



# ICRC

independent competition and regulatory commission

## Utility Licence Annual Report 2012-13

Water supply and sewerage

Part 1: Non-technical

*ACTEW Corporation*

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## Instructions for completing the annual report

### Completing the templates:

- 1 In most cases a response of 'yes', 'no', 'not-applicable' or a number will suffice. An explanatory statement or supplementary information (e.g. copies of policies or procedures or a link to material on the internet) may also be attached.
- 2 If the licensee response represents a marked departure from previously reported performance or from industry norms, information is to be provided on the cause(s) of the departure. Any supplementary information can be provided in the "Comments" column, or in an attachment.
- 3 All responses provided should only relate to services provided in the ACT. Where this is not possible, the licensee should advise to which jurisdictions the information relates.
- 4 If the licensee is not able to provide the data or answer required in this template, the licensee should indicate 'not available' and provide supplementary information detailing whether and when it intends to collect this data (or to answer the question). Where data is not available the licensee should provide any other data it has that could serve essentially the same purpose as the data requested (i.e. data that could equally indicate the level of licensee compliance and identify possible causes of non-compliance).
- 5 Please indicate where material provided is done so on a confidential basis and not for general public release.
- 6 Details are to be provided for the 2012-13 financial year only.



**Tip : Press Alt-Enter to start a new line in a cell.**



## About the annual report

Under Section 25(2)(d) of the Utilities Act 2000 (Utilities Act or Act), utilities are required to report to the Independent Competition and Regulatory Commission (Commission) each financial year on the exercise of their functions under the Act and their compliance with licence conditions. Under clause 7.4 of the utility licence, reports must be submitted to the Commission by 1 October each year. The annual reporting requirement is made up of two parts. Part 1 (this template) is set out by the Commission, and included non-technical questions. Part 2 is set out by the Technical Regulator and includes questions relating to compliance with technical codes established by the Technical Regulator under Part 5 of the Utilities Act.

Part 1: The non-technical template is made up of:

**Section 1: Exercise of functions under the *Utilities Act 2000*.** This section sets out questions in relation to functions that the utility may or must perform under the Utilities Act.

**Section 2: Industry Codes.** This section sets out questions in relation to the utility's obligations under the Consumer Protection Code and the Water and Sewerage Network Boundary Code.

**Section 3: Utility licence conditions.** This section sets out questions in relation to the utility's obligations under the Consumer Protection Code and the Electricity Network Boundary Code.

**Section 4: Authorising and Contact Officers.** This section requires details of both officers with the authorising officer to sign.



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## 1.1 Exercise of functions under the *Utilities Act 2000*

### Performance of networks

Reporting requirement	Response - water	Response - sewerage	Comments
<p><b>Performance of network operations (Division 7.3)</b> If in 2012-13, how many times did the licensee enter landholders' property to undertake network operations?</p>	Not available	Not available	A large percentage of sewer assets are in easements on privately leased land and entry occurs up to thousands of times per year. It is impractical to record all entries to privately leased land.
<p><b>Damage etc to be minimised (Section 108)</b> What strategies does the licensee have in place to minimise inconvenience, detriment and damage to landholders' property resulting from network operations?</p>	Yes	Yes	On site risk assessments, quality system procedures and work instructions describing the nature of the work, supervision of work crews by an experienced supervisor, training in code and Utilities Act obligations to minimise damage etc.
<p>In 2012-13, did the licensee receive complaints about any inconvenience, detriment or damage to landholders' property resulting from network operations? If so, how many complaints did the licensee receive about any inconvenience, detriment or damage to landholders' property resulting from network operations?</p>	100	124	Categories include site restoration, blowbacks, damage to property and water main burst.

### Notice to land-holder (Section 109)

Reporting requirement	Response - water	Response - sewerage	Comments
In 2012-13, before the utility began network operations in relation to public land or private land, did the licensee fail in any instances to give the land-holder seven days notice of the proposed operations?	Yes	Yes	
If so, how many times did the licensee fail to give notice?	58	0	Data provide is the number of complaints received.
Did the licensee carry out any operations in urgent circumstances under section 109(5)?	Yes	Yes	
If so, provide details and numbers of the incidents.	758	1,197	As per unplanned interruptions.
<b>Notice about lopping trees etc on private land (Section 110)</b>			
In 2012-13, before the utility began network operations that involved activities as set out in sections 110(1)(a) to (c) (tree related activities), did the licensee fail to give at least seven days notice before operations began?	Not applicable	Not applicable	As the asset owner, TAMS remove trees as requested by ACTEW Water and provide notice to customers.
If so, how many times did the licensee fail to give notice?			
Did the licensee carry out any tree related activities in urgent circumstances under section 110(8)?	Not available	Not available	TAMS are contacted and provide advice or may attend the site. Tree removal is recorded in the comments of the jobs in Waterworks, therefore, data cannot be easily extracted.
If so, provide details and numbers of the incidents.			
<b>Network operations affecting heritage significance (Section 110A)</b>			
In 2012-13, did the licensee conduct any network operations under notices given under sections 109 and 110 that may have affected a place or object registered, or nominated for provisional registration, under the Heritage Act 2004?	No	No	
If so, how many times did the licensee give a copy of the notice to the heritage council?			
Did the licensee give a copy of the notice at least seven days before operations began to the heritage council each time?	Not applicable	Not applicable	
If not, provide details as to why not for each time.			

Reporting requirement		Response - water	Response - sewerage	Comments
Did the licensee carry out any network operations in urgent circumstances that may have affected a place or object registered, or nominated for provisional registration, where section 110A(2) was relied on to carry out the operations? If so, provide details and numbers of the incidents.		No	No	
<b>Notice to other utilities (Section 111)</b> In 2012-13 did the licensee receive complaints for failing to give seven days notice to other utilities before performing network operations on their land that potentially affected network facilities under the care and management of those utilities? If so, how many complaints did the licensee receive?		No	No	
Did the licensee carry out any network operations in urgent circumstances under section 111(6)? If so, provide details and numbers of the incidents.		Not applicable	Not applicable	
<b>Removal of utility's property and waste (Section 112)</b> What strategies does the licensee have in place that assists it in fulfilling its obligations under section 112.				Procedures and work instructions describing the nature of the work and restoration, supervision of work crews by experienced supervisor, training in code and Utilities Act obligations.
In 2012-13 did the licensee undertake any activities as network operations on land for which it was not the land-holder where it did not, as soon as practicable remove from the land the items listed in section 112(1)? If so, provide details.		Not recorded	Not recorded	All plant and machinery are removed from site as soon as practicable. Procedures and work instructions describe the restoration process, including Team Leaders and Supervisors checking site for completeness.
In 2012-13 did the licensee receive complaints for failing to remove as soon as practicable from the land any items listed in section 112(1).		Yes	Yes	

Reporting requirement		Response - water	Response - sewerage	Comments
If so, how many complaints did the licensee receive?		22	23	Unable to further define site restoration complaints recorded. Data provided relates to non-compliant site restoration complaints such as customer not satisfied with work, work delayed or no notice.
<b>Land to be restored (Section 113)</b> What strategies does the licensee have in place that assists it in fulfilling its obligations under section 113.				Procedures and work instructions describing the nature of the work and restoration, supervision of work crews by experienced supervisor, training in code and Utilities Act obligations.
In 2012-13 did the licensee receive complaints for failing to ensure, as soon as practicable, that the land was restored to a condition that was similar to its condition before the operations began.		Yes	Yes	
If so, how many complaints did the licensee receive?		22	23	Unable to further define site restoration complaints recorded. Data provided relates to non-compliant site restoration complaints such as customer not satisfied with work, work delayed or no notice.



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## 1.2 Exercise of functions under the Utilities Act 2000

### Protection of networks

#### Reporting requirement

##### Protection of networks - general interference (Division 8.2)

##### General interference (section 124)

In 2012-13 did any person interfere with the network, or network facility, under section 124(1)?

If so, please provide details.

Response - water	Response - sewerage	Comments
Yes	Yes	
		62
		108
		Data does not include manholes discovered to be buried or project works undertaken by ACTEW Water to correct this.

##### Network protection notices (Section 125)

In 2012-13 did the licensee give a land-holder a written notice pursuant to section 125 (2) to take whatever action necessary to stop interference with the network facility, or remove the likelihood of an interference?

If so, provide the number of written notices given.

Did the licensee carry out any actions necessary to stop interference in urgent circumstances under sections 125(7) and (10)?

If so, provide details and numbers of the incidents.

Yes	Yes	
		34
		61
Yes	No	
		Customer water meter bypassed. Customer notified but refused to respond. Rectified as part of the water meter replacement program.

##### Network protection action affecting heritage significance (Section 125A)



Reporting requirement	Response - water	Response - sewerage	Comments
In 2012-13, if a notice under section 125 was given and it may have affected a place or object registered, or nominated for provisional registration, under the Heritage Act 2004, did the licensee give a copy of the notice to the heritage council for each relevant incident? If not, please provide details of numbers of incidents and reasons why no notice was given.	Not applicable	Not applicable	
In 2012-13, if the licensee acted in urgent circumstances under section 125(7), did the licensee give (pursuant to section 125A(2)) the heritage council written notice of the action as soon as practicable in relation to each action? If not, please provide details of numbers of incidents and reasons why no notice was given.	Not applicable	Not applicable	
<b>Contamination of water (Section 126)</b> In 2012-13 did any person contaminate the water in the water network (excluding anyone who was authorised to do so). If so, provide details of the incident/s including whether anyone was prosecuted for an offence under section 126.	No		
<b>Contamination of water and sewerage networks (Division 8.3)</b> <b>Prohibited substances - water and sewerage network (Section 127)</b> In 2012-13 did any person introduce, or allow to be introduced, into a water or sewerage network any substance which was likely to interfere with the network or a network facility, or form compounds that would be likely to do so (excluding anyone who was authorised to do so)? If so, provide details of the incident/s including whether anyone was prosecuted for an offence under section 127.	No	Yes	A hotel had not serviced/cleaned it's grease arrester. Fat in the main caused a blockage and odour problems. They were requested to put the arrester on a regular cleaning/maintenance schedule. There was no prosecution.

