energy Ltd from a market capitalization of approximately \$2 million to over \$830 million. Mr Philip is a consultant to national law firm Clayton Utz, having established the Darwin office of that firm and a former partner of that firm. Mr Philip was a founding shareholder and director of Philip & Mitaros Projects Pty Ltd, a property development business based in Darwin. Mr Philip was born in Darwin, attended all of his primary and secondary schooling in Darwin and is a graduate in law from the University of Queensland.

Ms Judith King

(Deputy Chairman)

BA, Foundation Fellow AICD

Ms King has been a Director of Power and Water Corporation since its establishment and is currently Deputy Chairman. Ms King has 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 Interim Board of the NT Environmental Protection Authority. Ms King was awarded an Australian Centenary Medal in 2003.

Mr Peter Vines

B.Com, MBA, FIE Aust.,

MAICD

Mr Vines has been a member of Power and Water Corporation's Board since 2005. Mr Vines 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. He is currently also a board member of Melbourne Water Corporation.

Mr Robert Neil

B.Sc, B.E. (Hons), Dipl. Bus. Admin., FIEAust., FAICD

Mr Neil has been a member of Power and Water Corporation's Board since 2005. He has a private and public sector background in the oil, gas and electricity industries in Australia and the USA through roles with Esso Australia, Western Mining Corporation and the NSW and Tasmanian Governments. He also has extensive experience in strategic planning and in the gas production and pipelines industry segments. Mr Neil was the Director-General of NSW Department of Energy from 1996 – 2001 and worked with the Tasmanian Government to complete Tasmania's entry into the National Electricity Market in 2005.

Mr Barry Chambers

FIEAust., FAICD

Mr Chambers was appointed to the Power and Water Corporation Board in March 2007. Mr Chambers has 40 years experience as a professional engineer working for local, Territory and Federal governments in the provision of engineering services, infrastructure, public buildings, town planning, land management and environmental services. For 13 years he held Chief Executive Officer positions in NT government agencies including the former Power and Water Authority and positions as a director and chairman of various Corporations Act entities. He has extensive experience in strategic planning, project management, budget management, workplace relations, government decision making processes and ministerial liaison.

Ms Margaret Gibson

LLB (Hons), BCom, FCA, FTIA, FAICD

Ms Gibson was appointed to the Power and Water Corporation Board in March 2007. Ms Gibson is a retired partner of PricewaterhouseCoopers where she was a member of the Board of Partners. She is currently a director and Chairman of the Audit and Risk Committees of Airtrain Holdings Pty Ltd and Australia Post Corporation. Ms Gibson is a member of the Australia & New Zealand Corporate Advisory Board of Unisys (Australia) Pty Ltd, board member of DLA Phillips Fox and a Councillor and Treasurer of the RSPCA (Queensland).

Mrs Linda Mackenzie

B Com (Hons), CA

Mrs Mackenzie was appointed to the Power and Water Corporation Board in March 2007. She worked for Northern Territory Treasury for nine years until she resigned from her position of Assistant Under Treasurer (Commercial) in January 2007. Mrs Mackenzie is also a member of the Darwin Port Corporation Advisory Board. She previously worked for Macquarie Bank Limited in Sydney. Linda is a chartered accountant and holds a Bachelor of Commerce (Hons) majoring in finance, from the University of Queensland.

Mr Andrew Macrides

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

Mr Macrides is the Managing Director for the Power and Water Corporation and was appointed on 15 June 2007. Mr Macrides, who was born and raised in Darwin, has extensive government and management experience, beginning his career in the accounting field in 1978. Prior to joining Power and Water in 1998 he worked across a range of sectors in the NT – including health, housing, community services and tourism. Seconded to a project team in 1998 to review the then Power and Water Authority's (PAWA) operations, Mr Macrides was subsequently offered the role of Director Business Services within the utility. Following corporatisation on 1 July 2002 he was appointed General Manager Business Services and Chief Financial Officer with the Power and Water Corporation and in May 2003 he was appointed as Company Secretary in addition to his role as General Manager Business Services.

Mr Kimley (Kim) Wood

B. Eng, Dip Eng, MBA, FIE Aust., CPEng, Executive Director

Mr Wood resigned from the position of Managing Director effective 2 February 2007. Mr Wood took up the position of Managing Director with Power and Water on 1 August 2002. Previously he was the inaugural Managing Director of City West Water from 1995 to 1998 and Managing Director of Sydney-based GEC-Plessey in the early 1990's. He also led Victorian electricity transmission business GPU PowerNet in the late 1990's. Before taking up the Managing Director's position at Power and Water he was Chief Executive of a listed dotcom business.

Principle 3

Promote ethical and responsible decision-making

Directors, management and all employees are expected to act lawfully, in an honest and professional manner and with the utmost integrity, fairness and objectivity in their dealings with external parties and one another. Policies and procedures are in place in key areas to promote ethical conduct.

Power and Water has a set of values that cover safety, growth, our customers, integrity, the natural environment and our people. Communication strategies are in place to embed these values into everything Power and Water does.

Directors have identified areas of potential conflict of interest to the Board. In accordance with the Corporations Act, directors absent themselves from Board deliberations on matters where they have material personal interest.

Principle 4

Safeguard integrity in financial reporting

Power and Water's internal auditor, Ernst & Young, has direct access to the Chair of the Audit and Compliance Committee, the Managing Director and the Board Chairman.

Ernst & Young provide specialist professional audit services to Power and Water and its subsidiaries. In this role it gives Power and Water confidence that it is achieving its commercial goals consistent with proper practice and processes. Power and Water has a policy of contracting its internal audit services every five years through an open tender process.

Internal audit provides assurance that:

- Financial and operational information is reliable
- Laws, regulations, policies and procedures are complied with
- Appropriate procedures are in place to safeguard assets and revenue
- Appropriate procedures are in place to ensure effective use of resources.

Power and Water also contracts the services of KPMG Chartered Accountants as financial advisers when specialist expert advice is required.

In accordance with the *Government Owned Corporations Act*, external audit of Power and Water's financial statements is conducted by auditors appointed by the Auditor-General of the Northern Territory.

Power and Water has in place internal monthly business reporting and quarterly and annual reporting to the Shareholder on the targets (including financial) contained in the Statement of Corporate Intent.

The Chief Financial Officer attends Board meetings and reports on the financial performance of Power and Water.

Principle 5

Make timely and balanced disclosure

The *Government Owned Corporations Act* requires that the Shareholding Minister must be immediately notified of matters that may prevent Power and Water from achieving the targets contained in the Statement of Corporate Intent.

Power and Water provides quarterly reports to the Shareholding Minister, which includes a face-to-face briefing by the Chairman and Managing Director. Regular informal updates are provided to NT Treasury.

Power and Water's Chairman and Managing Director appeared before the Government Owned Corporations Scrutiny Committee on 29 June 2007 to answer questions on the activities, performance, practices and financial management of the Power and Water Corporation.

Principle 6

Respect the rights of shareholders

The Northern Territory Government is the Corporation's only shareholder. As a Government Owned Corporation, Power and Water makes an annual dividend payment to the Northern Territory Government. The Board's recommendation on the dividend is made after considering end of year financial results, the Corporation's existing and target capital structure, future capital investment commitments and the capacity to pay in accordance with prudent financial management. After consulting with the Shareholding Minister, the Board makes a determination on the dividend to be paid for the year.

The Government Owned Corporations Act gives the Shareholding Minister and the portfolio Minister a right to direct Power and Water under certain circumstances. A copy of any such statutory directions must be tabled in the Legislative Assembly within six sitting days after the direction is given. Power and Water has received only one direction. This relates to the chlorination of the Tennant Creek water supply and was received in October 2004.

Power and Water maintains strong relationships with all Northern Territory Government departments, collaborating on major projects and providing regular briefings as requested.

We seek to provide as many opportunities as possible to engage with Territorians. Information brochures on Power and Water's services are made available to customers, in addition to regular campaigns such as information on the wet season, trees and powerlines and dial before you dig. We also take part in the Northern Territory show circuit in all regions. Our Statement of Corporate Intent and annual report are available to the public and are published on www.powerwater.com.au.

Principle 7

Recognise and manage risk

Power and Water established an enterprise-wide risk management model in conjunction with Ernst & Young. It uses the Ernst & Young risk management rating tool that separates risks according to business continuity, environment, financial and occupational health and safety.

Internal audit operates under an annual, risk based internal audit plan approved by the Audit and Compliance Committee. The annual plan provides for an integrated approach to audits that combines, wherever possible, audits of safety, health, environment and compliance assurance.

A comprehensive corporate risk register has been compiled and the Audit and Compliance Committee conducts regular reviews of the key risks. Decisions in Power and Water are made with due consideration of the potential risk impact. Mitigation strategies are developed to reduce the likelihood and consequence of events that would have adverse implications for the business and its stakeholders.

Principle 8

Encourage enhanced performance

The Board receives monthly performance reports from each of the General Managers of the business units in Power and Water, in addition to briefings when required. The directors have access to the Company Secretary to obtain additional information or to seek independent expert advice.

Directors and Corporation management are encouraged to broaden their knowledge of the Corporation's business and to keep abreast of developments in the business by attending industry seminars, conferences and courses. Power and Water meets the expense of these training activities.

All Corporation staff are bound by the Northern Territory Public Sector Principles and Code of Conduct, which requires that employees shall perform their official duties with skill, impartiality, professionalism and integrity'. Each employee has an annual performance plan and targets in performance plans are linked to salary progression.

The Board conducts a review of its performance on a biennial basis. This review is conducted by an external party.

Power and Water disclosure line

Our disclosure line started in 2004 to:

- Encourage all employees to report any concerns about fraud and misconduct in the organisation
- Permit the confidential reporting and discussion of issues of concern to individual employees about potential fraud and misconduct
- Provide a forum for staff to obtain information on Power and Water policies and procedures
- Help employees with ethical dilemmas and concerns.

The line has been monitored continuously since it was established and complies with Australian Standard 8000.

To 30 June 2007 Ernst & Young received no enquiries on the disclosure line.

Principle 9

Remunerate fairly and responsibly

Directors' remuneration is disclosed in the financial section of this report. The Executive Remuneration Committee makes recommendations to the Board concerning senior managers' remuneration. Conditions of service and remuneration arrangements for executive contract officers are in accordance with the *Public Sector Employment and Management Act*.

An Enterprise Bargaining Agreement is in place between Power and Water and its employees. The agreement was renegotiated in 2004-2005 for three years, and currently a new agreement is being negotiated to come into effect from August 2007.

Principle 10

Recognise the legitimate interests of stakeholders

Power and Water conducted its third Annual General Meeting on 6 December 2006 with the Shareholding Minister's representative.

Power and Water also conducted its third stakeholders' meeting on 6 December 2006 for major customers, business partners, industry and government representatives. A summary of Power and Water's annual performance was presented at the meeting.

The Corporation will continue to pursue its policy of providing safe and reliable electricity, water and sewerage services to the people of the Northern Territory.

Regulatory, Compliance and Legal

Access Prices

In accordance with the Electricity Networks (Third Party Access) Code, the Utilities Commission has approved network tariffs and charges that relate to the use of the Corporation's prescribed electricity networks for 2007-2008.

Pricing Orders

In March 2007, the Northern Territory Government approved a five-year price plan for retail electricity, water and sewerage tariffs starting from 2007-2008, including annual CPI based increases. Pricing orders for non-contestable and Tranche Four electricity tariffs, and water and sewerage retail tariffs, were executed for commencement on 1 July 2007.

Privacy and Information Acts

In compliance with the *Privacy Act 1988 (Commonwealth) and Information Act 2002 (NT)*, 2087 inquiries regarding customers were received during the year. There were no requests for changes to information during the year. The Corporation's privacy and information handling policy can be found at <http://www.powerwater.com.au/powerwater/privacy.html>.

Community Service Obligations

A Community Service Obligation (CSO) arises when a government requires a public enterprise to provide services at a price or in a way that it would not elect to do on a commercial basis.

Power and Water is paid a CSO by the Northern Territory Government to lessen the impact that government policy has on Power and Water's financial performance. Such policies include pensioner concessions, uniform tariffs (ensuring all customers pay the same rate no matter where they live in the Territory), and the Tranche Four electricity policy.

In 2006-2007 the Northern Territory Government paid Power and Water \$54.8 million in CSO payments.

Growth

We will grow the Corporation's business by fostering an efficient, performance-driven culture.

GREG BRAND
SENIOR PROJECT MANAGER ELECTRICAL,
PROJECT AND PROCUREMENT
TECHNOLOGY SERVICES



2006-2007 Cost Recovery – Water Supply and Sewerage Services

The following tables show the 2006-2007 costs and revenue for water supply and sewerage services. This table is in accordance with National Water Initiative (NWI) blueprint for national water reform. The NWI builds on the previous Council of Australian Governments (CoAG) Strategic Framework for Water Reform.

The minimum boundary for cost recovery through user charges, as defined in the national framework for reform of water policy, requires charges for water services to recover, as a minimum, the efficient operational and maintenance costs, the cost of debt servicing, and the cost of asset consumption.

The service centres shown in the tables include both major and minor urban service centres but exclude services delivered in Indigenous communities.

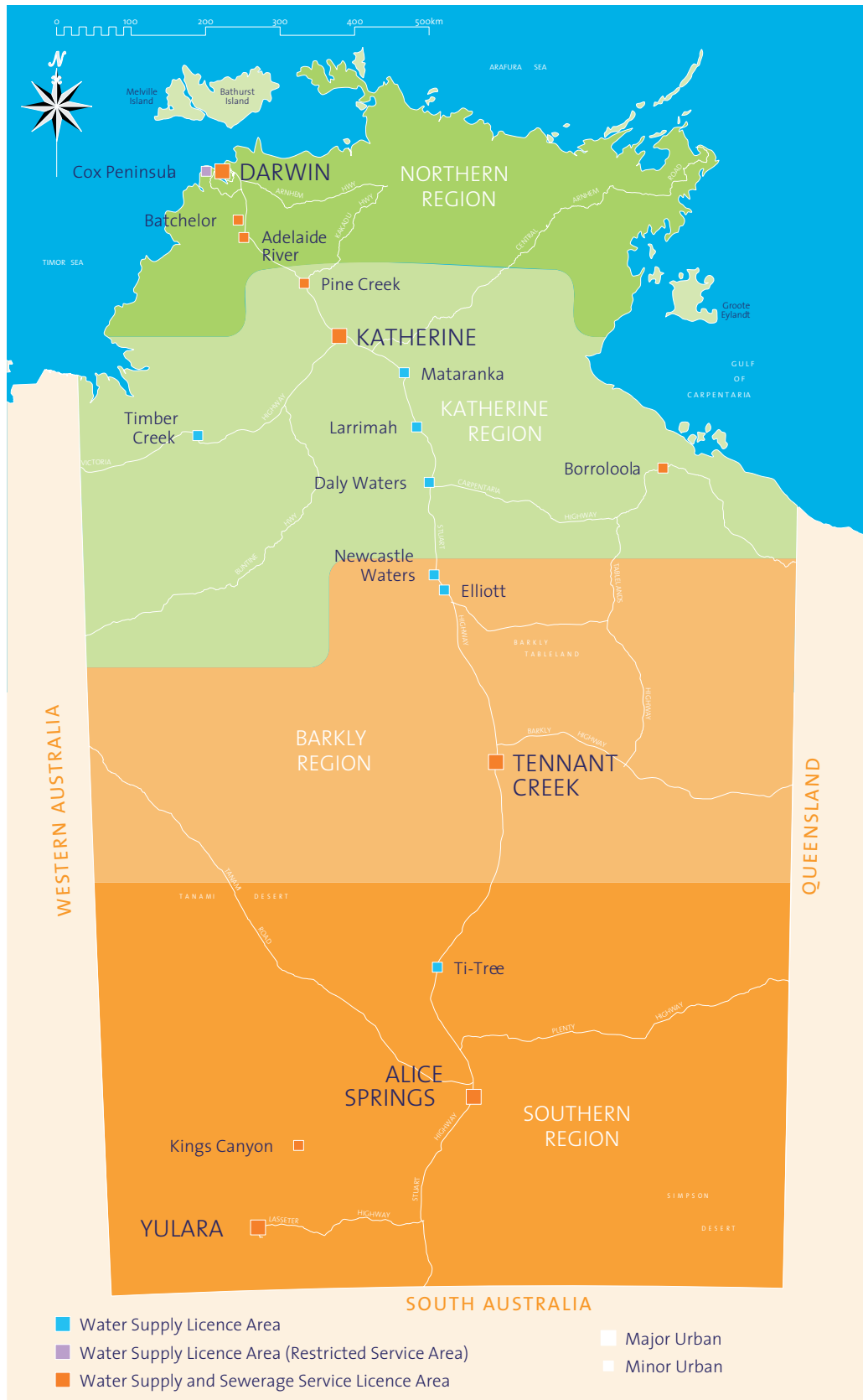
Community Service Obligations (CSOs) are received in all centres for the provision of subsidised water supply in accordance with the Territory Government's Uniform Tariff Policy. CSOs are also received for the provision of subsidised water supply and sewerage services to customers who are in receipt of the Territory Government's Pensioner Concession Scheme. Power and Water received CSO funding of \$5.6 million during the 2006-2007 financial year for the provision of these services.

2006-2007 Financial Data

Minimum Cost Recovery Check	Darwin \$000	Katherine \$000	Tennant Creek \$000	Alice Springs \$000	Total \$000
WATER					
Operations, Maintenance, Administration	18,519	3,737	1,540	9,365	33,161
Debt Servicing	1,683	560	252	1,934	4,429
Asset Consumption	6,860	679	544	2,857	10,941
Minimum Viability Costs	27,062	4,977	2,336	14,156	48,531
Total Revenue - from Trading (excl. CSO)	35,223	2,841	1,237	7,872	47,172
Surplus/Deficit (excl. CSO)	8,161	-2,136	-1,100	-6,284	-1,359
Surplus/Deficit (incl. CSO)	9,552	-2,012	1,440	-4,972	4,008
SEWERAGE					
Operations, Maintenance, Administration	14,924	1,566	873	4,639	22,003
Debt Servicing	1,125	375	169	1,327	2,996
Asset Consumption	1,990	228	95	633	2,946
Minimum Viability Costs	18,040	2,169	1,137	6,600	27,945
Total Revenue - from Trading (excl. CSO)	21,619	882	644	5,032	28,177
Surplus/Deficit (excl. CSO)	3,579	-1,287	-493	-1,568	231
Surplus/Deficit (incl. CSO)	3,841	-1,287	-493	-1,568	493

NT WATER SUPPLY AND SEWERAGE SERVICE AREAS

(ONLY LICENCED AREAS AND NOT REMOTE ABORIGINAL COMMUNITIES ARE SHOWN ON THIS MAP)



NT GENERATION, POWER NETWORKS AND ELECTRICITY RETAIL LOCATIONS

(RETAIL LICENCES FOR REMOTE ABORIGINAL COMMUNITIES ARE NOT SHOWN ON THIS MAP)



Statistics to June 2007

Power and Water Corporation

Statistical Summary as at 30 June 2007		2003	2004	2005	2006	2007
ELECTRICITY						
Generation						
Power and Water Installed Capacity	MW	389	391	375	375	379
Contracted Capacity	MW	71	47	71	64	64
Generated	GWh	1,656	1,664	1,350	1,366	1,440
Sent Out (inc. purchases from private suppliers)	GWh	1,681	1,627	1,712	1,725	1,790
Purchases from Private Suppliers	GWh	59	45	400	395	385
Networks Transmission (33kV & above)						
132kV Overhead	km	340	340	340	340	340
66kV Overhead	km	311	315	314	314	314
66kV Underground	km	21	17	17	17	17
33kV Overhead	km	55	56	56	56	55
Distribution (22/11kV & below)						
HV Overhead	km	2,879	2,906	2,965	2,972	3,062
HV Underground	km	614	598	601	604	618
LV Overhead	km	1,755	1,751	1,752	1,740	1,749
LV Underground	km	1,655	1,636	1,677	1,671	1,750
Sales	MWh	1,538,053	1,548,560	1,571,788	1,584,357	1,596,452
Customers (ie Services)		67,413	68,679	69,709	73,339	73,753
WATER						
System Capability	ML/ day	327	336	336	336	322
Production	ML	55,764	54,447	58,436	54,797	56,842
Length of Mains	km	1,945	2,010	2,003	2,019	2,090
Sales	ML	51,242	50,468	51,225	49,379	51,481
Customers (ie Services)		38,631	39,192	39,780	42,970	44,225
WASTEWATER						
Volume of Sewerage Treated	ML	18,461	20,579	15,626	19,329	18,897
Length of Sewer Mains	km	996	997	1,007	1,014	1,036
Volume of Effluent Reused	ML	1,715	1,559	2,096	1,983	2,396
Customers (ie Services)		44,731	45,612	46,296	48,123	48,661

Statistical Summary as at 30 June 2007 (cont.)		2003	2004	2005	2006	2007
STAFF						
Male		527	536	564	573	580
Female		192	203	213	213	208
Total Personnel		719	739	777	776	788
INDIGENOUS ESSENTIAL SERVICES						
Statistical Summary as at 30 June 2007		2003	2004	2005	2006	2007
ELECTRICITY						
Generation						
Power and Water Installed Capacity (incl. solar)	MW	43	42	45	48	51
Installed Capacity - solar	MW	-	-	-	0.5	0.7
Electricity Generated (incl. solar)	GWh	79	79	85	95	95
Electricity Generated - solar	GWh	-	-	-	1.0	1.6
Electricity Sent Out	GWh	83	73	79	86	86
Purchases from Private Suppliers	GWh	7	7	7	7	8
Distribution (22/11kV & below)						
HV Overhead	km	470	506	526	529	558
HV Underground	km	-	1	1	1	1
LV Overhead	km	251	243	248	253	279
LV Underground	km	1	1	1	1	1
SWER All Voltages	km	81	81	81	81	81
Sales	MWh	61,514	58,023	58,893	60,019	60,574
Customers (ie Services)		6,710	6,717	6,818	7,213	7,373
WATER						
Production	ML	7,977	9,970	10,104	9,733	9,250
Length of Mains	km	589	589	597	599	599
Customers (ie Services)		522	522	530	524	527
WASTEWATER						
Volume of Sewerage Treated	ML	U/A	2,636	2,732	3,508	3,552
Length of Sewer Mains	km	309	313	319	319	320
Volume of Effluent Reused	ML	-	-	-	-	-
Customers (ie Services)		396	401	407	420	420

Note: For further details refer to IES Pty. Ltd. Annual Report 2006-2007

Notes: U/A = Data unavailable

SWER = Single Wire Earth Return

Electricity, water and sewerage sales and customer numbers have been restated for 2005-2006.

Key Performance Indicators against Statement of Corporate Intent Targets

2006-2007 KEY PERFORMANCE INDICATORS – ACHIEVEMENTS AGAINST TARGETS

Financial Performance (Unconsolidated)	2005-2006 Achievement	2006-2007 SCI Target	2006-2007 Achievement
Total revenue (\$M)	455.4	459.4	478.4
Operations and Maintenance (\$M)	355.7	336.2	504.9
Earnings before interest, tax, depreciation and amortisation (EBITDA) (\$M)	99.3	123.2	(26.5)
Earnings before interest and taxes (EBIT) (\$M)	53.2	72.8	(74.3)
Net profit before tax (\$M)	29	47.9	(98.9)
Net profit after tax (NPAT) (\$M)	20.5	33.5	(69.3)
Net Capital Expenditure (\$M)	60.4	87.1	98.2
Dividend provided for (\$M)	10.2	16.8	NIL
RATIOS			
Return on equity (%)	3.3	5.0%	(11.8)%
Debt/equity (%)	52.3	52.6%	59.0%

Customer Service Improvement	2005-2006 Achievement	2006-2007 SCI Target	2006-2007 Achievement
Customer satisfaction (%)	70	80	68%
Connections to existing supply properties within 24 hours (%)	100	98	98%
Connections to new subdivisions in major urban area within five working days (%)	91	98	88%
Connections to new subdivisions where minor extensions or augmentation is required (%)	69	90	70%
Average call response time (%)	76	80	69%

Staff Indices	2005-2006 Achievement	2006-2007 SCI Target	2006-2007 Achievement
Lost time injuries	16	11	23
Lost time injury frequency rate	11	8	15
Staff satisfaction	71.4	82	74%

Environmental Performance	2005-2006 Achievement	2006-2007 SCI Target	2006-2007 Achievement
Greenhouse gas emissions			
Channel Island Power Station	570kg of CO ₂ per MWh at 60% of full load	672kg of CO ₂ per MWh at 60% of full load	596kg of CO ₂ per MWh at 82% of full load
Ron Goodin Power Station	692kg of CO ₂ per MWh at 50% of full load	1051 kg of CO ₂ per MWh at 50% of full load	661kg of CO ₂ per MWh at 88% of full load
Standards for: Environmental Management Systems (ISO14001) Occupational Health and Safety (AS4801) Quality Management Systems (ISO9001)	Target Achieved	Continued Certification	Target Achieved

Electricity Supply Reliability	2005-2006 Achievement	2006-2007 SCI Target	2006-2007 Achievement
Number of interruptions			
Darwin	4.7	3.6	3.9
Katherine	5.9	7.0	3.3
Tennant Creek	2.2	3.4	1.3
Alice Springs	2.4	2.0	3.0
System minutes lost			
Darwin	231	177	225
Katherine	271	241	104
Tennant Creek	U/A	97	31
Alice Springs	107	80	111

Water Supply Reliability	2005-2006 Achievement	2006-2007 SCI Target	2006-2007 Achievement
Planned interruption duration (hours)			
Darwin	1.46	2.50	1.14
Alice Springs	3.03	2.50	1.93
Unplanned interruption duration (hours)			
Darwin	0.79	1.50	0.94
Alice Springs	1.67	2.00	1.96

Sewerage Service Reliability	2005-2006 Achievement	2006-2007 SCI Target	2006-2007 Achievement
Unplanned interruption duration (hours)			
Darwin	1.49	2.50	1.40
Alice Springs	1.79	2.50	0.98



Integrity

We will be honest, consistent and fair in all of our dealings with customers, suppliers and our people.