**Reporting requirement**      **Response - water**      **Response - sewerage**      **Comments**

**Protection of networks - miscellaneous (Division 8.4)  
Unauthorised network connections (Section 129)**

In 2012-13 did any unauthorised person connect their premises to the network in contravention of section 129?  
If so, please provide details, including whether prosecution was undertaken for the offence

Yes	Yes	Unable to determine unauthorised persons.
	14	Data provided is for bypass of meter, removal of meter or unapproved connections. Prosecution was not undertaken.
		8

**Unauthorised abstraction etc of water (Section 132)**

In 2012-13 did any person abstract, divert or use water from the network where it was not authorised or not in accordance with a customer contract?

If so, please provide details, including whether prosecution was undertaken for the offence

Yes	Two water meters were bypassed, one customer rectified the situation and the other was rectified by ACTEW There was one case where no water meter was installed. No prosecutions were pursued for offences	
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## 1.3 Exercise of functions under the *Utilities Act 2000*

### Standard rights (Division 6.1)

Reporting requirement	Response - water	Response - sewerage	Comments
<b>Obligation to connect or vary connections (Section 83 &amp; 85)</b> How many requests to install a connection to the licensee's network were refused?	0	0	
What are the reasons for any refusals?			
How many requests to vary a connection were refused?	0	0	
What are the reasons for any refusals?			
<b>Obligation to provide water supply service (Section 84)</b> How many requests to supply water to premises owned or occupied by a customer were refused in 2012-13?	0		
What are the reasons for any refusals?			
<b>Obligation to provide sewerage service (Section 86)</b> How many requests to provide a sewerage service to premises were refused in 2012-13?		0	
What are the reasons for any refusals?			



## 1.4 Exercise of functions under the *Utilities Act 2000*

### General requirements

Note: Please respond separately for water and sewerage where the response columns are separated, and jointly for water and sewerage (or licensee) where the response columns are merged.

Reporting requirement	Response - water	Response - sewerage	Comments
<b>Authorised persons (Division 7.4)</b> Were all persons authorised under section 114 (Authorised Persons) issued with photographic identity cards in 2012–2013? Are Authorised Persons made aware of their obligations and entry restrictions under the Utilities Act?	Yes	Yes	
How are Authorised Persons made aware of their obligations and entry restrictions under the Utilities Act? Please provide a brief outline of any induction or special training, including whether the training is provided on a regular or ad hoc basis.	New employees undergo an induction which includes entry to land training and awareness of the Utilities Act and Consumer Protection Code. Existing employees receive refresher induction training which also covers this information.		
<b>Continuity of utility services - non-payment of customer debt (Section 179)</b> Did the licensee receive any written directions from the ACAT under section 179(2)? If yes, provide details of the number of directions received.	No	No	
<b>Discharge of customer debt (Section 180)</b> Did the licensee receive any written declarations from the ACAT under section 180(1)? If yes, provide details of the number of declarations received.	Yes	No	1
<b>Payment for loss or damage (Section 181)</b>			

Reporting requirement		Response - water	Response - sewerage	Comments
Did the licensee receive any written directions from the ACAT under section 181(1)?		No	No	
If yes, provide details of the number of directions received.				
<b>Community service obligations (Part 13)</b>				
In 2012-13 did the licensee receive any directions under section 221 from a minister responsible for a government program for the licensee to take a stated action that the minister considers appropriate to ensure that services are provided in accordance with a program?		No	No	
If yes, provide a summary of each direction and the stated action/s? Provide the summary with respect to the relevant government program.				
If yes, provide details for each direction of the determination of costs provided under sections 222, 223 and 219(c).				



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## 2.1 Industry codes

### Consumer Protection Code 2012 (DI2012-149) - Joint requirements

Reporting requirement		Response- water and sewerage	Comments
<b>Complaints (Clause 6)</b>			
Does the licensee have in place complaints handling procedures which:			
• enables the consumer to have their complaint considered by a senior employee if not satisfied with the handling of their complaint?	Yes		
• deals with complaints against an agent of the licensee?	Yes		
• deals with the resolution of disputes between the licensee and consumers?	Yes		
• complies with the relevant Australian Standard on complaint handling?	Yes		
Are consumers advised of the licensee's complaints handling procedures?	Yes		
How and when are consumers advised of the licensee's complaints handling procedures?	Yes	In acknowledgement of complaints received, by providing electronic link, letters and verbal communications.	
Are consumers advised of their right to lodge a complaint with ACAT in relation to services provided by the licensee?	Yes		
How and when are consumers advised of their right to complain to ACAT?	Yes	When a final response is delivered by email, letter or verbally.	
Are records kept, of complaints made by a customer or consumer, for not less than 12 months after the complaint is resolved?	Yes		

Reporting requirement	Response- water and sewerage	Comments
<p><b>Summary of Consumer and Utility Rights (Clause 9)</b> Please provide a copy of the licensee's statement summarising the rights of a consumer and the licensee under the Utilities Act, the Consumer Protection Code and the relevant customer contract.</p>	<p>See link</p>	<p><a href="http://www.actew.com.au/~media/Files/ACTEW/Customer%20price%20contracts/Customer%20Contract%20Summary.aspx">http://www.actew.com.au/~media/Files/ACTEW/Customer%20price%20contracts/Customer%20Contract%20Summary.aspx</a></p>
<p>Is the Summary available in:</p> <ul style="list-style-type: none"> <li>the 5 most common non-English languages used in the Territory; and</li> <li>large print?</li> </ul>	<p>Yes Yes Yes</p>	
<p>Is a copy of the Summary included in the customer's first account or earlier?</p>	<p>Yes</p>	<p>Summary is provided with all welcome letters as part of the lease transfer process.</p>



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## 2.1 Industry codes

### Consumer Protection Code 2012 (DI2012-149) - Separate requirements

**Note:** The following questions about compliance with performance standards set out in the schedule to the Consumer Protection Code do not apply where alternative arrangements or standards have been agreed between the licensee and the consumer.

Reporting requirement	Response - water	Response - sewerage	Comments
<b>Obligation to pay rebate for non-compliance (Clause 11.2)</b> If the licensee received any claims for a rebate for failing to meet the minimum service standards, specified in Schedule 1 to the Consumer Protection Code, during 2012-13, how many claims did it receive?	10	0	
If the licensee paid rebates to customers in 2012-13, how many were there?	58	0	
What was the nature of the incidents? <sup>1</sup>	Failed to notify customers of planned outages		
What was the total value in dollar amount of the rebates paid?	\$2,670		

### Customer connection times (Schedule 1: Minimum Service Standards, Standard 1)

In 2012-13, were there any customer connections that failed to meet the performance standard specified in the Consumer Protection Code? <sup>2</sup>	No	No	
If yes, how many?			
If any, what percentage does this represent of total connections?			
Please provide reasons for any failure to meet the performance standard.	n/a	n/a	



**Reporting requirement**      **Response - water**      **Response - sewerage**      **Comments**

**Responding<sup>3</sup> to complaints (Schedule 1: Minimum Service Standards, Standard 2)**

Did the licensee receive any consumer/customer complaints in 2012-2013? <sup>3</sup>	Yes	191
If yes, how many?	572	
How many were responded to within 20 business days?	553	186

**Response time to notification of problem or concern (Schedule 1: Minimum Service Standards, Standard 3)**

If in 2012-13, if the licensee received notifications of network problems or concerns about the licensee's network, how many did it receive?	3,499	2,599
How many of these notifications related to damage to, or a fault or problem with the Utility's Network likely to affect public health, or caused or potentially caused, substantial damage or harm to a person or property?	32	25
Of the notifications referred to above, how many responses were not made within six hours?	1	0
How many notifications related to other problems or concerns that were not likely to affect public health, or cause or potentially cause substantial damage or harm to a person or property?	3,467	2,574
Of the notifications referred to above, how many responses were not made within 48 hours?	555	7
Of all notifications referred to above how many problems or concerns were not resolved in the time specified in the response?	107	26

**Planned interruptions to utility services (Schedule 1: Minimum Service Standard 4)**

How many planned interruptions to services were there in 2012-13?	3,893	0
If there were instances where the utility did not provide at least two business days' notice of a planned interruption to a utility service to each premises affected, how many were there?	5	0

Reporting requirement		Response - water	Response - sewerage	Comments
Please provide details. <sup>4</sup>		Incidents were recorded where public holidays were not entered into Waterworks. This allowed two day notifications to be sent as public holidays were considered work days. This is a manual update at the beginning of each year. All incidents were recorded in January 2013. Processes have been put in place to ensure it does not happen in the future.		
If there were instances where there where supply was not restored within 12 hours of the initial interruption, how many were there?		0	0	
Please provide details. <sup>5</sup>				
Average water supply planned interruption frequency <sup>6</sup>		0.08 interruptions/property		
Average water supply interruption duration <sup>7</sup>		14 mins/property		
Total interruption time of water supply faced by an average customer in 2012-13? <sup>8</sup>		0.51 mins/property		
<b>Unplanned interruptions (Schedule 1: Minimum Service Standards, Standard 5)</b>				
If there were unplanned interruptions to services in 2012-2013, how many were there?		758	1,197	
In how many instances was supply not restored within 12 hours of the initial interruption?		0	0	
Please provide details. <sup>5</sup>				
Average water supply unplanned interruption frequency <sup>6</sup>		0.114 interruptions/property		