MARY MARSHALL
TRANSPORT OFFICER,
GENERAL SERVICES

Environment

We will protect the natural environment by at least meeting mandated environmental obligations and seeking ways to minimise our environmental footprint.



KATHRYN GREEN
WATER QUALITY OFFICER,
REMOTE OPERATIONS

Index

	Description	
	Directors' Report	46
	Directors' Meetings	50
	Directors' Declaration	51
	Independent Audit Opinion.....	52
	Income Statement	54
	Statement of Changes in Equity.....	55
	Balance Sheet	56
	Cash Flow Statement.....	57
No	Notes to the Financial Statements	Page
1.	Corporate information.....	58
2.	Statement of significant accounting policies.....	58
3.	Segment information	65
4.	Revenue and Expenses.....	68
5.	Income Tax	70
6.	Dividends.....	72
7.	Cash and cash equivalents.....	72
8.	Trade and other receivables	74
9.	Inventories	75
10.	Investments.....	75
11.	Property, plant and equipment and intangibles.....	76
12.	Other non-current assets	80
13.	Trade and other payables.....	80
14.	Interest bearing borrowings.....	80
15.	Provisions	81
16.	Government grants	81
17.	Other liabilities.....	82
18.	Contributed equity.....	82
19.	Reserves	83
20.	Retained earnings	83
21.	Financial risk management objectives and policies.....	84
22.	Financial instruments	85
23.	Commitments.....	86
24.	Contingent liabilities and contingent assets.....	86
25.	Related party information.....	87
26.	Events after the balance sheet date	88
27.	Auditor's remuneration	88
28.	Director and executive disclosures.....	89
29.	Executives' remuneration	90
30.	Errors.....	91

Directors' Report

The directors present their report together with the financial report of the Power and Water Corporation (the Corporation) and of the consolidated entity, being the Corporation and its controlled entities, for the year ended 30 June 2007 and the Auditor's report thereon.

Directors

The directors of the Corporation at any time during or since the end of the financial year are:

Name	Experience and Special Responsibilities
Mr Neil Philip (Chairman) LLB (Hons)	<p>Mr Philip has been Chairman since the establishment of Power and Water Corporation on 1 July 2002. Mr Philip was a founding shareholder and Chairman of Nexus Energy Ltd, a Melbourne based publicly listed company. During his period as Chairman of Nexus Energy Ltd, Mr Philip provided board leadership in growing Nexus Energy Ltd from a market capitalization of approximately \$2 million to over \$830 million. Mr Philip is a consultant to national law firm Clayton Utz, having established the Darwin office of that firm and a former partner of that firm. Mr Philip was a founding shareholder and director of Philip & Mitaros Projects Pty Ltd, a property development business based in Darwin. Mr Philip was born in Darwin, attended all of his primary and secondary schooling in Darwin and is a graduate in law from the University of Queensland.</p>
Ms Judith King (Deputy Chairman) BA, Foundation Fellow AICD	<p>Ms King has been a Director of Power and Water Corporation since its establishment and is currently Deputy Chairman. Ms King has 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 Interim Board of the NT Environmental Protection Authority. Ms King was awarded an Australian Centenary Medal in 2003.</p>
Mr Peter Vines B.Com, MBA, FIE Aust., MAICD	<p>Mr Vines has been a member of Power and Water Corporation's Board since 2005. Mr Vines 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. He is currently also a board member of Melbourne Water Corporation.</p>
Mr Robert Neil B.Sc, B.E. (Hons), Dipl. Bus. Admin., FIEAust., FAICD	<p>Mr Neil has been a member of Power and Water Corporation's Board since 2005. He has a private and public sector background in the oil, gas and electricity industries in Australia and the USA through roles with Esso Australia, Western Mining Corporation and the NSW and Tasmanian Governments. He also has extensive experience in strategic planning and in the gas production and pipelines industry segments. Mr Neil was the Director-General of NSW Department of Energy from 1996 – 2001 and worked with the Tasmanian Government to complete Tasmania's entry into the National Electricity Market in 2005.</p>

<p>Mr Barry Chambers FIEAust., FAICD</p>	<p>Mr Chambers was appointed to the Power and Water Corporation Board in March 2007. Mr Chambers has 40 years experience as a professional engineer working for local, Territory and Federal governments in the provision of engineering services, infrastructure, public buildings, town planning, land management and environmental services. For 13 years he held Chief Executive Officer positions in NT government agencies including the former Power and Water Authority and positions as a director and chairman of various Corporations Act entities. He has extensive experience in strategic planning, project management, budget management, workplace relations, government decision making processes and ministerial liaison.</p>
<p>Ms Margaret Gibson LLB (Hons), BCom, FCA, FTIA, FAICD</p>	<p>Ms Gibson was appointed to the Power and Water Corporation Board in March 2007. Ms Gibson is a retired partner of PricewaterhouseCoopers where she was a member of the Board of Partners. She is currently a director and Chairman of the Audit and Risk Committees of Airtrain Holdings Pty Ltd and Australia Post Corporation. Ms Gibson is a member of the Australia & New Zealand Corporate Advisory Board of Unisys (Australia) Pty Ltd, board member of DLA Phillips Fox and a Councillor and Treasurer of the RSPCA (Queensland).</p>
<p>Mrs Linda Mackenzie B Com (Hons), CA</p>	<p>Mrs Mackenzie was appointed to the Power and Water Corporation Board in March 2007. She worked for Northern Territory Treasury for nine years until she resigned from her position of Assistant Under Treasurer (Commercial) in January 2007. Mrs Mackenzie is also a member of the Darwin Port Corporation Advisory Board. She previously worked for Macquarie Bank Limited in Sydney. Linda is a chartered accountant and holds a Bachelor of Commerce (Hons) majoring in finance, from the University of Queensland.</p>
<p>Mr Andrew Macrides Dip Bus (Mgt), B Bus (Acc), MBA, FCPA, FAICD</p>	<p>Mr Macrides is the Managing Director for the Power and Water Corporation and was appointed on 15 June 2007. Mr Macrides, who was born and raised in Darwin, has extensive government and management experience, beginning his career in the accounting field in 1978. Prior to joining Power and Water in 1998 he worked across a range of sectors in the NT – including health, housing, community services and tourism. Seconded to a project team in 1998 to review the then Power and Water Authority's (PAWA) operations, Mr Macrides was subsequently offered the role of Director Business Services within the utility. Following corporatisation on 1 July 2002 he was appointed General Manager Business Services and Chief Financial Officer with the Power and Water Corporation and in May 2003 he was appointed as Company Secretary in addition to his role as General Manager Business Services.</p>
<p>Mr Kimley (Kim) Wood B. Eng, Dip Eng, MBA, FIE Aust., CPEng, Executive Director</p>	<p>Mr Wood resigned from the position of Managing Director effective 2 February 2007. Mr Wood took up the position of Managing Director with Power and Water on 1 August 2002. Previously he was the inaugural Managing Director of City West Water from 1995 to 1998 and Managing Director of Sydney-based GEC-Plessey in the early 1990's. He also led Victorian electricity transmission business GPU PowerNet in the late 1990's. Before taking up the Managing Director's position at Power and Water he was Chief Executive of a listed dotcom business.</p>

Review of operations

Summarised financial information

	Consolidated	
	June 2007 \$ Million	June 2006 \$ Million
Total revenue	527.0	497.5
EBITDA	(15.0)	111.9
Net profit/(loss) before income tax	(98.8)	29.1
Income tax (expense) /benefit	29.6	(8.5)
Net profit/(loss) after income tax	(69.2)	20.5
Total assets	1,180.3	1,239.4
Total liabilities	628.8	616.0
Total equity	551.5	623.5

Principal activities

The consolidated entity's principal activities in the course of the financial year were the provision of electricity, water and sewerage services to the people of the Northern Territory.

Changes in the state of affairs

There were no significant changes in the nature of the activities of the consolidated entity during the year.

The following key items impacted the results and operations during the year:

An impairment write-down in the value of water and sewerage assets of \$102.5 million post-tax (\$146.4 million pre-tax) has resulted in a consolidated net loss after tax of \$69.2 million for the year. The impairment write-down resulted from the application of Australian Accounting Standard AASB 136 Impairment of Assets.

After eliminating the effects of the asset write-down, a consolidated net profit after tax of \$33.3 million results, an increase of \$12.8 million from the prior year.

Electricity, water and sewerage sales all benefited from the 2.6% tariff increase effective from 1 July 2006. Sales were also positively impacted by increased customer demand.

Capital contributions and gifted assets were significantly higher than in the prior year, reflecting high private developer activity, an acceleration of the underground power project and the continued development of the waterfront precinct.

Operating costs rose 2.2% over the previous year. Energy costs were slightly lower, with increased gas consumption at a higher average price being offset by reduced distillate usage and lower price due to the re-introduction of the fuel excise rebate for power generators of \$0.38/litre. Production from the Palm Valley gas field was lower than producer estimates, which resulted in increased reliance on the higher cost gas supply contracts from the Mereenie gas field.

Repairs and maintenance expenditure rose 13% on the prior year due to higher vegetation management activity and costs, and increased contractor and material costs. The continuation of strong building activity in the Northern Territory has caused pressure on contractor rates and high commodity prices have impacted material costs.

Expenditure on consultants was higher this year due to the PricewaterhouseCoopers (PwC) review of the Corporation's accounting and financial reporting management systems, and an acceleration of the asset verification and valuation project. The Board has endorsed the recommendations of the PwC report, which included a significant revamp and improvement of the Statement of Corporate Intent process. Asset verification fieldwork was completed by 30 June, with the results and the valuation expected to be received in the 1st quarter of 2007-08. Significant resources will be allocated to updating the Corporation's asset records to reflect verification results over the course of 2007-08.

The consolidated cash at bank was \$42.7 million at year end, a reduction of \$11.7 million on the previous year. Net cash received from operating activities was \$20.6 million lower than the previous year. This is principally due to Government grants being \$39.0 million lower than the prior year. Grant funding totalling \$25.9 million was received in late 2005-06 for infrastructure projects commencing in 2006-07. Further, grant funding for Power and Water Corporation's subsidiary, Indigenous Essential Services Pty Limited, was lower in 2006-07 due to the re-introduction of the fuel excise rebate from 1 July 2007 resulting in lower fuel costs.

Capital expenditure of \$113.0 million for the year included several major projects; \$25.8 million for generation augmentation in Darwin and Yulara; \$8.9 million for the Frances Bay substation upgrade; \$5.2 million on the underground power project; and \$4.4 million on the effluent re-use project in Alice Springs. In addition, \$14.8 million was spent on remote communities' plant and equipment.

The consolidated entity borrowed a further \$37.0 million from the Northern Territory Government, which was used primarily to fund the capital expenditure program.

Dividends

The Directors have not declared a dividend due to the Corporation reporting a net loss for the year. A dividend of \$10.2 million was declared in the prior year, which was paid in full during the year.

Future Developments

The Corporation will continue to pursue its policy of providing safe and reliable electricity, water and sewerage services to the people of the Northern Territory.

At the date of this report, there are no developments in the operations of the consolidated entity that, in the opinion of the Directors, are likely to significantly impact the Corporation during the 2008 financial year.

Environmental Regulation

The consolidated entity's operations are subject to significant statutory responsibilities under both Commonwealth and Northern Territory legislation. The Corporation discharged its responsibilities in this area.

Subsequent Events

Other than the matters discussed above, 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 and unusual nature likely, in the opinion of the directors of the Corporation, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Indemnification and Insurance of Directors and Officers

Indemnification

The Northern Territory Government has indemnified the directors of the Corporation from and against all liabilities incurred or arising out of conduct of a director of the Corporation, acting in good faith in compliance with any direction or request made by the shareholding Minister or the portfolio Minister to the Corporation or the Board of the Corporation pursuant to the Government Owned Corporations Act.