Reporting requirement	Response - water	Response - sewerage	Comments
Average water supply interruption duration <sup>7</sup>	148 mins/property		
Total interruption time faced by an average customer in 2012-13 <sup>8</sup>	0.55 mins/property		
In 2012-13, what was the total number of sewer main breaks and chokes <sup>9</sup>			
If any, how many were caused by tree roots?		1,344	
In 2012-13, what was the total number of property connection sewer breaks and chokes?		1,166	
If any, how many were caused by tree roots?		1,192	
		1,034	

- 1 Which performance standard was not met and how many rebates were paid for that performance standard, for example 'Failure to Make a Connection Within the Required Timeframe'.
- 2 Where a physical connection already exists, reconnection must occur on the same day where the request is made before 2pm or by the end of the next business day if the request is made after 2pm. This standard applies where there is a physical water/sewerage network connection in place, but network action is required to restore supply, for example if the premises have been isolated from the network.
- 3 A response is taken to mean the resolution of a problem or confirmation of the cause of the issue(s), if known, and advice about what corrective action is being taken to rectify the issue(s) and an indication of the likely time by which the issue(s) will be resolved (see Consumer Protection Code, Dictionary (50)).
- 4 Please provide number of instances, the number of customers affected in each instance and reason for failure to provide 2 days' notice.
- 5 Please provide number of instances, the number of customers affected in each instance and reason for failure to restore supply within 12 hours of the initial interruption.
- 6 Calculated as follows: Total number of properties interrupted/total number of water properties
- 7 Calculated as follows: Total number of planned interruptions /total number of interruptions
- 8 Calculated as follows: Total time of planned interruptions /total number of water properties
- 9 Includes sewer chokes, bursts and leaks in the reticulation, pressure and trunk mains.



## 2.1 Industry codes

### Consumer Protection Code 2012 (DI2012-149) - Complaints

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Indicator	Response - water	Response - sewerage	Comments
What was the total number of complaints <sup>1</sup> received by the licensee in 2012-13?	572	191	
Of the complaints received in 2012-13, how many related to:			
• Water quality? <sup>2</sup>	121		
• Water supply reliability?	36		Category: supply interruptions and outage notice nil/too short (reactive)
• Sewerage odour complaints? <sup>3</sup>		14	Category: odour ACTEW network, odour internal
• Sewerage services reliability ?		22	Category: surcharge, sewer blockage, sewer blockage repeat
• Property damage / restoration of property?	82	61	Category: damage to property, site restoration
• Accounts / billing?			Water and sewer are not recorded separately, therefore, all cases are reported under water. Category: account transfer error, bill disputed, bill not received, bill too high, bill payment facilities, tariff structure, bill government policy
• Metering / meter reading?	114		Category: meter test, meter box/cover, meter fault, meter readers, meter replacement, meters/meter reading
• Failure to provide, or insufficient, notice?	85	7	Category: no/inadequate notice of works, outage notice nil/too short
• Unplanned interruptions?	42		Category: no/inadequate notice of works, outage notice nil/too short, supply interruptions
	44	0	

Indicator	Response - water	Response - sewerage	Comments
<ul style="list-style-type: none"> <li>Other retail complaints (please specify)? Please specify</li> </ul>	9 Other notices/offended staff behaviour/Service pool		
<ul style="list-style-type: none"> <li>Other network complaints (please specify)? Please specify</li> </ul>	110 Damage to environment driving/parking other reimbursement assessment safety/health water hammer noisy pipes water leak water pressure water main burst service request not met staff rude damage/fault our asset noise/unsightily	88 Blowback damage to environment information wrong other reimbursement assessment safety/health staff rude damage/fault our asset trade waste service failed to reply	

1 Refer also to clause 34(10) for definition.

2 A water quality complaint is any complaint regarding discolouration, taste, odour, stained washing, illness, etc.

3 This includes all sewerage odour complaints, irrespective of where the business believes the odour was attributable to another non-business source.



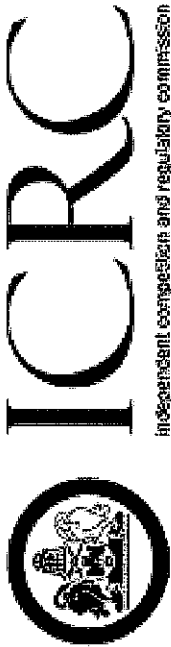
## 2.4 Industry codes

### Water and Sewerage Network Boundary Code (DI2013-73)

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Reporting requirement	Response	Comments
<p><b>Agreement on alternative boundary (Clause 3.4)</b> From 28 May 2013<sup>1</sup> to 30 June 2013 did the licensee and a customer agree in writing (with the agreement of the Technical Regulator and as advised to the ICRC) upon an alternative boundary between the water network and the customer's premises.</p>	<p>No</p>	
<p>If so, provide details of the number of alternative boundaries agreed upon during that period.</p> <p>From 28 May 2013 to 30 June 2013 did the licensee and a customer agree either verbally or in writing upon an alternative boundary between the water network and the customer's premises that was not made with the agreement of the Technical Regulator and/or not advised to the ICRC?</p>	<p>No</p>	
<p>If so, provide details of the agreement/s and why the agreement was not made pursuant to clause 3.4.</p>		

<sup>1</sup> 28 May 2013 represents the date the Water and Sewerage Network Boundary Code (DI2013-73) came into effect. As the previous code did not require agreement with the Technical Regulator and the requirement of advising the ICRC, the licensee is not required to provided details of alternate boundaries agreed upon on 27 May 2013 and prior.



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### 3.1 Licence conditions: compliance

#### Joint reporting requirements (water and sewerage combined)

Reporting requirement	Response- water and sewerage	Comments
<p><b>Availability of annual report (Clause 7.5)</b> Was a summary of the annual report for 2011-12 made publicly available? Please provide a link to the report or attach the publicly available summary.</p>	<p>Yes <a href="http://www.actew.com.au/News/620and%20Publications/Reports%20and%20Publications/Key%20Publications.aspx">http://www.actew.com.au/News/620and%20Publications/Reports%20and%20Publications.aspx</a></p>	
<p><b>Charge and assignment (Clause 10)</b> Were there any significant transfers in shareholdings (involving more than 50% of the shares) or changes in ownership in 2012-13? If so, please provide details.</p>	<p>No</p>	
<p><b>Record keeping (Clause 14)</b> Has the licensee kept or caused to be kept, comprehensive records in accordance with ICRC's requirements under the Utilities Act?</p>	<p>Yes</p>	
<p><b>Emergency telephone service (Schedule: Clause 1)</b> Did the licensee maintain a 24-hour emergency telephone service that was accessible every day of the year and able to receive reports of network emergencies?</p>	<p>No</p>	<p>A system bug saw internal and external telephone calls failing intermittently to an engaged signal. The fault was logged on 22/08/12 at 12:01 and resolved on 23/08/12 at 18:00.</p>

Reporting requirement	Response- water and sewerage	Comments
<p>How are customers and the public informed of the service?</p>	<p>White Pages Yellow Page customer bills website TV newspaper advertisements brochures</p>	
<p><b>Supply of information to Water Services Association of Australia (WSAA) (Schedule: Clause 3)</b></p> <p>Did the licensee provide all information requested by WSAA to assist with inter-agency comparisons in 2012-13?</p> <p>If not, please provide details.</p>	<p>No</p> <p>Data was not provided for the indicator percentage of calls answered within 30 seconds. An audit was required of the data in order to publish this indicator. The quote received was considered excessive given that an audit on all indicators was required the following year.</p>	





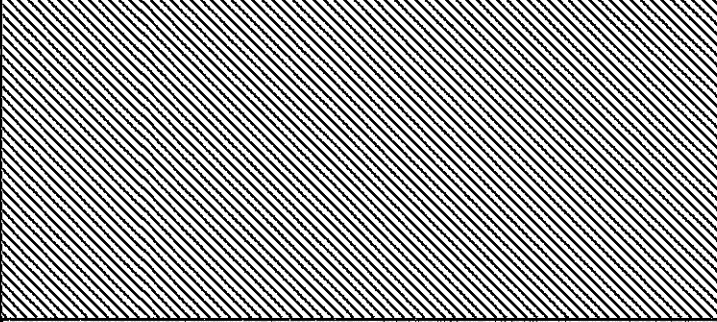

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### 3.2 Licence conditions: compliance

#### Separate reporting requirements

Reporting requirement	Response - water	Response - sewerage	Comments
<p><b>Licensee to notify ICRC of any material breaches (Clause 7.2)</b></p> <p>Were there any material breaches of the licensee's licence or any applicable law, code of practice, directions and guidelines in 2012-13?</p> <p>If yes, was the ICRC notified of the breaches?</p>	No	No	
<p><b>Licensee to provide statement on any non-compliance (Clause 7.3)</b></p> <p>Did the licensee provide to the ICRC any statements of non-compliance with its obligations under clause 6.2 of its licence to comply with the Utilities Act, industry codes, technical codes, directions from the ICRC or the Technical Regulator or any applicable ring-fencing requirements?</p> <p>If yes, provide details or a cross reference to where these matters are discussed elsewhere in this report.</p>	No	No	
<p><b>Operation and compliance audits (Clause 7.6)</b></p> <p>Provide details of how the licensee has, from time to time, undertaken audits of the services and operations authorised under its licence and of its compliance with its obligations under the licence and any law, code of practice, direction and guideline that it is to comply with under clause 6.2.</p>	See attached	See attached	
<p><b>Technical and prudential criteria (Clause 8)</b></p>			

Reporting requirement	Response - water	Response - sewerage	Comments
<p>The licensee must, throughout the term of its licence, continue to satisfy the same technical and prudential criteria that it was required to meet as a condition of being granted the licence. Please provide a summary of details of the licensee's financial and technical capacity for 2012-13 which show it can continue to provide the services authorised in the licence.<sup>1</sup></p>	<p>See attached</p>	<p>See attached</p>	
<p><b>Environmental requirements (Schedule: Clause 2)</b> Please provide a copy of the licensee's environmental strategy.</p>	<p>Environmental Policy and Statement of Corporate Intent</p>	<p>Environmental Policy and Statement of Corporate Intent</p>	<p>Environmental Management Plans are also available for Enlarged Cotter Dam and Murrumbidgee to Googong pipeline.</p>
<p>What was the volume of unaccounted-for water from the network in 2012-13 (ML)</p>	<p>3,056</p>		
<p>What was the average annual distribution loss from the network in 2012-13? (l/km of main per day)</p>	<p>1,920</p>		

Reporting requirement	Response - water	Response - sewerage	Comments
<p>What measures were taken during the year to minimise unaccounted water from the water network?</p>	<p>To minimise unaccounted for water from the network we have an active meter replacement program. This ensures that meter under-registration is kept to a minimum. We also monitor 10% of the network through district metering and monitor the water use of 130 of our largest customer meters through the large customer demand management program. One new district meter area and pressure management area which monitors water supplied to 1100 customers was installed in 2012/13.</p>		

**Agreement with ACT Fire Brigade (Schedule: Clause 4)**

Did the licensee comply with its fire fighting/water supply agreement with the ACT Fire Brigade at all times during 2012-13?

If not, please give details.

Has a copy of the latest agreement been provided to the Commission for review and approval?

If not, please attach a copy to this report.

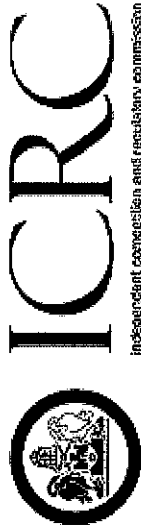
Yes

Yes

A number of mains were identified as not meeting fire flow standards and a mains replacement program is currently underway to rectify. Fire brigade has been advised.

Agreement is unchanged.

1. Please set out the summary in word document or portable document format. To assist, the licensee may provide information already available in other documentation.



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### 3.3 Licence conditions: compliance

#### Schedule (clause 2.3) Water use data collection

Indicator	Response- water	Comments
What was the total volume of water supplied to the ACT in 2012-13? (kL)	47,838,200	Includes water supplied to Queanbeyan
What was the volume of water supplied to the following customer categories in 2012-13?:		
• Residential customers? (kL)	29,609,248	
• Commercial customers? (kL)	9,860,396	
• Irrigation or urban open spaces including parks and sport grounds (kL)	1,458,007	
• Individual bulk supplies? (kL)	3,850,555	
• Other identifiable categories? (kL) Please specify other categories	33,230	
What was the total volume of water supplied to Queanbeyan in 2012-13? (kL)	3,850,555	



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## 4.1 Authorising and contact officers

### Authorising officer

**Note: The authorising officer may use an electronic signature.**

The licensee's officer authorising the release of this information for water and sewerage services is:

Name Ian Carmody

Signature

A handwritten signature in black ink, appearing to read 'I. Carmody', written over a horizontal line.

Title/position in organisation Deputy CEO

### Contact officer

The licensee's primary contact officer for regulatory and compliance issues for water and sewerage services is:

Name Ian Carmody

Title/position in organisation Deputy CEO

Postal address 12 Hoskins Street, Mitchell ACT 2911

Telephone (02) 6175 2375

Email ian.carmody@actew.com.au



## 1. Purpose

ACTEW Corporation provides water and sewerage services to the ACT region.

ACTEW Corporation's vision is to be a leader in the sustainable provision of water and wastewater services with a focus on:

- Safety
- Security
- Sustainability, and
- Efficiency.

ACTEW Corporation will achieve this vision through the effective integration of environmental, social, financial and technical considerations in all decision-making processes with an aim to maximise value to our customers.

## 2. Scope

The consideration of the natural environment is fundamental in our business activities. Every person conducting or undertaking business on behalf of ACTEW Corporation has a responsibility to comply with this policy. The policy applies to all ACTEW Water activities in Commonwealth, ACT and NSW jurisdictions.

## 3. Policy

### 3.1 Ecologically Sustainable Development

ACTEW Corporation will conduct its business in line with the principles of Ecologically Sustainable Development (ESD); namely:

- *the precautionary principle* – reduce the chance of serious environmental problems even if we are not sure that these problems will occur;
- *the inter-generational equity principle* – reduce the effects of activities on the environment that the community, both present and future, relies on to meet its needs and expectations;
- *conservation of biological diversity and ecological integrity* – maintain or enhance the range of native plants and animals and the health of natural areas; and
- *improved valuation and pricing of environmental resources* – improve the way we undertake valuation of environmental costs and benefits and use this information when making decisions.

### 3.2 How we will meet our responsibilities

In order to implement our activities in an environmentally responsible and sustainable manner we will:

- meet all environmental regulations and standards;
- mitigate and manage environmental impacts and pollution from all ACTEW Corporation's activities;
- collate meaningful environmental data relating to the condition of waterways and water supply catchments to help inform management decisions;
- manage water catchments to ensure high quality source water and balance urban and ecological water supply;
- continually improve environmental performance and transparent reporting;
- reduce greenhouse gas emissions from the business to achieve ACT Government targets;
- identify and address emerging environmental risks and issues which may affect operations.

ACTEW Corporation will pursue achievement of these commitments through its Environmental Management System (EMS).

## 4. Referenced Documents

Legislative requirements directly related to this policy are outlined in the EMS Legal Register, of particular importance is the Territory-owned Corporations Act 1990 (ACT) which requires ACTEW Corporation to operate in accordance with the object of ESD.

This policy is compliant with requirements of the AS/NZS ISO 14001 standard. The ACTEW Corporation Integrated Management System (IMS) provides the framework for developing, implementing, monitoring and reviewing the environmental objectives of this policy.

## 5. Definitions

Environment is defined in Section 528 of the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 (EPBC) Act as:

- (a) *ecosystems and their constituent parts, including people and communities; and*
- (b) *natural and physical resources; and*
- (c) *the qualities and characteristics of locations, places and areas; and*
- (d) *Heritage values of places; and*
- (e) *the social, economic and cultural aspects of a thing mentioned in paragraph (a), (b), or (c).*

The ACT Government targets in relation to greenhouse gas emission reduction are set out in the *Climate Change and Greenhouse Gas Reduction Act 2010* and include:

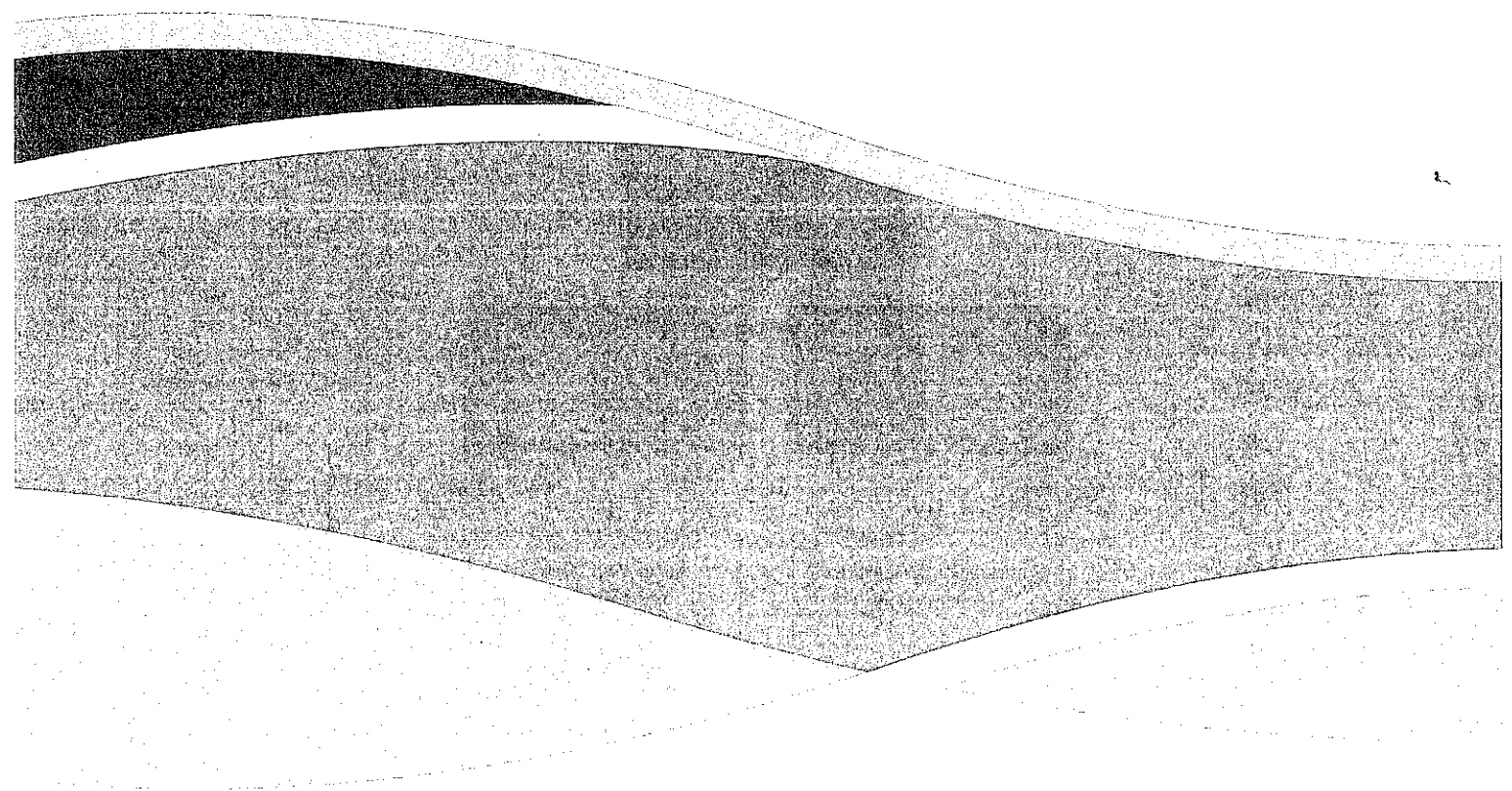
- a 40 per cent reduction of 1990 emission levels by 2020;
- a 80 per cent reduction of 1990 emission levels by 2050;
- be Carbon neutral by 2060; and
- achieve 15 per cent renewable energy supply by 2012, increasing to 25 per cent by 2020.