The Northern Territory Government has also indemnified the directors of its controlled entities for all liabilities that may arise from their position, except where the liability is incurred or arises out of actual dishonesty on the part of the director. The indemnity covers the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The following insurance policies were purchased to cover the directors and officers of the entities in the consolidated group. 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 paid are confidential.

- Group Personal Accident Insurance
- Professional Indemnity Insurance
- Directors' and Officers' Liability

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Corporation during the financial year were:

Director	Board Meetings		Audit and Risk Management *		Executive Remuneration Committee Meetings		Environment Committee Meetings	
	A	B	A	B	A	B	A	B
Mr Neil Philip	10	10	4	4	2	2		
Mr Peter Vines	10	10	4	4	2	2	3	4
Ms Judith King	10	10	4	4	2	2	2	4
Mr Robert Neil	10	10	4	4	2	2		
Mr Barry Chambers	2	3	2	2				
Ms Margaret Gibson	2	3	2	2				
Mrs Linda Mackenzie	3	3	2	2				
Mr Kim Wood	6	6	2	2	2	2	1	2
Mr Andrew Macrides #	4	4	2	2			2	2

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

* previously the Audit and Compliance Committee

Mr Macrides attended meetings whilst holding the position of Acting Managing Director

The Corporation appointed Mr Chambers, Ms Gibson and Mrs Mackenzie as new directors in March 2007, and Mr Macrides as Managing Director in June 2007.

Rounding Off

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Dated at Darwin this 27th day of September 2007.

Signed in accordance with a resolution of the directors:



Neil Philip
Director and Chairman



Andrew Macrides
Managing Director

Directors' Declaration

In the opinion of the directors of Power and Water Corporation (the Corporation):

- (a) the financial statements and notes of the Corporation and the consolidated entity are in accordance with the Government Owned Corporations Act, including:
 - (i) giving a true and fair view of the financial position of the Corporation and consolidated entity as at 30 June 2007 and of their 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 Corporation will be able to pay its debts as and when they become due and payable.

Dated at Darwin this 27th day of September 2007.

Signed in accordance with a resolution of the directors:



Neil Philip
Director and Chairman



Andrew Macrides
Managing Director

Independant Audit Opinion



AUDITOR GENERAL

**Auditor-General's report to the Board of Directors
Power and Water Corporation
Year ended 30 June 2007**

Page 1 of 2

I have audited the accompanying financial report of Power and Water Corporation ("the Corporation"), which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration of the consolidated entity comprising the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

The Responsibility of the Directors for the Financial Report

The Directors of the Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Government Owned Corporations Act*. This responsibility also 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 my 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 judgment, 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 Australian professional accounting bodies.



Page 2 of 2

*Basis for Qualified Auditor's Opinion*Application of AASB 136 *Impairment of Assets* as at 30 June 2006 and for the year then ended.

Note 11 to the financial statements reports the value of the Corporation's and consolidated entity's water system assets at 30 June 2006 as \$339.720 million. Accounting Standard AASB 136 *Impairment of Assets* requires an asset to be written down to its recoverable amount when its carrying value is greater than its recoverable amount. In my opinion, the discount rate applied by the Corporation as at 30 June 2006 was not in accordance with AASB 136 *Impairment of Assets*. Had the appropriate discount rate been applied in determining the recoverable amount, the value of the Corporation's and consolidated entity's water system assets would have been \$295.997 million as at 30 June 2006. Had the impairment loss of \$43.723 million been applied, the net loss reported for the Corporation and the consolidated entity would have been \$23.226 million and \$23.204 million respectively. As a result of my inability to form an opinion on the value of the property, plant and equipment assets as at 30 June 2005, the effect on the Income Statement for the financial year ended 30 June 2006 cannot be quantified.

As a result of the paragraph above, my opinion in relation to the comparative year ended 30 June 2006 is qualified as:

- I am of the opinion that the value of the Corporation's water system assets were overstated by \$43.723 million as at 30 June 2006; and
- the effect on the profit reported in the Income Statement and the Statement of Changes in Equity for the Corporation and the consolidated entity for the year ended 30 June 2006 cannot be quantified.

Application of AASB 136 *Impairment of Assets* to the results reported for the year ended 30 June 2007.

In accordance with AASB 136 *Impairment of Assets*, the Corporation performed an impairment test and determined that the recoverable amount of the Corporation's and consolidated entity's water system assets was \$251.802 million as at 30 June 2007. A write down of \$88.567 million was applied to the water system assets for the year ended 30 June 2007. Had the write down of \$43.723 million been applied in the previous year, the impact on the income statement for the year ended 30 June 2007 would have been an impairment loss of \$44.844 million. The net loss for the period reported for the Corporation and the consolidated entity would have been \$25.589 million and \$25.481 million respectively.

As a result of the paragraph above, my opinion in relation to the year ended 30 June 2007 is qualified as I am of the opinion the loss reported in the Income Statement and the Statement of Changes in Equity for the Corporation and the consolidated entity is overstated by \$44.844 million for the year ended 30 June 2007.

Qualified Auditor's Opinion

In my opinion, except for the effect on the financial report of the matter referred to in the preceding paragraphs, the financial report of the Corporation presents fairly, in all material respects, the financial position of the Corporation and the consolidated entity as at 30 June 2007, and of their financial performance, their cash flows and their changes in equity for the year ended on that date in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), and the *Government Owned Corporations Act*.

E. McGuiness
Auditor-General for the Northern Territory
Darwin, Northern Territory
27 September 2007

Income Statement

Power and Water Corporation and its Controlled Entities for the year ended 30 June 2007

	Note	Consolidated		Corporation	
		June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
Continuing Operations					
Revenue from sale of goods	4 (a)	360,423	339,115	291,497	276,844
Revenue from rendering of services	4 (a)	78,103	77,958	27,809	26,226
Finance revenue	4 (a)	2,161	999	2,087	986
Other income	4 (b)	86,341	79,441	157,017	151,379
Revenue		527,028	497,513	478,410	455,435
Change in inventories of finished goods and work in progress		(8,549)	(8,122)	(22,685)	(20,285)
Raw materials and consumables used		(234,525)	(235,718)	(184,981)	(194,616)
Repairs and maintenance expense		(28,087)	(24,867)	(28,074)	(24,867)
Employee benefits expense		(63,434)	(62,623)	(64,121)	(63,503)
Property costs		(4,945)	(4,582)	(4,945)	(4,582)
Information technology and communications expense		(7,689)	(8,247)	(7,689)	(8,247)
Insurance costs		(3,630)	(3,416)	(3,630)	(3,416)
Community Contract fees		(6,117)	(5,699)	(6,117)	(5,699)
Depreciation and amortisation expenses	4 (d)	(61,156)	(59,334)	(47,783)	(46,475)
Impairment of non-current assets		(146,431)	(11)	(146,431)	(11)
Other expenses		(36,437)	(31,369)	(36,254)	(30,491)
Finance costs	4 (c)	(24,808)	(24,465)	(24,633)	(24,214)
Profit/(loss) before income tax		(98,780)	29,060	(98,933)	29,029
Income tax gain/(expense)	5 (a)	29,576	(8,541)	29,621	(8,532)
Net profit/(loss) for the period from continuing operations		(69,204)	20,519	(69,312)	20,497
Profit/(loss) attributable to the equity holders of the parent entity		(69,204)	20,519	(69,312)	20,497

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

Statement of Changes in Equity

Power and Water Corporation and its Controlled Entities for the year ended 30 June 2007

	Note	Consolidated		Corporation	
		June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
Equity at the beginning of the year		623,488	613,014	623,024	612,572
Gain/(loss) on cash flow hedges	19	(2,804)	-	(2,804)	-
Net profit for the year		(69,204)	20,519	(69,312)	20,497
Dividend over/(under) provided in the prior year		-	204	-	204
Dividend provided during the year		-	(10,249)	-	(10,249)
Equity at the end of the year		551,480	623,488	550,908	623,024

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

Balance Sheet

Power and Water Corporation and its Controlled Entities as at 30 June 2007

	Note	Consolidated		Corporation	
		June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
CURRENT ASSETS					
Cash and cash equivalents	7(a)	42,746	54,467	30,368	39,443
Trade and other receivables	8	59,787	61,524	64,797	66,469
Inventories	9	18,066	17,280	12,379	12,012
Prepayments		1,814	2,039	1,792	2,008
Total current assets		122,413	135,310	109,336	119,932
NON-CURRENT ASSETS					
Receivables	8	570	161	4,274	4,151
Investments	10	3	3	-	-
Investment in subsidiaries	10	-	-	3,026	2,253
Property, plant and equipment	11	999,511	1,074,093	846,566	927,248
Deferred tax assets	5(b)	43,530	7,929	42,779	7,906
Intangible assets	11	4,983	7,541	4,983	7,541
Other	12	9,303	14,409	-	-
Total non-current assets		1,057,900	1,104,136	901,628	949,099
Total assets		1,180,313	1,239,446	1,010,964	1,069,031
CURRENT LIABILITIES					
Trade and other payables	13	87,271	87,101	73,479	72,853
Borrowings	14	9,945	21,462	7,953	20,304
Current tax liabilities	5(c)	8,971	786	8,971	786
Provisions	15	14,582	24,046	14,582	24,046
Government grants	16	8,721	8,054	-	-
Other financial liabilities		2,633	-	2,633	-
Other	17	-	789	-	789
Total current liabilities		132,123	142,238	107,618	118,778
NON-CURRENT LIABILITIES					
Borrowings	14	338,401	307,952	338,401	305,549
Deferred tax liabilities	5(b)	7,525	15,733	7,527	15,733
Provisions	15	6,060	5,947	6,060	5,947
Government grants	16 & 29	144,274	144,088	-	-
Other financial liabilities		450	-	450	-
Total non-current liabilities		496,710	473,720	352,438	327,229
Total liabilities		628,833	615,958	460,056	446,007
Net assets		551,480	623,488	550,908	623,024
EQUITY					
Contributed equity	18	-	-	-	-
Reserves	19	(2,804)	-	(2,804)	-
Retained earnings	20	554,284	623,488	553,712	623,024
Total equity		551,480	623,488	550,908	623,024

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

Cash Flow Statement

Power and Water Corporation and its Controlled Entities for the year ended 30 June 2007

	Note	Consolidated		Corporation	
		June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		430,505	399,212	420,390	407,766
Payments to suppliers and employees		(411,269)	(374,294)	(358,915)	(358,025)
Income tax paid	5(c)	(6,046)	(17,940)	(6,046)	(17,940)
Community Service Obligations received		56,430	52,012	56,430	52,012
Receipt of Government grants		45,471	77,817	(10,937)	19,881
Interest received		2,080	862	1,513	400
Interest paid		(24,917)	(24,817)	(24,755)	(24,435)
Net cash provided by operating activities	7 (b)	92,254	112,852	77,680	79,659
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		238	131	228	97
Interest received from controlled entities		-	-	480	556
Payments for property, plant and equipment		(113,011)	(73,436)	(98,190)	(60,426)
Payments for development expenditure		-	(4,772)	-	-
Proceeds from repayment of related party loans		-	-	2,222	3,368
Amounts advanced to related parties		-	-	(1,750)	-
Distribution from trust		113	288	-	-
Net cash used in investing activities		(112,660)	(77,789)	(97,010)	(56,405)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(18,066)	(24,288)	(16,496)	(22,734)
Proceeds from borrowings		37,000	60,000	37,000	60,000
Dividends paid	6	(10,249)	(18,697)	(10,249)	(18,697)
Net cash provided by financing activities		8,685	17,015	10,255	18,569
Net increase/(decrease) in cash and cash equivalents		(11,721)	52,078	(9,075)	41,823
Cash and cash equivalents at the beginning of the period		54,467	2,389	39,443	(2,380)
Cash and cash equivalents at end of period	7(a) & 14	42,746	54,467	30,368	39,443

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

Notes to the Financial Statements

Power and Water Corporation and its Controlled Entities for the year ended 30 June 2007

1. Corporate information

The financial report of Power and Water Corporation (the Corporation) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of directors on 27 September 2007.

The Corporation is a Government Owned Corporation.

2. Statement of significant accounting policies

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

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Accounting Standards and Interpretations and the Government Owned Corporations Act. The Government Owned Corporations Act requires the financial statements of the Corporation and the consolidated entity to comply with the requirements of the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

These accounting policies have been consistently applied by each entity in the consolidated entity, unless otherwise stated, and are consistent with those of the previous year.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards.