# Statement of Corporate Intent 2012-13 to 2015-16

ABN 86 069 381 960



# Purpose

ACTEW Corporation Limited (“ACTEW”) has responsibilities to its customers, the ACT community and the environment. ACTEW also has an obligation to maximise the sustainable return on investment delivered to the ACT Government. This Statement of Corporate Intent details the performance targets ACTEW will strive to achieve during the 2012-13 financial year and the three years thereafter. It has been prepared in accordance with the requirements of the *Territory-owned Corporations Act 1990 (ACT)*.

# ACTEW’s Main Undertakings

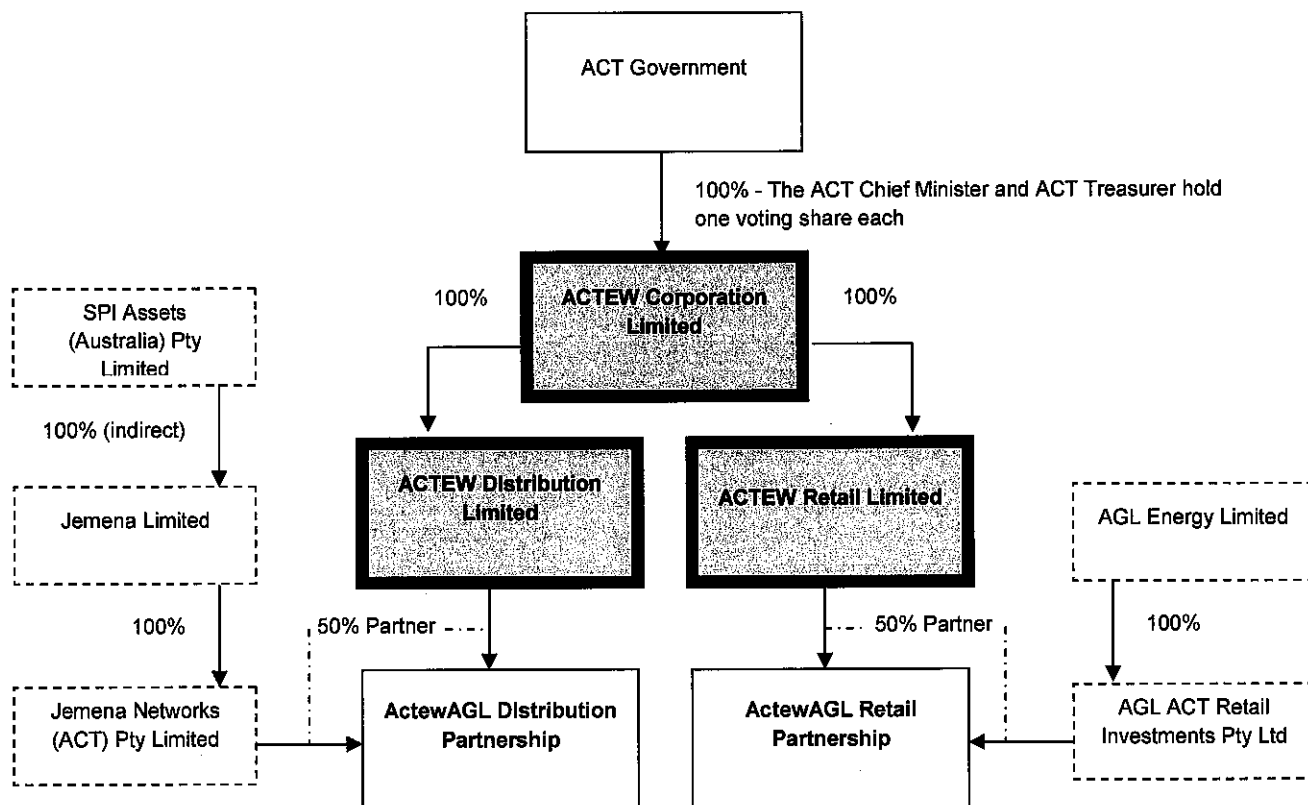
ACTEW undertakes two primary activities.

First, we are the ACT’s supplier of water and sewerage services. We own and operate the ACT’s network of dams, water treatment plants, sewerage treatment plants, reservoirs, water and sewerage pumping stations, mains and other associated infrastructure. ACTEW consistently delivers safe drinking water and reliable sewerage services to a community of over 350,000 people.

Second, we are a 50% partner in ActewAGL. ActewAGL consists of two partnerships:

- ActewAGL Distribution owns and operates the electricity and gas distribution networks in the ACT and in certain adjacent regional centres; and
- ActewAGL Retail sells electricity and gas to its retail and commercial customers in the ACT and surrounding region.

ActewAGL also provides corporate and retail services to ACTEW. ACTEW’s corporate structure, including its investment in ActewAGL, is summarised in **Figure 1** below:



# Commercial Objectives and Corporate Strategies

## Commercial Objectives

ACTEW is a corporate entity whose main objectives are:

1. **Efficiency:** To operate at least as efficiently as any comparable business;
2. **Sustainable Return:** To maximise the sustainable return to our shareholders on the investment in ACTEW;
3. **Social Responsibility:** To show a sense of social responsibility by having regard to the interests of the community in which we operate, and by trying to accommodate and encourage those interests; and
4. **Environment:** To operate in accordance with the objective of ecologically sustainable development where our activities affect the environment.

These objectives are of equal importance.

## Corporate Vision and Strategies

The overarching Corporate Vision which will guide us in achieving our commercial objectives during the 2012 – 2016 period is as follows:

### ACTEW's Corporate Vision

ACTEW's Corporate Vision is to:

1. **Be a leader in the provision of *safe, secure, sustainable and efficient* water and sewerage services; and**
2. **Maximise the benefit ACTEW derives from its investment in ActewAGL.**

This Corporate Vision has, in turn, shaped seven strategic outcomes ACTEW will strive to achieve during the 2012-13 financial year and the years thereafter. We will seek to achieve these strategic outcomes through our day to day operations and through the future activities described in this document.

ACTEW's business and assets are managed, planned, operated and maintained by over 380 personnel who have qualifications, expertise and experience across many fields including engineering, project management, financial management, policy, hydrology, governance, environmental sciences, communications and customer services.

The seven strategic outcomes we aim to achieve are:

<b>Our Services</b>	To be an industry leader in consistently providing <i>safe, efficient</i> and reliable water and sewerage services.
<b>Our Community</b>	To achieve community awareness of the value of our services, and to support our community's wellbeing through the provision of educational services, sponsorships and community support programs.

<b>Our Environment</b>	To undertake our activities in a <i>sustainable</i> manner, reducing and offsetting our impact on the environment in accordance with the ACT Government's stated greenhouse gas and renewable energy targets.
<b>Our Shareholders</b>	To maximise <i>sustainable</i> financial returns to our shareholders.
<b>Our Water Future</b>	To provide a <i>secure water</i> future for the ACT.
<b>Our Workplace</b>	To continue to provide a workplace which is <i>safe</i> , challenging and rewarding.
<b>Our Investments</b>	To maintain our investment in ActewAGL in a manner which best serves the needs of ACTEW and our shareholder.

From time to time, tension may exist between some of the seven strategic outcomes. We attempt to balance our activities in accordance with our requirements under the *Territory-owned Corporations Act 1990 (ACT)*.

## Corporate Governance

ACTEW was corporatised on 1 July 1995 and has governance, compliance, operational and reporting requirements under a range of Commonwealth, State and ACT legislation, including the *Corporations Act 2001 (Cth)*, *Territory-owned Corporations Act 1990 (ACT)*, *Utilities Act 2000 (ACT)*, *Water Resources Act 2007 (ACT)*, *Environment Protection Act 1997 (ACT)*, *Water and Sewerage Act 2000 (ACT)*, *Competition and Consumer Act 2010 (Cth)*, *Privacy Act 1988 (Cth)* and the *Dam Safety Act 1978 (NSW)*. ACTEW also holds licences for the operation of the water and sewerage business in the ACT.

Risk management is an integral part of the management of our company. ACTEW maintains a risk register which identifies and addresses risks associated with the company's responsibilities, activities and accountabilities. The guiding principle for the register is Risk Management Standard AS/NZS ISO 31000:2009.

## ACTEW's Networks and Investments

### Water and Sewerage Networks

Water and sewerage services are delivered via assets with a book value of over \$1.7 billion. ACTEW's asset base is continually improved and expanded as a consequence of Canberra's continued growth and through our ongoing capital expenditure program.

Physical assets include:

- Water treatment plants at Mount Stromlo and Googong;
- The Googong, Cotter, Bendora and Corin Dams. An enlarged Cotter Dam is presently under construction;
- The Lower Molonglo Water Quality Control Centre which is the largest inland sewerage treatment facility in Australia;
- Over 6,000 kilometres of water and sewerage pipes;
- The Fyshwick sewerage treatment facility;
- The Murrumbidgee to Googong Water Transfer Pipeline;
- 46 water reservoirs with a total capacity in excess of 900 megalitres; and
- More than 50 water and sewerage pumping stations.

Water and sewerage prices are set by the ACT Independent Competition and Regulatory Commission (ICRC) in a manner which is meant to allow ACTEW to recover the prudent and efficient cost of operating a water and sewerage utility in the ACT.