Adoption of new and revised Accounting Standards

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

Standard	Effective annual reporting periods beginning on or after
AASB 7 'Financial Instruments: Disclosures'	1 January 2007
AASB 101 'Presentation of Financial Statements' - revised standard	1 January 2007
AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007
AASB 8 'Operating Segments'	1 January 2009
AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006
AASB Interpretation 11 'AASB 2 - Group & Treasury Share Transaction'	1 March 2007
AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008
AASB 2007-2 'Amendments to Australian Accounting Standards arising from Interpretation 12'	1 January 2008
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED151 and other amendments'	1 July 2007
AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008
AASB 123 'Borrowing Costs' - revised standard	1 January 2009
AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	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 Corporation.

The application of these Standards and Interpretations will not affect any amounts recognised in the financial statements, but will change the disclosure presently made in relation to the Corporation's financial instruments and objectives, policies and process for managing capital.

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its controlled entities as at 30 June each year (the consolidated entity). A list of controlled entities appears in Note 25 to the financial statements.

The financial statements of the controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies with the exception of the treatment of Government grant revenue received by Indigenous Essential Services Pty Limited. Indigenous Essential Services Pty Limited, as a not-for-profit entity applies Accounting Standard AASB 1004 *Contributions* for recognition and measurement of Government Grants. This accounting treatment is adjusted on consolidation to align to accounting policy (d) Revenue recognition, shown below.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The Corporation earns income, classified as 'other income' in the Income Statement, from its subsidiary Indigenous Essential Services Pty Limited. This is eliminated on consolidation together with the associated expenses included in the expense line 'change in inventories of finished goods and work in progress' shown in the Income Statement.

Controlled entities are fully consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity 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 returns, 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. Sale of goods includes estimates for unbilled consumption of electricity and water as at reporting date.

Rendering of services

Revenue from the rendering of services is recognised when the service is provided, having regard to the stage of completion of the contract.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

In respect of the Corporation's wholly owned subsidiary, Indigenous Essential Services Pty Limited, revenue from rendering of services is recognised when the service is provided, having regard for the costs incurred in providing those services.

Community service obligation revenue

Revenue in the form of Community Service Obligations (CSOs) is generally received from the Northern Territory Government where the Corporation is required to carry out activities on a non-commercial basis. CSO revenue is recognised when there is reasonable assurance that the revenue will be received and all attaching conditions have been complied with.

Government grants

When the grant relates to an expense 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. When the grant relates to an asset, the fair value is recognised as deferred income and released to revenue over the life of the asset.

Investment revenue

Revenue from distributions from investments are recognised when control of the right to receive consideration has been attained.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Deferred gain on sale and lease back of non-current assets

Net gains realised on the sale and leaseback of non-current assets are amortised over the lease term of the respective assets.

Contribution of assets

Contributions of assets and contributions to assist in the acquisition of assets from developers or customers in respect of extensions or modifications to the service

delivery network, are accounted for as follows:

Developer or customer contributions of non-current assets are recognised as revenue and an asset, based on valuations, when the Corporation gains control of the contribution.

Developer or customer contributions of cash is recognised as revenue to the extent that the extensions or modifications are complete; the balance is recognised as deferred income.

Sale of non-current assets

The net profit of non-current asset sales is recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(e) Cost of sales

Cost of sales are those costs attributable to the integrated process involved in the generation and transformation of electricity, and the transformation of water, into saleable goods.

(f) 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 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 are classified as operating cash flows.

(g) Finance costs

Finance costs include interest. Finance costs are recognised as an expense in the period in which they are incurred regardless of how the borrowings are applied.

(h) Income tax

The Corporation and its controlled entities are subject to the National Tax Equivalent Regime, which requires income tax to be subject to the Australian Taxation Office administration.

The consolidated entity adopts the comprehensive balance sheet liability method in respect of temporary

differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases of those items.

Current tax is calculated by reference to the amount of the income taxes payable or recoverable in respect of the taxable profit or taxable loss for the period.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognised for all temporary differences except:

When the deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the taxable temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The Corporation is the head entity in a tax-consolidated group comprising of all its wholly-owned controlled entities apart from Indigenous Essential Services Pty Limited. Indigenous Essential Services Pty Limited was exempted from the National Tax Equivalent Regime effective 1 July 2003 which was the date of incorporation of the company. The implementation date for the tax-consolidated group was 1 July 2002.

The head entity and each subsidiary entity has adopted the 'stand alone taxpayer' basis resulting in each entity accounting for its tax consequences as if it continued to be a taxable entity in its own right.

The Corporation does not have a Tax Funding Arrangement or a Tax Sharing Agreement. The wholly owned controlled entities do not make any contributions to the head entity.

(i) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations 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 judgements 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 estimate is 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.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Receivables

Service debtors are on 21 days terms and other debtors are on 30 day terms and are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts.

Unbilled consumption represents the estimated consumption of electricity and water services provided to customers but unbilled as at the reporting date.

(l) 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.

(m) Investments

Investments in controlled entities are carried at cost. Other investments are classified as being available-for-sale and are stated at fair value. Gains and losses arising from material changes in fair value are recognised in the investment revaluation reserve with the exception of impairment losses. Investments are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

(n) Leased assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised as at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership by the end of the lease term.

Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(o) Property, plant & equipment

Acquisition of assets

Freehold land and buildings and electricity, water and sewerage system 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. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

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

Freehold land and buildings and electricity, water and sewerage system 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/amortised using the straight-line method over their estimated useful lives,

with the exception of leased plant and equipment and deferred development expenditure which are amortised over the term of the relevant lease/agreement.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

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

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

	June 2007	June 2006
Building, plant and equipment		
Electricity system	3-99 years	3-99 years
Leased electricity system	20 years	20 years
Water system	3-99 years	3-99 years
Sewerage system	3-99 years	3-99 years
Non-System related		
Building and improvements	10-50 years	10-50 years
Plant and equipment	3-99 years	3-99 years
Other non-current assets		
Deferred development expenditure	4 years	4 years

Impairment of assets

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount 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 higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the asset.

For Indigenous Essential Services Pty Limited, as a not-for-profit entity, the value in use is the depreciated replacement cost of the asset, less any accumulated impairment losses.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment loss is recognised immediately 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.

(p) Intangible assets

Intangible assets consist of purchased software and in-house installation thereof. Intangible assets are originally stated at cost less accumulated amortisation and any accumulated impairment losses.

All intangible assets have limited useful lives and are amortised using the straight-line method over their estimated useful lives. Assets are amortised from the date of acquisition or from the time the asset is held ready for use. Amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

(q) Deferred development expenditure

Under a Gas Purchase Agreement entered into by a controlled entity, gas producers are reimbursed for reasonably incurred costs relating to the development of gas fields. Such costs are capitalised when due and payable, and amortised over the expected life of the gas field.

The unamortised balance of field development costs deferred in previous periods is reviewed regularly and at each reporting date to ensure the criterion for deferral continues to be met. Where such costs are no longer considered recoverable, they are written off in the financial period the decision is made.

(r) Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity 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.

(s) Interest bearing borrowings

All government loans and other borrowings including commercial bills are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised.

(t) Employee benefits

Wages, salaries, sick leave and airfares

Provisions for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Annual leave

The provision for annual leave is recognised in the provision for employee benefits and is measured at the amount expected to be paid when the liabilities are settled. Any amount expected to be settled beyond 12 months is recognised as a non-current provision.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on National Government Bonds with terms to maturity

and currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation plans

For employees who commenced employment with the Corporation prior to 10 August 1999, the Corporation contributes to the Northern Territory Government Public Authorities Superannuation Scheme (NTGPASS), the Northern Territory Supplementary Superannuation Scheme (NTSSS) and the Commonwealth Superannuation Scheme (CSS). Employee Contributions to the NTGPASS and CSS Funds are based on various percentages of the respective gross salaries. After serving a qualifying period, all employees are entitled to benefits on retirement, disability or death.

The funds provide defined benefits based on years of service, employee contributions and final average salary. The Corporation is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

Employees who commenced employment with the Corporation on or after 10 August 1999 are provided with an option to either nominate a complying superannuation fund or to use the default superannuation fund, being the Australian Government Employees Superannuation Trust.

(u) Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(v) Dividends

A provision for dividends payable is recognised in the reporting period to which it relates. The Northern Territory Government's dividend policy requires the Corporation to provide for a dividend payable, generally at a rate of 50% of net profit after income tax.

(w) Renewable Energy Credits Scheme

The Renewable Energy Credits (REC) Scheme is a Commonwealth Government initiative to promote alternative means of energy generation. Under the Scheme, utility production entities are required to hold an appropriate number of RECs for the production year to meet the annual production figures for the year. RECs are currently obtained through the provision of a rebate paid by the Corporation to householders installing solar hot water systems and through a contract to purchase landfill gas certificates. RECs are expended once purchased, unless surplus to the current year's requirements, in which case the surplus is recorded as an asset at the estimated market value at reporting date.

(x) Derivative Financial Instruments

The consolidated entity uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement for the year except for those that are designated and qualify as effective cash flow hedges.

The fair values of forward currency contracts are calculated using present value techniques based on current forward exchange rates that correspond to the remaining term of each contract.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the consolidated entity formally designates and documents the hedge relationship to which the consolidated entity wishes to apply hedge accounting and the risk management objectives and strategies for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair values or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as follows.

Cash flow hedges

Cash flow hedges are hedges of the consolidated entity's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

3. Segment information

The segment reporting format differentiates business segments by the risks and rates of return for products and services produced.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets, revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises the following main business segments, primarily based on the consolidated entity's management reporting system:

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction affects profit or loss. If the related transaction is not expected to occur, the amount is taken to the income statement.

Power	Generation, transmission and distribution of electricity
Water	Extraction, storage, treatment and transportation of water
Sewerage	Treatment and disposing of sewerage waste collected by the reticulation network
Commercial	Investment in telecommunication infrastructure
Gas	Purchase and sale of natural gas by a controlled entity
Investment	Equity holdings in a gas related entity
Non Commercial	Indigenous Essential Services Pty Limited (IES) general operations

Geographical segments

The consolidated entity operates predominantly in Australia.

	Power	Water	Sewerage	Commercial	Gas	Investment	Non-Commercial	Elimination	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2007										
Revenue										
External sales segment revenue	311,208	52,538	28,438	2,540	69,031	283	70,570	(71,730)	70,150	527,028
Inter-segment sales	5,663	872	34	-	-	-	-	(6,569)	-	-
Total revenue	316,871	53,410	28,472	2,540	69,031	283	70,570	(84,299)	70,150	527,028
Result										
Segment result before interest, impairment and income tax	52,475	8,735	3,190	(776)	744	152	6,520	(7,090)	8,509	72,459
Impairment	-	88,567	57,864	-	-	-	-	-	-	146,431
Interest expense	15,529	4,428	2,996	326	744	-	-	(569)	1,354	24,808
Income tax expense	-	-	-	-	-	45	-	-	(29,621)	(29,576)
Net profit (loss)	36,946	(84,260)	(57,670)	(1,102)	-	107	6,520	(6,521)	36,776	(69,204)
Depreciation and amortisation	27,609	10,940	2,946	460	-	-	8,721	-	5,829	56,505
Assets and Liabilities										
Segment assets	575,840	264,578	35,889	7,212	17,066	2,393	168,935	(272,946)	119,422	918,389
Inter-entity	-	-	14,709	-	-	-	-	-	247,215	261,924
Total Assets	575,840	264,578	50,598	7,212	17,066	2,393	168,935	(272,946)	366,637	1,180,313
Segment liabilities	62,831	6,299	16,528	(2,188)	15,821	40	2,253	(111,264)	376,589	366,909
Inter-entity	113,128	130,767	-	10,010	-	-	8,019	-	-	261,924
Total Liabilities	175,959	137,066	16,528	7,822	15,821	40	10,272	(111,264)	376,589	628,833
Other Information										
Acquisition of non-current assets	36,260	11,191	9,566	-	-	-	13,409	-	59,880	130,306