## **ActewAGL**

ActewAGL represents a significant investment by ACTEW (see Figure 1 above). The importance of ActewAGL to ACTEW is highlighted by:

1. The significant contribution made by ActewAGL to ACTEW's financial results;
2. ActewAGL Retail's role as ACTEW's customer interface and retail presence in the ACT community; and
3. The essential corporate services provided to ACTEW by the ActewAGL partnerships.

ACTEW actively monitors its investment in ActewAGL which is governed by a joint venture partnerships board. That board consists of six members, three of which are appointed by ACTEW's wholly owned subsidiary companies. ACTEW's Chairman, Deputy Chairman and Managing Director sit on the Board of ActewAGL. Jemena Networks (ACT) Pty Limited (an indirect subsidiary of Singapore Power) and AGL ACT Retail Investments Pty Limited jointly appoint the remaining three members. ACTEW maintains a Commercial Division which closely liaises with ActewAGL.

## **Future Activities**

The 2012-13 financial year and the three years thereafter will be an important period for ACTEW. During this time we will achieve significant milestones and make important changes to the way in which our assets are operated and maintained.

There are six key elements which will shape the nature and scope of our activities during 2012-13:

1. Completion of our two largest water security projects;
2. The return to ACTEW of the business unit responsible for the operation and maintenance of our water and sewerage assets;
3. The Independent Competition and Regulatory Commission's review of water and sewerage pricing in the ACT;
4. Our environmental sustainability goals;
5. Our commitment to the ACT community; and
6. Our financial outlook.

## **Completion of the Water Security Projects**

ACTEW continues to address Canberra's long-term water security needs. Two projects are expected to be completed during 2012-13 which will significantly contribute to Canberra's water security, being an enlargement of Cotter Dam and construction of the Murrumbidgee to Googong Water Transfer.

### ***Cotter Dam***

The Cotter Dam is one of four dams which serve the ACT region. Originally constructed in 1912, the dam was the source of Canberra's first water supply.

With continued population growth and drought periodically afflicting the capital, in 2007 the existing four dams were determined to be insufficient to meet Canberra's long term needs. Consequently, ACTEW (in alliance with other firms) undertook to design and construct a new, enlarged Cotter Dam. This new dam will increase the Cotter Reservoir's capacity from 4 gegalitres (GL) to around 78GL.

During 2011 and early 2012 work at Cotter Dam was severely impacted by wet weather and the identification of a latent undesirable geological feature. Wide-spread rain and flooding in February and March 2012 had a severe impact on construction activities, adding cost and several months delay to the expected completion time for the project. Despite these challenges, the enlargement of Cotter Dam is anticipated to be completed during 2012-13. The enlarged Cotter Dam will significantly enhance the ACT's water supply.

### ***Murrumbidgee to Googong Water Transfer***

The Murrumbidgee to Googong Water Transfer is designed to counter the effects of longer, more severe droughts. The project will allow the transfer of up to 100 megalitres of water per day from the Murrumbidgee River through a 12 kilometre underground pipeline and along Burra Creek to Googong Reservoir. The pipeline will also work in conjunction with ACTEW's Tantangara Transfer project, under which ACTEW has purchased pre-eminent rights to water released from Tantangara Dam.

Construction of the Murrumbidgee to Googong Water Transfer, including intake and pumping structures, commenced in early 2011. Commissioning of the pipeline is expected to occur in the first quarter of 2012-13.

#### **2012-13 Priorities:**

- Complete construction at Cotter Dam, including the return of an enhanced Cotter Precinct to the community; and
- Commissioning of the Murrumbidgee to Googong Water Transfer infrastructure.

## **The Operation and Maintenance of Our Water and Sewerage Assets**

When ActewAGL was formed in 2000, ownership of the ACT's water and sewerage infrastructure was retained by ACTEW. The operation and maintenance of that infrastructure, however, was undertaken by ActewAGL Distribution's Water Division under a management contract.

During 2011 ACTEW undertook a review of its water and sewerage business, reflecting a desire to ensure its future efficiency. Following that review, responsibility for the management, operation and maintenance of the infrastructure was returned to ACTEW on 1 July 2012 and all Water Division staff were transferred to ACTEW.

From 1 July 2012, the focus of our network operations will be across four areas:

- **Safety:** Ensuring the quality of the ACT's water supply and sewerage treatment, while maintaining the highest standards of safety for ACTEW's workforce;
- **Security:** Maintaining a secure supply of water for the residents of the ACT, Queanbeyan and surrounding region over the long-term;
- **Sustainability:** Reflecting ACTEW's commitment to environmental and economic sustainability; and
- **Efficiency:** Maintaining high standards of service delivery and achieving or exceeding agreed key performance indicators.

#### **2012-13 Priorities:**

- Implement the return to ACTEW of the management, operation and maintenance of its water and sewerage infrastructure, focussing upon safety, security and sustainability.
- Maintaining high standards of service delivery and achieving or exceeding agreed key performance indicators in the management, operation and maintenance of ACTEW's water and sewerage infrastructure, and
- Work with relevant authorities to ensure interference or encroachment on water and sewerage assets is managed efficiently and effectively, so as to maintain the viability of those assets and to ensure issues such as sewer odours are properly considered.

## **Regulatory Review of Water and Sewerage Services**

The ICRC determines the prices that ACTEW may charge for its regulated water and sewerage services. A new pricing period will commence on 1 July 2013. In turn, this will shape ACTEW's operational, capital and financial plans over the following five years. In determining prices, the ICRC will engage ACTEW and the ACT community in a consultative series of submissions, reports, workshops and information sessions.

The final ICRC pricing determination will be delivered in May 2013. The activities ACTEW undertakes thereafter will be very greatly influenced by that pricing determination, including the form of future regulation adopted by the ICRC. In particular:

- The ICRC's price determination will influence the degree to which we can invest in the ACT's water and sewerage infrastructure; and
- The form of regulation adopted by the ICRC may either facilitate or constrain our activities. During the current 2008–2013 pricing period, ACTEW has experienced a significant shortfall in revenues as a consequence of prices having been fixed by the ICRC over the five year period. For the next pricing period, ACTEW is seeking an annual price reset so as to minimise the risk of unwarranted future revenue variance.

ACTEW is seeking a water pricing model which better achieves the recovery of our efficient costs, provides timely price signals, allows investment certainty, and which aligns with community interests. The outcome of the ICRC pricing review will be a significant factor influencing ACTEW's ability to meet its future financial performance targets.

#### **2012-13 Priorities:**

- Finalise ACTEW's 2013-18 pricing submission to the ICRC and continue negotiations with the ICRC in the lead-up to the release of its final determination.

## **Ongoing Sustainability Goals**

We have a strong, ongoing commitment to the environment. For example, ACTEW was an early participant in Australian carbon abatement markets having undertaken to offset greenhouse gas emissions during the construction and operation of our water security major projects. We have also undertaken to work towards meeting the ACT Government's greenhouse gas abatement and renewable energy targets.

ACTEW will continue this environmental commitment in the forthcoming period through actions which include:

- The continued delivery of carbon offsets in relation to our water security projects;
- Investment in the ACT's proposed solar farm activities and support for ActewAGL's community energy efficiency programs;
- Investigation of, and investment in (where appropriate), mini-hydro electricity projects;
- Liaison with the ACT Government on its carbon abatement and greenhouse gas targets;
- The ongoing activities of ACTEW's environmental management group; and
- Working with the ACT Government and our customers with a view to achieving targets set out in the ACT Government's *Think water, act water* strategy.

ACTEW will also work through the practical implications arising from the introduction of a carbon pricing mechanism in Australia on 1 July 2012.

**2012-13 Priorities:**

- Continue the development of strategies to meet ecologically sustainable development principles and the ACT Government's greenhouse gas abatement strategy in ACTEW's water and sewerage operations; and
- Work with the ACT Government to develop and implement water efficiency management plans for large water users.

## **Our Commitment to the ACT Community**

We maintain a high level of community engagement, informing and educating residents and businesses on a wide range of water related matters.

ACTEW also provides sponsorships, donations and in-kind donations to a variety of events, organisations and activities that benefit local and regional communities. Our community support is further enhanced by our investment in ActewAGL and the support it provides to the ACT community.

ACTEW will continue its commitment to the ACT community during 2012-13 and beyond.

**2012-13 Priorities:**

- Continue ACTEW's contribution to the ACT community by supporting community organisations, events and initiatives; and
- Continue ACTEW's community engagement program with a particular focus on education, sustainability and environment.

## **Financial Outlook**

ACTEW's financial outlook will be a significant factor shaping the scope of its operations in 2012-13 and the years thereafter. Our level of debt in particular is likely to influence the nature and scope of the capital projects we may undertake.

Over the past five years, ACTEW has invested heavily across a suite of water security projects. The resultant infrastructure will serve the ACT community well into the future. In financing these projects, ACTEW increased the level of its borrowings. ACTEW's gearing ratio, being its total long term debt divided by long term debt plus equity, is forecast to reach 61% by 2016.



This gearing level is not unusual, with price regulators across Australia typically adopting a 60% gearing ratio benchmark in determining returns to regulated utilities. The rate of increase in ACTEW's gearing ratio is forecast to drop substantially after 2012. Nevertheless, ACTEW's gearing level will act as a natural constraint to further large capital projects in the near term.

The performance of our investment in ActewAGL will also shape the nature and scope of our future activities. ACTEW's investment in ActewAGL provides a significant portion of ACTEW's overall profit. The performance of this investment therefore influences ACTEW's overall financial performance, which in turn may influence ACTEW's investment decisions. Furthermore, our investment and capital management decisions may be influenced, in part, by any gap between the accounting profit ActewAGL delivers to ACTEW and the cash distribution ACTEW actually receives from ActewAGL.

Subject to climatic conditions and the outcome of the ICRC's final pricing determination in May 2013, we anticipate that the profits we receive from our water business will return to a more typical proportion of our overall profits from 2014. In 2012 and the years prior, ACTEW experienced a significant shortfall in water revenues as a consequence of climatic conditions and the fixed water pricing methodology adopted by the ICRC for the current regulatory period. It is a priority for ACTEW to deliver returns from its water operations which are consistent with the expectations of its shareholders and in accordance with the asset base return contemplated by the ICRC.

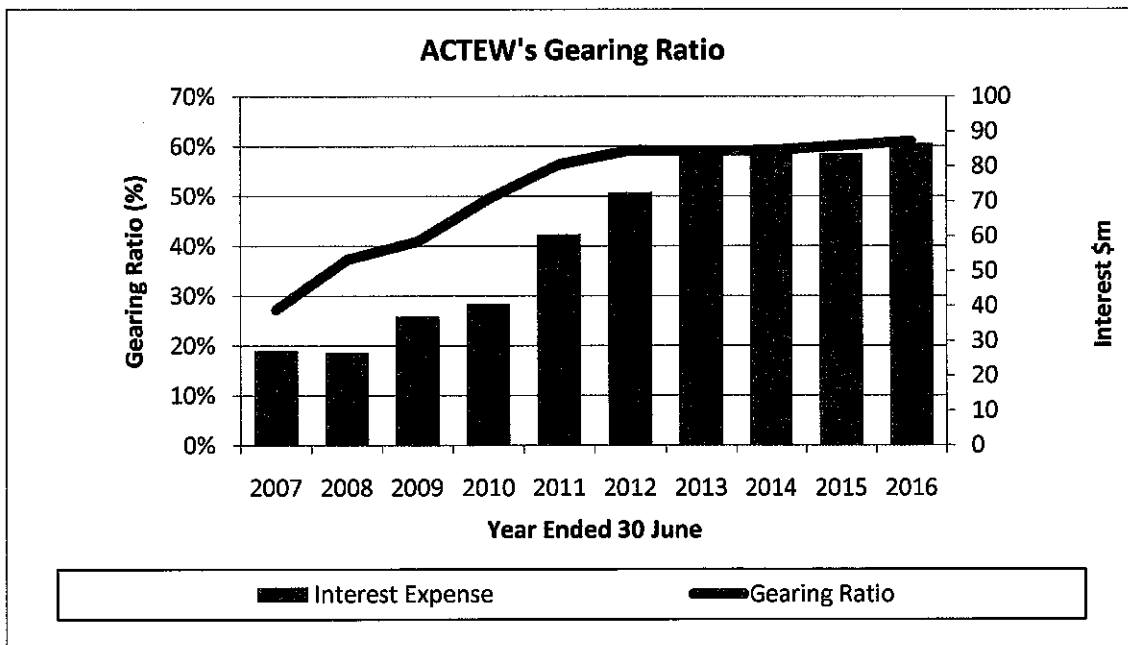


Figure 2: ACTEW's Gearing Ratio

**2012-13 Priorities:**

- Continue active management of ACTEW's investments and provide appropriate support to ActewAGL for new commercial investments; and
- Maintain financial liquidity levels through borrowings to fund capital expenditure projects and dividend payments, while maintaining an acceptable level of gearing.

# Performance Targets

We are obliged by the *Territory-owned Corporations Act 1990 (ACT)* to operate our business in a way which achieves shareholder, community and environmental outcomes. For this reason, we judge our own success against both financial and non-financial measures.

## Key Service Delivery Targets

The table below details the key service delivery measures against which ACTEW will assess its performance during 2012-13. Our aim is to maintain or improve our current performance across each category during the year. At a minimum, ACTEW will seek to perform its services in a manner which achieves a satisfactory outcome in each category<sup>1</sup>.

Service Standard	ACTEW 2005-11 Average <sup>2</sup>	ACTEW 2010-11 Actual	Industry 2010-11 Average <sup>3</sup>	Minimum Satisfactory Result <sup>1</sup>	ACTEW Target - Maintain	ACTEW Target - Improve <sup>4</sup>
<b>Water</b>						
Water main breaks (per 100km of water main)	33	27	27	≤46	27-39	≤27
Average duration of an unplanned interruption – water (minutes)	110	111	125	≤150	111-112	≤111
Average Frequency of unplanned interruption – water (per 1000 properties)	112	119	154	≤150	116-126	≤116
Number of zones where drinking water microbiological compliance is achieved (%)	100	100	100	100	100	100
Real losses (L/service connection/d)	57	64	68	≤79	61-71	≤61
<b>Sewerage</b>						
Sewerage mains breaks and chokes (per 100km sewer main)	92	78	39	≤100	85-92	≤85
Property connection sewer breaks and chokes (per 1000 properties)	13	11	10	≤35	11-15	≤11
Average sewerage interruption (minutes)	36	40	160	≤300	38-44	≤38
<b>Customer Satisfaction</b>						
Water quality complaints (per 1000 properties)	1.9	1.0	2.5	≤6.7	1.5-2.8	≤1.5
Water service complaints (per 1000 properties)	2.6	2.2	0.8	≤2.7	0.8-2.6	≤0.8
Sewerage service complaints (per 1000 properties)	1.0	2.6	0.9	≤2.6	0.9-2.6	≤0.9
Billing and account complaints – water and sewerage (per 1000 properties)	0.2	0.2	1.1	≤2.2	0.2-1.1	≤0.2
Total water and sewerage complaints (per 1000 properties)	4.3	6.4	5.8	≤12	5.4-7.5	≤5.4
<b>Environmental</b>						
Percentage of sewage volume treated to a compliant standard (%)	97.4	99.9	99.8	≥95	99	100
Percentage of biosolids reused (%)	100	100	93	≥95	100	100
Sewer overflows reportable to the environmental regulator (no. Per 100km of sewer main)	6.9	3.1	0.5	≤6.9	5.0-6.9	≤5.0
Recycled water (percent of effluent recycled)	11	12	11	≥11	11-12	≥12
<b>Employees</b>						
Separation Rate (%) – Employee and Organisation Initiated Resignations <sup>5</sup>	6.5%	5.2%	n/a	≤9%	5.9%-7.4%	≤5.9%

<sup>1</sup> A minimum satisfactory outcome for a particular category is one which is equal to or less than (or equal to or greater than, depending upon the nature of the measure) either (a) ACTEW's current service delivery target, where available, or (b) the highest (or lowest, as the case may be) outcome recorded by a major Australian water utility for the 2010-11 period in the National Water Commission's *National Performance Report 2010-11*.

<sup>2</sup> Where data has not been recorded in all years from 2005-06 to 2010-11, the average from years in which data was recorded has been used.

<sup>3</sup> The "industry" is comprised of major Australian water utilities (i.e. those with more than 100,000 customers).

<sup>4</sup> Unusual external events beyond ACTEW's control may cause non-typical variances, either positive or negative, to ACTEW's performance in a service delivery category in any given year. To negate the effect of non-typical events, "improve" for the purposes of this paper means to improve upon (i) the mid-point between our current performance and our average performance, *and*, (ii) where practical, to maintain a result which is better than the industry average. Note, however, that (a) there may exist peculiar geographic or other factors which practically limit the extent to which performance may be improved, and (b) there may be significant cost implications associated with improving against current performance, resulting in such improvements being undesirable. Improvements need to be justified on a benefit cost basis. For example, ACTEW's Sewer Breaks and Chokes have reduced substantially over the preceding years following implementation of a revised maintenance program. However, achieving an industry average may be uneconomical due to the ACT's semi arid climate and clay soils when compared to other capital cities.

<sup>5</sup> Historic data reflects combined ACTEW and ActewAGL Water Division data.

In addition, ACTEW is in the process of establishing new performance indicators and targets which relate to employee safety matters. These indicators include employee participation in work safety groups, attendance at safety training meetings, hazard identification and management engagement with employees on safety issues. Once new targets have been finalised, ACTEW's management will track the organisation's performance against those measures.

ACTEW's performance against the Water, Sewerage, Customer Satisfaction and Environmental categories listed above is published in the National Water Commission's annual *National Performance Report*.

## **Financial Performance Targets**

The following sections detail the key financial measures against which ACTEW will assess its financial performance during the 2012-13 financial year and the three years thereafter. These forecasts are based upon certain assumptions. If actual conditions vary from those assumptions, ACTEW's financial performance may vary materially from the forecasts contained herein. Assumptions and risk factors are discussed below.

## Financial Statements

ACTEW Corporation Ltd Group		2012	2013	2014	2015	2016
Income Statement		Notes	Forecast	Budget	Forecast	Forecast
Year Ended 30 June:			\$000	\$000	\$000	\$000
<b>Revenue</b>						
Water Business	a		138,544	178,370	217,240	229,220
Sewerage Business	a		115,831	128,876	127,560	133,300
Interest Income			13,638	11,600	6,816	3,971
Commonwealth Subvention			10,390	10,587	10,788	10,993
JV Income			80,252	87,541	75,589	81,541
Other Revenue			3,190	2,998	3,091	3,187
			<u>361,845</u>	<u>419,973</u>	<u>441,085</u>	<u>462,213</u>
<b>Expenditure</b>						
ACT Government Charges	b		26,553	31,546	32,300	32,900
Depreciation			41,165	36,225	40,821	41,925
Employment Costs	c		7,691	61,723	63,695	65,983
Water Operating Costs (inc Water Security)	d		106,356	78,403	62,469	62,847
Other Expenses	e		6,159	5,899	4,523	4,598
			<u>187,924</u>	<u>213,796</u>	<u>203,809</u>	<u>208,253</u>
<b>EBIT</b>			173,923	206,176	237,276	253,960
Interest			<u>72,653</u>	<u>83,002</u>	<u>83,667</u>	<u>83,786</u>
<b>EBT &amp; Gifted Assets</b>			101,270	123,175	153,609	170,174
Gifted Assets			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>EBT</b>			101,270	123,175	153,609	170,174
Tax Expense			<u>31,844</u>	<u>38,006</u>	<u>47,454</u>	<u>52,634</u>
<b>NPAT</b>			<u>69,426</u>	<u>85,168</u>	<u>106,155</u>	<u>117,540</u>
Transfer to/(from) Retained Profits			0	0	0	0
<b>Profits available for Dividends</b>			<b>69,426</b>	<b>85,168</b>	<b>106,155</b>	<b>117,540</b>
Notes:						
a Water and sewerage revenue is based on the ICRC final decision adjusted for water consumption levels.						
b This includes Water Abstraction Charges and Utilities Networks Facilities Tax.						
c It is assumed that ACTEW Corporation staffing levels remain at current levels with staff working on WSMP and in Water Division absorbed into ACTEW from 2012-13.						
d This includes the operation and maintenance costs for the water business and water security operational costs.						
e This includes ACTEW Corporation administration expenses including lease, legal and sponsorship expenses.						