	Power	Water	Sewerage	Commercial	Gas	Investment	Non-Commercial	Elimination	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2006										
Revenue										
External sales segment revenue	291,872	47,871	25,915	2,288	62,392	470	72,065	(77,889)	72,529	497,513
Inter-segment sales	5,818	953	26	-	-	-	-	(6,797)	-	-
Total revenue	297,690	48,824	25,941	2,288	62,392	470	72,065	(84,686)	72,529	497,513
Result										
Segment result before interest, impairment and income tax	44,366	6,255	2,582	220	822	30	4,551	(5,123)	(168)	53,535
Impairment	-	10	-	-	-	-	-	-	-	10
Interest expense	15,574	4,699	2,970	373	822	-	-	(572)	599	24,465
Income tax expense	-	-	-	-	-	9	-	-	8,532	8,541
Net profit (loss)	28,792	1,546	(388)	(153)	-	21	4,551	(4,551)	(9,299)	20,519
Depreciation and amortisation	27,430	10,528	3,507	436	4,802	1	8,054	-	(226)	54,532
Assets and Liabilities										
Segment assets	525,537	355,026	85,006	7,274	21,969	2,275	166,878	(237,232)	96,183	1,022,916
Inter-entity	-	-	471	-	-	-	-	-	216,059	216,530
Total Assets	525,537	355,026	85,477	7,274	21,969	2,275	166,878	(237,232)	312,242	1,239,446
Segment liabilities	61,915	7,021	11,256	131	21,453	74	(6,919)	(61,183)	365,680	399,428
Inter-entity	67,631	142,249	-	6,650	-	-	-	-	-	216,530
Total Liabilities	129,546	149,270	11,256	6,781	21,453	74	(6,919)	(61,183)	365,680	615,958
Other Information										
Acquisition of non-current assets	31,818	13,293	7,309	-	-	-	13,192	-	19,373	84,985

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
4 Revenue and Expenses				
<i>Revenue and expenses from continuing operations</i>				
(a) Revenue				
Sale of goods	360,423	339,115	291,497	276,844
Rendering of services	78,103	77,958	27,809	26,226
Finance revenue	2,161	999	2,087	986
	440,687	418,072	321,393	304,056
<i>Breakdown of rendering services:</i>				
IES capital grant	8,442	7,637	-	-
IES recurrent grant	41,850	44,093	-	-
Services rendered	27,811	26,228	27,809	26,226
	78,103	77,958	27,809	26,226
<i>Breakdown of finance revenue:</i>				
Bank interest	2,150	983	2,087	508
Interest - controlled parties	-	-	-	478
Income from investments	11	16	-	-
Total finance revenue	2,161	999	2,087	986
(b) Other income				
Community Service Obligations:				
Uniform tariffs	51,305	50,437	51,305	50,437
Other	3,478	3,281	3,478	3,281
	54,783	53,718	54,783	53,718
Developer and customer contributions:				
Gifted network assets	13,015	10,781	13,015	10,781
Other	11,212	6,463	11,199	6,047
	24,227	17,244	24,214	16,828
Deferred gain on sale and lease back of generation plant and equipment	-	788	-	788
Net gain on disposal of property, plant and equipment	238	131	228	97
Recoverable works	982	1,055	25,978	24,343
Other revenue	6,111	6,505	51,814	55,605
	86,341	79,441	157,017	151,379

Various government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attaching to these grants.

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
(c) Finance costs				
Bank loans	382	250	207	-
NT Treasury loans	24,426	24,215	24,426	24,214
Total finance costs (on historical cost basis)	24,808	24,465	24,633	24,214
(d) Depreciation, amortisation, foreign exchange differences and cost of inventories included in the income statement				
Depreciation of buildings	4,190	3,784	3,610	3,310
Depreciation of plant and equipment	45,219	44,285	37,077	36,703
	49,409	48,069	40,687	40,013
Rotable Spares	919	429	919	429
Amortisation of intangible assets	2,710	2,568	2,710	2,568
Amortisation of development costs	4,651	4,802	-	-
Amortisation of leased plant and equipment	3,467	3,466	3,467	3,465
	11,747	11,265	7,096	6,462
Total depreciation and amortisation	61,156	59,334	47,783	46,475
Write down in value of inventories	(134)	178	(134)	178
(e) Net bad and doubtful debts (write back)/ expense including movements in provision for:				
Doubtful service debts	1,559	(900)	1,559	(900)

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
5 Income Tax				
The major components of income tax expense are:				
(a) Income Statement				
<i>Current income tax</i>				
Current income tax charge	15,337	10,176	14,564	9,548
<i>Deferred income tax</i>				
Adjustments in respect of permanent differences	156	-	156	-
Relating to origination and reversal of temporary differences	(45,069)	(1,635)	(44,341)	(1,016)
Income tax expense reported in the income statement	(29,576)	8,541	(29,621)	8,532
Numerical reconciliation between tax expense and pre-tax net profit				
Accounting profit before income tax	(98,780)	29,060	(98,933)	29,029
At the consolidated entity's statutory income tax rate of 30% (2006: 30%)	(29,634)	8,718	(29,679)	8,708
Expenditure not allowable for income tax purposes	58	(177)	58	(176)
Income tax expense on pre-tax profit	(29,576)	8,541	(29,621)	8,532
(b) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Accelerated depreciation for tax purposes	-	8,202	-	8,202
Movement in prepayments	47	78	47	78
Movements in unbilled consumption	7,412	7,413	7,412	7,413
Movement in accrued interest	66	40	68	40
Gross deferred income tax liabilities	7,525	15,733	7,527	15,733
<i>Movements:</i>				
Opening balance at 01 July	15,733	19,064	15,733	18,456
Rounding				
Over/(Under) provision from prior years	1,209	(1,855)	1,209	(1,855)
Credited/(charged) to the income statement	(9,417)	(1,476)	(9,415)	(868)
Closing balance at 30 June	7,525	15,733	7,527	15,733

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
<i>Deferred tax assets</i>				
Movement in employee provisions	6,858	5,788	6,107	5,841
Movement in doubtful debts provision	1,135	667	1,135	667
Movement in obsolete stock provision	613	654	613	654
Movement in other provisions	-	808	-	17
Movement in accrued expenses	684	-	684	727
Accelerated depreciation for accounting purposes	34,240	12	34,240	-
Gross deferred income tax assets	43,530	7,929	42,779	7,906
<i>Movements:</i>				
Opening balance at 01 July	7,929	15,542	7,906	15,530
Over provision from prior years	(52)	-	(52)	-
Credited/(charged) to Income tax payable	-	(7,773)	-	(7,772)
Credited/(charged) to the income statement	35,653	160	34,925	148
Closing balance at 30 June	43,530	7,929	42,779	7,906
Deferred tax income/(expense)	(45,070)	(1,636)	(44,340)	(1,016)
(c) Income tax payable				
Balance at beginning of the year	786	14,467	786	14,467
Income tax paid	(6,046)	(17,940)	(6,046)	(17,940)
Current year income tax expense	14,564	9,548	14,564	9,548
Subsidiary income tax expense	773	628	773	627
Over provision from prior years	(1,106)	(5,917)	(1,106)	(5,916)
Closing balance at end of year	8,971	786	8,971	786
(d) Equity contributions to subsidiaries in relation to income tax payable				
Darnor Pty Limited			46	25
Gasgo Pty Limited			727	602
			773	627

The potential deferred tax asset arising from capital losses has not been recognised as an asset because recovery of capital tax losses is not probable. The future tax asset relating to capital losses carried forward is \$1,720,000 (2006: \$1,720,000).

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have not entered into a tax funding agreement. The head entity and each subsidiary entity has adopted the 'stand alone taxpayer' basis resulting in each entity accounting for its tax consequences as if it continued to be a taxable entity in its own right. The Corporation provides additional equity to its subsidiaries each year to fund their annual tax payable. The tax consolidated group's total income tax payable liability balance is recognised in the Corporation's accounts.

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
6 Dividends				
<i>Declared and paid during the year:</i>				
Dividends on ordinary shares:	-	10,249	-	10,249
	-	10,249	-	10,249
Final dividend paid for 2007 \$10,248,609 (2006: \$18,696,500)				
7 Cash and cash equivalents				
(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 sheets as follows:				
Cash assets	42,746	54,467	30,368	39,443
	42,746	54,467	30,368	39,443

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
(b) Reconciliation of net profit after tax to net cash flows from operations				
Net Profit	(69,204)	20,519	(69,312)	20,497
<i>Adjustments for:</i>				
Depreciation and amortisation	61,156	59,335	47,783	46,476
Distribution from trust	(113)	(288)	-	-
Recoverable amount write-down	146,431	11	146,431	11
Contributed assets provided free of charge	(13,015)	(10,781)	(13,015)	(10,781)
Interest on loans to subsidiary companies	-	-	(480)	(478)
Net (profit)/loss on disposal of property, plant and equipment	(238)	(131)	(228)	(97)
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in inventories	(791)	(3,940)	(372)	(4,377)
(Increase)/decrease in trade and other receivables	1,735	7,118	1,672	604
(Increase)/decrease in prepayments	226	1,291	213	1,276
(Decrease)/increase in net deferred tax payable	(43,807)	4,282	(43,079)	4,901
(Decrease)/increase in current tax liabilities	8,185	(13,681)	8,185	(13,681)
(Decrease)/increase in trade and other payables	732	47,928	(1,080)	34,119
(Decrease)/increase in provisions	957	1,189	962	1,189
Net cash flows from operating activities	92,254	112,852	77,680	79,659

(c) Disclosure of non-cash financing and investing activities

During the financial year the consolidated entity acquired property, plant and equipment with an aggregate fair value of \$13.0 million (2006: \$10.8 million) by means of a gift. These acquisitions are not reflected in the cash flow statement of cash flows.

8		Consolidated		Corporation	
		June 2007	June 2006	June 2007	June 2006
		\$'000	\$'000	\$'000	\$'000
	Trade and other receivables				
	Current				
	Service receivables	29,819	31,642	37,788	39,857
	Allowance for doubtful debts	(3,784)	(2,225)	(3,784)	(2,225)
	Unbilled consumption	24,702	24,707	24,702	24,707
		50,737	54,124	58,706	62,339
	Other receivables	9,050	7,400	3,127	980
	Loans and advances to controlled entities	-	-	2,964	3,150
	Total current receivables	59,787	61,524	64,797	66,469
	Non-current				
	Loans and advances to controlled entities	-	-	3,704	3,990
	Development loans	570	161	570	161
	Total non-current receivables	570	161	4,274	4,151

(a) Service receivables

Trade service debtors are non-interest bearing and are generally 21 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. An allowance of \$3.8 million has been recognised as a provision in the current year for specific debtors for which such evidence exists. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

(b) Other receivables

Other receivables generally arise from transactions outside the usual operating activities of the consolidated entity. Collateral is generally not obtained.

(c) Development loans

Interest-free development loans generally arise where customers are required to make cash contributions for the use of new network services. An overriding statutory charge is taken over the land on which the network service is provided.

	Consolidated		Corporation	
	June 2007	June 2006	June 2007	June 2006
	\$'000	\$'000	\$'000	\$'000
9 Inventories				
Materials and stores - at cost	6,672	5,915	6,672	5,915
Fuel stocks - at cost	10,828	11,228	5,141	5,960
Gas stocks - at cost	60	57	60	57
Tokens - at cost	506	80	506	80
Total inventories	18,066	17,280	12,379	12,012

10 Investments				
Non-current				
2,500 \$1 unlisted units, in Amadeus Gas Trust beneficially held by Darnor Pty Limited	3	3	-	-

Unlisted shares, also held as follows:

- 10 (2006: 10) ordinary shares of \$1 each held by the Corporation in Darnor Pty Limited
- 10 (2006: 10) ordinary shares of \$1 each held by the Corporation in Gasgo Pty Limited
- 10 (2006: 10) ordinary shares of \$1 each held by the Corporation in Indigenous Essential Services Pty Limited
- 15 (2006: 15) ordinary shares of \$1 each held by Darnor Pty Limited in NT Gas Pty Limited

The Corporation owns 100% of Darnor Pty Limited, Gasgo Pty Limited and Indigenous Essential Services Pty Limited companies incorporated in Australia.

Investment in subsidiaries

Darnor Pty Limited	-	-	200	154
Gasgo Pty Limited	-	-	2,826	2,099
Total investment in subsidiaries	-	-	3,026	2,253

Movement in investments relates to contributions for income tax payable balances. See note 5.

11 Property, plant and equipment and intangibles

Type	Movements During Year											
	June 2006					June 2007						
	At Cost	Accumulated Depreciation	Written Down Value	Additions	Transfer from Capital WIP	Disposals - Cost	Net Written Back	Disposals and Write Back - Accumulated Depreciation	Depreciation	At Cost	Accumulated Depreciation	Written Down Value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated												
Electricity system assets	909,741	(497,342)	412,399	4,847	31,413	(12,495)	(523)	8,447	(23,242)	932,983	(512,137)	420,846
Leased electricity system assets	133,747	(130,281)	3,466	-	-	-	-	-	(3,466)	133,747	(133,747)	-
Water system assets	565,901	(226,181)	339,720	4,828	6,363	(2)	(150,187)	61,593	(10,513)	426,903	(175,101)	251,802
Sewerage system assets	125,967	(51,731)	74,236	3,339	6,227	-	(96,435)	38,719	(2,598)	39,098	(15,610)	23,488
Indigenous Essential Services	275,538	(134,027)	141,511	-	13,409	(372)	-	372	(8,722)	288,575	(142,377)	146,198
Non-system related:												
Freehold land	2,758	-	2,758	-	-	-	-	-	-	2,758	-	2,758
Building and improvements	20,548	(8,486)	12,062	-	7,540	-	(189)	3	(1,145)	27,899	(9,628)	18,271
Plant and equipment	24,285	(7,261)	17,024	-	6,207	-	(53)	1	(3,190)	30,439	(10,450)	19,989
Capital work in progress	71,018	-	71,018	108,697	(71,311)	-	801	-	-	109,205	-	109,205
	2,129,503	(1,055,309)	1,074,194	121,711	(152)	(12,869)	(246,586)	109,135	(52,876)	1,991,607	(999,050)	992,557
Rotable spares	1,550	(1,651)	(101)	8,595	-	-	(149)	(472)	(919)	9,996	(3,042)	6,954
Total Property, plant and equipment	2,131,053	(1,056,960)	1,074,093	130,306	(152)	(12,869)	(246,735)	108,663	(53,795)	2,001,603	(1,002,092)	999,511
Intangible assets	13,316	(5,775)	7,541	-	152	-	-	-	(2,710)	13,468	(8,485)	4,983

Type	June 2006						Movements During Year						June 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		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Corporation														
Electricity system assets	909,741	(497,342)	412,399	4,847	31,413	(12,495)	(523)	8,447	(23,242)	932,983	(512,137)	420,846		
Leased electricity system assets	133,747	(130,281)	3,466	-	-	-	-	-	(3,466)	133,747	(133,747)	-		
Water system assets	565,901	(226,181)	339,720	4,828	6,363	(2)	(150,187)	61,593	(10,513)	426,903	(175,101)	251,802		
Sewerage system assets	125,967	(51,731)	74,236	3,339	6,227	-	(96,435)	38,719	(2,598)	39,098	(15,610)	23,488		
Non-system related:														
Freehold land	2,758	-	2,758	-	-	-	-	-	-	2,758	-	2,758		
Building and improvements	20,548	(8,486)	12,062	-	7,540	-	(189)	3	(1,145)	27,899	(9,628)	18,271		
Plant and equipment	24,285	(7,258)	17,027	-	6,207	-	(53)	1	(3,190)	30,439	(10,447)	19,992		
Capital work in progress	65,681	-	65,681	93,875	(57,902)	-	801	-	-	102,455	-	102,455		
	1,848,628	(921,279)	927,349	106,889	(152)	(12,497)	(246,586)	108,763	(44,154)	1,696,282	(856,670)	839,612		
Rotable spares	1,550	(1,651)	(101)	8,595	-	-	(149)	(472)	(919)	9,996	(3,042)	6,954		
Total Property, plant and equipment	1,850,178	(922,930)	927,248	115,484	(152)	(12,497)	(246,735)	108,291	(45,073)	1,706,278	(859,712)	846,566		
Intangible assets	13,316	(5,775)	7,541	-	152	-	-	-	(2,710)	13,468	(8,485)	4,983		

11 Property, plant and equipment and intangibles

Type	Movements During Year											
	June 2005					June 2006						
	At Cost \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000	Additions \$'000	Transfer from Capital WIP \$'000	Disposals - Cost \$'000	Net Value Written Back \$'000	Disposals and Write Back - Accumulated Depreciation \$'000	Depreciation \$'000	At Cost \$'000	Accumulated Depreciation \$'000	Written Down Value \$'000
Consolidated												
Electricity system assets	880,112	(474,510)	405,602	3,603	28,215	-	(2,189)	97	(22,929)	909,741	(497,342)	412,399
Leased electricity system assets	133,747	(126,816)	6,931	-	-	-	-	-	(3,465)	133,747	(130,281)	3,466
Water system assets	552,986	(216,172)	336,814	4,458	8,835	-	(378)	35	(10,044)	565,901	(226,181)	339,720
Sewerage system assets	118,729	(48,629)	70,100	2,718	4,591	-	(71)	4	(3,106)	125,967	(51,731)	74,236
Indigenous Essential Services	262,346	(125,980)	136,366	-	13,192	-	-	9	(8,056)	275,538	(134,027)	141,511
Non-system related:												
Freehold land	2,758	-	2,758	-	-	-	-	-	-	2,758	-	2,758
Building and improvements	15,899	(7,531)	8,368	-	4,771	-	(122)	6	(961)	20,548	(8,486)	12,062
Plant and equipment	20,470	(4,445)	16,025	-	4,308	-	(493)	15	(2,831)	24,285	(7,261)	17,024
Capital work in progress	59,923	-	59,923	81,608	(71,314)	-	801	-	-	71,018	-	71,018
	2,046,970	(1,004,083)	1,042,887	92,387	(7,402)	-	(2,452)	166	(51,392)	2,129,503	(1,055,309)	1,074,194
Rotable spares	1,550	(1,224)	326	-	-	-	-	-	(427)	1,550	(1,651)	(101)
Total Property, plant and equipment	2,048,520	(1,005,307)	1,043,213	92,387	(7,402)	-	(2,452)	166	(51,819)	2,131,053	(1,056,960)	1,074,093
Intangible assets	13,450	(3,086)	10,364	-	-	-	(134)	24	(2,713)	13,316	(5,775)	7,541

Type	Movements During Year											
	June 2005					June 2006						
	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Corporation												
Electricity system assets	880,112	(474,510)	405,602	3,603	28,215	-	(2,189)	97	(22,929)	909,741	(497,342)	412,399
Leased electricity system assets	133,747	(126,816)	6,931	-	-	-	-	-	(3,465)	133,747	(130,281)	3,466
Water system assets	552,986	(216,172)	336,814	4,458	8,835	-	(378)	35	(10,044)	565,901	(226,181)	339,720
Sewerage system assets	118,729	(48,629)	70,100	2,718	4,591	-	(71)	4	(3,106)	125,967	(51,731)	74,236
Non-system related:												
Freehold land	2,758	-	2,758	-	-	-	-	-	-	2,758	-	2,758
Building and improvements	15,899	(7,531)	8,368	-	4,771	-	(122)	6	(961)	20,548	(8,486)	12,062
Plant and equipment	20,470	(4,443)	16,027	-	4,308	-	(493)	15	(2,830)	24,285	(7,258)	17,027
Capital work in progress	53,893	-	53,893	68,891	(57,904)	-	801	-	-	65,681	-	65,681
	1,778,594	(878,101)	900,493	79,670	(7,184)	-	(2,452)	157	(43,335)	1,848,628	(921,279)	927,349
Rotable spares	1,550	(1,224)	326	-	-	-	-	-	(427)	1,550	(1,651)	(101)
Total Property, plant and equipment	1,780,144	(879,325)	900,819	79,670	(7,184)	-	(2,452)	157	(43,762)	1,850,178	(922,930)	927,248
Intangible assets	13,450	(3,086)	10,364	-	-	-	(134)	24	(2,713)	13,316	(5,775)	7,541

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
12 Other non-current assets				
Deferred development expenditure	58,255	58,710	-	-
Less: Accumulated amortisation	(48,952)	(44,301)	-	-
Total other non-current assets	9,303	14,409	-	-
13 Trade and other payables				
Service creditors	36,144	37,921	30,381	30,229
Other creditors and accruals	51,127	49,180	43,098	42,624
Total payables	87,271	87,101	73,479	72,853
14 Interest bearing borrowings				
Current				
Government loans - unsecured	7,953	20,304	7,953	20,304
Commercial bill facility - secured	1,992	1,158	-	-
Total current borrowings	9,945	21,462	7,953	20,304
Non-current				
Government loans - unsecured	338,401	305,548	338,401	305,549
Commercial bill facility - secured	-	2,404	-	-
Total non-current borrowings	338,401	307,952	338,401	305,549

The government loans and commercial bill facility in current liabilities comprise the portion of the consolidated entity's borrowings payable within one year, being \$9.9 million (2006: \$21.5 million).

The non-current balance of interest-bearing liabilities represents the portion of the consolidated entity's borrowings not due within one year.

Government loans at the reporting date have been fully utilised.

The total bank overdraft facility available at the reporting date is \$2.0 million (2006: \$2.0 million). The unused bank overdraft facility available at the reporting date is \$2.0 million (2006: \$2.0 million). Interest on the bank overdraft is charged at prevailing market rates. The bank overdraft is payable on demand. This facility is available until 2011.

Security for the commercial bill facility:

The Northern Territory Treasurer has provided a Letter of Undertaking to the Bank of South Australia, whereby the Territory guarantees the loan, interest costs and any indemnities owed to the Bank pursuant to the Facility Agreement it has with Gasgo Pty Limited.

The total commercial bill facility available at the reporting date is \$10.0 million (2006: \$3.6 million). The unused commercial bill facility available at the reporting date is \$10.0 million.

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
15 Provisions				
Current				
Employee benefits	14,185	13,242	14,185	13,242
Employee related provisions	397	496	397	496
Self insurance provision	-	59	-	59
Dividend	-	10,249	-	10,249
Total current provisions	14,582	24,046	14,582	24,046
Non-current				
Employee benefits	6,060	5,947	6,060	5,947

Reconciliations

Reconciliations of the carrying amounts for each class of provision, except for employee benefits are set out below:

<i>Employee related provisions</i>				
Carrying amount at beginning of year	496	455	496	455
Provisions made during the year	5,433	4,290	5,433	4,290
Payments made during the year	(5,532)	(4,249)	(5,532)	(4,249)
Carrying amount at end of year	397	496	397	496
<i>Dividends</i>				
Carrying amount at beginning of year	10,249	18,900	10,249	18,900
Provisions made during the year	-	10,249	-	10,249
Payments made during the year	(10,249)	(18,696)	(10,249)	(18,696)
Under/(over) provision for the prior year	-	(204)	-	(204)
Carrying amount at end of year	-	10,249	-	10,249

16 Government grants				
Deferred income for remote assets held by not-for-profit entity:				
Operational grants	5,718	5,297	-	-
Capital grants	147,277	146,845	-	-
Total government grants	152,995	152,142	-	-
Provided for in the financial statements as:				
Current	8,721	8,054	-	-
Non-current	144,274	144,088	-	-
	152,995	152,142	-	-

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
17 Other liabilities				
Deferred gain on sale and lease back of generation plant and equipment:				
Net gain	15,793	15,793	15,793	15,793
Less: Accumulated amortisation	(15,793)	(15,004)	(15,793)	(15,004)
Total other liabilities	-	789	-	789
Provided for in the financial statements as:				
Current	-	789	-	789
Carrying amount at end of year	-	789	-	789
18 Contributed equity				
Share capital				
1 Share (2006: 1 Share)	-	-	-	-

The Government Owned Corporations Act requires the Corporation to have share capital to be held by one shareholder only, being the Shareholding Minister, who holds the share on behalf of the Northern Territory. The Corporation's Constitution specifies the share capital to be one share.

No value is assigned to this share.

19 Reserves

Cash Flow Hedging Reserve

The forward currency contracts are considered to be fully effective hedges as they are matched exactly against scheduled payments of the construction and any gain or loss on the contracts is taken directly to equity. When the project's asset is delivered, the amount recognised in equity is adjusted to the Corporation's project asset account in the Corporation's balance sheet. During the year \$2,803,742 was charged to equity by the Corporation.

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
Balance at beginning of year	-	-	-	-
Gains/(losses) on cash flow hedging instruments	(3,218)	-	(3,218)	-
Gains/(losses) transferred to the acquisition cost	414	-	414	-
Balance at end of year	(2,804)	-	(2,804)	-

20 Retained earnings				
Retained earnings at beginning of year	623,488	613,014	623,024	612,572
Net profit for the year	(69,204)	20,519	(69,312)	20,497
Dividend over/(under) provided in the prior year	-	204	-	204
Dividend recognised during the year	-	(10,249)	-	(10,249)
Retained earnings at end of the year	554,284	623,488	553,712	623,024

21 Financial risk management objectives and policies

The consolidated entity's principal financial instruments comprise of bank loans and overdrafts, government loans and cash.

The main purpose of these financial instruments is to raise finance for the consolidated entity's operations. The consolidated entity has various other financial instruments such as trade receivables, trade payables and derivatives. It is, and has been throughout the period under review, the consolidated entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the consolidated entity's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Cash flow interest rate risk

The consolidated entity's exposure to the risk of changes in market interest rates relates primarily to the consolidated entity's long-term debt obligations to the Northern Territory Government. The loans are based on fixed interest rates, with one or more interest rate reset over the life of the loans.

The consolidated entity's policy is to manage its interest cost using a mix of fixed and variable rate debt.

Foreign currency risk

The consolidated entity also has transactional currency exposures. Such exposure arises from purchases in currencies other than the functional currency.

Commodity price risk

The consolidated entity's exposure to commodity price risk is minimal.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on receivables of the consolidated entity that has been recognised on the balance sheet is the carrying amount net of any provision for doubtful debts. The consolidated entity has a minimal concentration of credit risk as it undertakes transactions with a large number of customers and counterparties. The consolidated entity is not materially exposed to any individual customer. There are no major concentrations of credit risk on service debtors due from customers within particular industries.

Liquidity risk

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, government loans, bank loans and finance leases.

At 30 June 2007, \$9.9 million of the consolidated entity's debt will mature in less than one year (2006: \$21.5 million).

Forward currency contracts - cash flow hedges

In order to protect against exchange rate movements and to manage the cost of construction, the Corporation has entered into forward exchange contracts to purchase US Dollars. These contracts are hedging highly probable forecast payments timed to mature, including rollover strategy, when payments are scheduled to be made.

The cash flows are expected to occur between 2-13 months from 1 January 2007 and the income statement will be affected as the project's assets are used and depreciated over their useful lives. At balance date, the details of outstanding contracts are:

Buy US\$/Sell Australian \$	June 2007	June 2006	June 2007	June 2006
	\$	\$	Average Exchange Rate	
Maturity < 12 months	29,160,375	-	0.7701	-
Maturity > 12 months	5,096,490	-	0.7597	-
Total	34,256,865	-	0.7686	-

22 Financial instruments

Fair values

Net fair values of financial assets and liabilities approximate carrying values except for government loans, which have a fair value of \$343.9 million (2006: \$331.9 million).

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk for the consolidated entity:

	Fixed and floating interest maturing in:							Total \$'000
	Weighted average interest rate % \$'000	Floating interest rate \$'000	Fixed interest rate \$'000	1 year or less \$'000	1 to 5 years \$'000	more than 5 years \$'000	Non- interest bearing \$'000	
2007								
Financial Assets								
Cash assets (including bank overdraft)	5.88%	42,746	-	42,746	-	-	-	42,746
Receivables		-	-	-	-	-	60,357	60,357
Investments		-	-	-	-	-	3	3
		42,746	-	42,746	-	-	60,360	103,106
Financial Liabilities								
Payables		-	-	-	-	-	87,271	87,271
Government loans	6.94%		346,354	7,953	46,837	291,564	-	346,354
Commercial bill facilities	6.37%	1,992	-	1,992	-	-	-	1,992
Employee benefits		-	-	-	-	-	20,642	20,642
		1,992	346,354	9,945	46,837	291,564	107,913	456,259
2006								
Financial Assets								
Cash assets (including bank overdraft)	5.50%	54,467	-	54,467	-	-	-	54,467
Receivables		-	-	-	-	-	61,685	61,685
Investments		-	-	-	-	-	3	3
		54,467	-	54,467	-	-	61,688	116,155
Financial Liabilities								
Payables		-	-	-	-	-	87,101	87,101
Government loans	7.81%	-	325,852	20,304	93,582	211,966	-	325,852
Commercial bill facilities	5.96%	3,562	-	1,158	2,404	-	-	3,562
Dividends payable		-	-	-	-	-	10,249	10,249
Employee benefits		-	-	-	-	-	19,744	19,744
		3,562	325,852	21,462	95,986	211,966	117,094	446,508

	Consolidated		Corporation	
	June 2007 \$'000	June 2006 \$'000	June 2007 \$'000	June 2006 \$'000
23 Commitments				
Capital expenditure commitments				
Contracted but not provided for and payable: within one year	69,765	25,208	69,765	25,208
Purchase, lease and hire expenditure commitments (non-cancellable)				
Contracted but not provided for:				
Plant and equipment	67,311	74,826	67,311	74,826
Electricity purchase	73,682	81,537	73,682	81,537
Gas purchase	4,632,115	4,677,125	4,500,211	4,488,029
Gas transportation	762,976	175,083	762,976	175,083
	5,536,084	5,008,571	5,404,180	4,819,475
Payable:				
Within one year	169,190	124,560	115,651	70,531
One year or later and no later than five years	694,385	596,899	616,021	468,209
Later than five years	4,742,275	4,312,319	4,742,275	4,305,943
	5,605,850	5,033,778	5,473,947	4,844,683

The consolidated entity has non-cancellable purchase, lease and hire expenditure contracts expiring between 1 to 25 years from the date of the contract. These contracts generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated. Payments usually comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

Gas purchase commitments include take-or-pay obligations under a recently concluded 25 year gas sale agreement with Eni Australia B.V., the first supply of which commences on 1 January 2009.

Remuneration commitments:

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

Within one year	6,299,132	6,511,422	6,299,132	6,511,422
After one year but not more than five years	7,559,808	9,462,665	7,559,808	9,462,665
	13,858,940	15,974,087	13,858,940	15,974,087

24 Contingent liabilities and contingent assets

Litigation

The consolidated entity has no contingent liabilities or contingent assets as at the date of signing these financial statements.

25 Related party information

The consolidated financial statements include the financial statements of the Power and Water Corporation and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest		Investment	
		June 2007	June 2006	June 2007	June 2006
Darnor Pty Limited	Australia	100%	100%	10	10
Gasgo Pty Limited	Australia	100%	100%	10	10
Indigenous Essential Services Pty Limited	Australia	100%	100%	10	10
				30	30

Power and Water Corporation is the ultimate Australian parent company and the ultimate parent of the consolidated entity is the Shareholding Minister, who holds the share on behalf of the Northern Territory.

Transactions

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year. The Corporation is the only provider of electricity, water and sewerage services in populated areas in the Northern Territory, and therefore provides these services to all Northern Territory Government departments and related entities. It is not practical to list separately related party transactions that occurred between the Corporation and these entities, and therefore, these transactions have been aggregated as shown below:

Related Party		Sales to	Purchases	Amounts	Amounts
		related parties	from related parties (1)	owed by related parties	owed to related parties (2)
		\$'000	\$'000	\$'000	\$'000
The parent entity including all entities that are associated with the parent entity being the Northern Territory Government - see explanation above.	June 2007	97,954	54,277	5,888	353,996
	June 2006	92,191	41,283	6,850	331,539
Darnor Pty Limited (subsidiary)	June 2007	2	-	-	-
	June 2006	18	-	-	-
Gasgo Pty Limited (subsidiary)	June 2007	750	-	5,937	-
	June 2006	756	-	7,197	-
Indigenous Essential Services Pty Limited (subsidiary)	June 2007	70,104	13,415	8,978	363
	June 2006	72,474	14,906	8,638	1,074

(1) For the year ended 30 June 2007, purchases from the NT Government include interest paid on borrowings of \$24,426,374 (2006: \$24,214,258) refer to note 4(c).

(2) For the year ended 30 June 2007, the amount owed to the NT Government includes borrowings of \$346,354,458 (2006: \$325,852,390) refer to note 14.

25 Related party information (continued)

All transactions with non-director related parties are on normal terms and conditions. Loans to non-director related parties are payable over 4 years. Interest is charged monthly at 6.01% p.a. (2006: 6.01% p.a.) on the outstanding balance.

A director, Mr Robert Neil, is a director and shareholder of Neil Consulting Pty Limited. The Corporation entered into a contract with Neil Consulting during the year for the provision of consulting services in relation to the implementation of the PricewaterhouseCoopers Report and the 2007/08 Statement of Corporate Intent Implementation Committee. The contract was awarded on normal commercial terms and conditions. The consulting fees totalled \$58,696, of which \$2,727 remained outstanding to be paid at the end of the year.

The Corporation provides electricity, water and sewerage services to Indigenous Essential Services Pty Limited and recharges the controlling entity's operating expenses and administration fees for providing capital resources and other services in the normal course of business and on normal terms and conditions.

From time to time, directors of related parties or their director-related entities may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by consolidated entity employees or customers and are trivial or domestic in nature.

For the year ended 30 June 2007, the consolidated entity has made an allowance for doubtful debts of \$0.2 million relating to amounts owed by related parties (2006: \$nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the consolidated entity recognises an allowance for the impairment loss.

26 Events after the balance sheet date

Subsequent to the reporting date, the Directors have confirmed no dividend is to be paid or accrued for the year ended 30 June 2007.

	Consolidated		Corporation	
	June 2007	June 2006	June 2007	June 2006
	\$	\$	\$	\$
27 Auditor's remuneration				
Audit services:				
Auditors of the Corporation - NT Auditor-General	472,203	354,184	422,634	281,302
	472,203	354,184	422,634	281,302

28 Director and executive disclosures

Remuneration of key management personnel

Compensation levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages, given trends in comparative entities both locally

and nationally. Remuneration packages are usually a fixed remuneration.

The following table provides the details of all directors of the Corporation and the nature and amount of the elements of their remuneration:

		Primary	Post employment	Total
		Salary & Fees	Superannuation benefits	
		\$	\$	\$
Non-executive directors				
Mr Neil Philip (Chairperson)	June 2007	81,177	6,369	87,546
	June 2006	83,495	6,614	90,109
Mr Peter Vines	June 2007	18,915	25,866	44,780
	June 2006	31,123	2,801	33,924
Ms Judith King	June 2007	41,102	3,678	44,780
	June 2006	42,441	3,820	46,261
Mr Robert Neil	June 2007	51,102	3,678	54,780
	June 2006	36,957	2,801	39,758
Mr Barry Chambers	June 2007	2,500	12,398	14,898
	June 2006	-	-	-
Ms Margaret Gibson	June 2007	11,393	1,302	12,695
	June 2006	-	-	-
Mrs Linda Mackenzie	June 2007	12,965	1,146	14,111
	June 2006	-	-	-
Dr Michael Vertigan	June 2007	-	-	-
	June 2006	2,548	229	2,777
Dr Michael Sargent	June 2007	-	-	-
	June 2006	2,575	231	2,806
Total, non-executive directors	June 2007	219,154	54,437	273,591
	June 2006	199,139	16,496	215,635

No termination benefits were paid to non-executive directors during the year.

29 Executives' remuneration

The table below shows the benefits paid to executive directors and officers of the Corporation and of controlled entities, whose benefits from the Corporation and from entities in the consolidated entity, fall within the following types:

	Consolidated		Corporation	
	June 2007	June 2006	June 2007	June 2006
	\$	\$	\$	\$
Short-term employee benefits	2,200,827	2,370,948	2,058,643	2,227,753
Other long-term benefits	435,173	344,253	348,052	236,912
Total compensation of key management personnel (excluding non-executive directors)	2,636,000	2,715,201	2,406,695	2,464,665

Executive officers are those officers who are involved in the strategic direction, general management or control of business at corporation or business division level.

Other transactions with key management personnel

Apart from the details disclosed in this note, no key management personnel has entered into a material contract with the Corporation or the consolidated entity since the end of the previous financial year and there were no material contracts involving their interests subsisting at year end.

From time to time key management personnel of the Corporation or its controlled entities or their related parties, may purchase goods and services from the consolidated entity. These purchases are on the same terms and conditions as those entered into by the other consolidated entity's employees or customers and are trivial or domestic in nature.

30 Errors

The Australian Equivalents to International Financial Reporting Standards (AIFRS) were adopted from 1 July 2005. AIFRS was applied in preparing the financial statements for the year ended 30 June 2006 with prior year disclosures for 30 June 2005 being restated. A review of the restatement of balances as at 1 July 2005 in accordance with AIFRS has shown that the Capital Work in Progress balance for the subsidiary, Indigenous Essential Services Pty Limited, did

not correctly account for capitalisation of assets that had occurred prior to 1 July 2005 and therefore the balance was overstated by \$21,656,204, with the equivalent amount being overstated in the non-current Government grants balance. The following table discloses the balances for the years ended 30 June 2005 and 30 June 2006 prior to and after the correction was made.

	Note	Consolidated	
		June 2006	June 2005
		\$	\$
Capital work in progress prior to correction		92,674	81,579
Error adjustment		(21,656)	(21,656)
Restated capital work in progress	11	71,018	59,923
Non-current Government grants prior to correction		165,744	161,161
Error adjustment		(21,656)	(21,656)
Restated non-current Government grants	16	144,088	139,505



Head Office
2nd Level, Mitchell Centre
55 Mitchell Street, Darwin NT 0800
GPO Box 1921, Darwin NT 0801

Customer Service Office
Ground Floor, Mitchell Centre
Monday – Friday (except public holidays) 8.00am – 4.30pm
Saturday 9.00am – 12.00pm

Call 1800 245 092

ABN 15 947 352 360

www.powerwater.com.au



**Quality
Endorsed
Company**
ISO 9001 Lic22599
SAI Global



**Occupational
Health
and Safety**
AS/NZS 4801 Lic20234
SAI Global



**Certified
Environmental
Management**
ISO 14001 Lic20341
SAI Global