ACTEW Corporation Ltd Group						
Balance Sheet	Notes	2012 Forecast	2013 Budget	2014 Forecast	2015 Forecast	2016 Forecast
As at 30 June:		\$000	\$000	\$000	\$000	\$000
<b>Current Assets</b>						
Cash & cash equivalents		243,782	81,242	50,747	52,392	56,430
Receivables	a	45,532	48,719	52,129	55,778	59,683
Other	b	19,850	19,850	19,850	19,850	19,850
<b>Total Current Assets</b>		<b>309,165</b>	<b>149,811</b>	<b>122,726</b>	<b>128,020</b>	<b>135,963</b>
<b>Non Current Assets</b>						
Non-current securities		740	740	740	740	740
Investments in Other Entities	c	555,581	604,176	621,570	649,895	681,017
FITB - Non Current		22,536	26,630	26,630	26,630	26,630
Intangibles (Water Licences)		21,037	21,037	21,037	21,037	21,037
Property, Plant & Equipment	d	1,843,039	1,954,053	1,988,887	2,028,921	2,053,401
<b>Total Non Current Assets</b>		<b>2,442,933</b>	<b>2,606,636</b>	<b>2,658,864</b>	<b>2,727,223</b>	<b>2,782,825</b>
<b>Total Assets</b>		<b>2,752,098</b>	<b>2,756,446</b>	<b>2,781,591</b>	<b>2,855,244</b>	<b>2,918,789</b>
<b>Current Liabilities</b>						
Accounts Payable		66,456	53,240	57,820	61,376	63,447
Dividends Payable		13,885	17,034	21,231	23,508	25,056
Tax Payable		6,779	7,689	9,691	11,124	12,086
Borrowings		15,201	16,843	18,883	20,921	23,144
Provisions	b	20,254	33,901	33,901	33,901	33,901
Other		2,996	2,996	2,996	2,996	2,996
<b>Total Current Liabilities</b>		<b>125,572</b>	<b>131,703</b>	<b>144,521</b>	<b>153,824</b>	<b>160,628</b>
<b>Non Current Liabilities</b>						
Borrowings (ACTEW)		1,352,135	1,347,453	1,351,093	1,407,304	1,456,280
Deferred Tax Liability		329,548	332,448	341,134	349,273	357,038
Provisions		1,833	1,833	1,833	1,833	1,833
<b>Total Non Current Liabilities</b>		<b>1,683,516</b>	<b>1,681,733</b>	<b>1,694,061</b>	<b>1,758,410</b>	<b>1,815,151</b>
<b>Total Liabilities</b>		<b>1,809,088</b>	<b>1,813,436</b>	<b>1,838,582</b>	<b>1,912,234</b>	<b>1,975,779</b>
<b>Net Assets</b>		<b>943,010</b>	<b>943,010</b>	<b>943,010</b>	<b>943,010</b>	<b>943,010</b>
<b>Equity</b>						
Capital		758,871	758,871	758,871	758,871	758,871
Retained Profits		7,801	7,801	7,801	7,801	7,801
Reserves		176,338	176,338	176,338	176,338	176,338
<b>Net Equity</b>		<b>943,010</b>	<b>943,010</b>	<b>943,010</b>	<b>943,010</b>	<b>943,010</b>
Notes:						
a Mainly debtors for water and sewerage sales.						
b These items include costs for ACTEW employees seconded to ActewAGL.						
c Mainly investment in the ActewAGL Joint Venture.						
d Property, plant and equipment assets are predominantly water and sewerage assets.						

ACTEW Corporation Ltd Group	2012	2013	2014	2015	2016
Cashflow	Forecast	Budget	Forecast	Forecast	Forecast
Year Ended 30 June:	\$000	\$000	\$000	\$000	\$000
<b>Cash Flow from Operations</b>					
Receipts from customers	264,976	317,644	355,269	373,051	391,303
Payments to suppliers and employees	(144,424)	(163,222)	(160,156)	(163,298)	(166,583)
Tax paid	(26,596)	(34,197)	(36,763)	(43,062)	(47,384)
Interest received	13,638	11,600	6,816	3,971	3,827
Interest Paid	(72,653)	(83,002)	(83,667)	(83,786)	(86,821)
<b>Net Cash In/(out)flow from operating activities</b>	<b>34,942</b>	<b>48,824</b>	<b>81,498</b>	<b>86,876</b>	<b>94,342</b>
<b>Cash Flow from Investing Activities</b>					
JV Distribution Received	43,700	38,946	58,195	53,216	51,281
Payments for Property, Plant and Equipment	(225,070)	(165,251)	(73,910)	(81,433)	(69,050)
<b>Net cash In/(out)flow from investing activities</b>	<b>(181,369)</b>	<b>(126,304)</b>	<b>(15,715)</b>	<b>(28,217)</b>	<b>(17,769)</b>
<b>Cash Flow from Financing Activities</b>					
Repayment of Borrowings	(66,387)	(3,040)	(4,320)	(6,752)	(8,801)
New Borrowings	215,000	0	10,000	65,000	60,000
Dividends paid	(67,372)	(82,020)	(101,958)	(115,263)	(123,734)
<b>Net cash In/(out)flow from financing activities</b>	<b>81,241</b>	<b>(85,060)</b>	<b>(96,278)</b>	<b>(57,015)</b>	<b>(72,535)</b>
<b>Net cash movement</b>	<b>(65,186)</b>	<b>(162,540)</b>	<b>(30,495)</b>	<b>1,644</b>	<b>4,038</b>
<b>Opening cash balance</b>	<b>308,968</b>	<b>243,782</b>	<b>81,242</b>	<b>50,747</b>	<b>52,392</b>
<b>Closing cash balance</b>	<b>243,782</b>	<b>81,242</b>	<b>50,747</b>	<b>52,392</b>	<b>56,430</b>

## Financial Measures

ACTEW Corporation Ltd Group		2012	2013	2014	2015	2016
Financial Ratios		Budget	Forecast	Forecast	Forecast	Forecast
Year Ended 30 June:		\$000	\$000	\$000	\$000	\$000
<b>Profitability</b>						
Return on Total Assets	a	5.8 %	7.1 %	8.3 %	8.8 %	9.1 %
Return on Equity	b	17.0 %	20.6 %	24.4 %	26.5 %	28.0 %
Profit Margin	c	46.0 %	47.6 %	53.1 %	54.6 %	55.4 %
<b>Liquidity</b>						
Current Ratio	d	246.2 %	113.7 %	84.9 %	83.2 %	84.6 %
Cash Position	e	25.9 %	8.7 %	5.5 %	5.6 %	6.1 %
Receivables Turnover	f	5.8	6.6	6.9	6.8	6.7
<b>Financial Stability</b>						
Debt Ratio	g	65.7 %	65.8 %	66.1 %	67.0 %	67.7 %
Gearing Ratio	h	59.2 %	59.1 %	59.2 %	60.2 %	61.1 %
Capital Ratio	l	145.0 %	144.7 %	145.3 %	151.5 %	156.9 %
<b>Debt</b>						
Interest Cover Ratio	j	2.4	2.5	2.8	3.0	3.1
<b>Formula:</b>						
<b>Profitability</b>						
Return on Total Assets	a	$\frac{\text{EBIT (before gross interest expense \& excl abn items)}}{\text{Total assets}}$				
Return on Equity	b	$\frac{\text{EBIT (before gross interest expense \& excl abn items)}}{\text{Total equity}}$				
Profit Margin	c	$\frac{\text{EBIT (minus interest revenue)}}{\text{Revenue (minus interest revenue)}}$				
<b>Liquidity</b>						
Current Ratio	d	$\frac{\text{Current assets}}{\text{Current liabilities}}$				
Cash Position	e	$\frac{\text{Cash + investments}}{\text{Total assets}}$				
Receivables Turnover	f	$\frac{\text{Total revenue excludes subvention, interest income and profit share}}{\text{Average receivables for period}}$				
<b>Financial Stability</b>						
Debt Ratio	g	$\frac{\text{Total liabilities}}{\text{Total assets}}$				
Gearing Ratio	h	$\frac{\text{Total long term debt}}{\text{Long term debt + equity}}$				
Capital Ratio	l	$\frac{\text{Total long term debt}}{\text{Equity}}$				
<b>Debt</b>						
Interest Cover Ratio	j	$\frac{\text{EBIT (before gross interest expense \& excl abn items)}}{\text{Annual interest payments}}$				

## Assumptions and Important Notes

It is important to note the following in regards to financial forecasts contained in this document:

### a) *Assumptions and Risk Factors*

The financial targets set forth in this document are based upon current prices and current forecasts of water consumption. The forecasts contained in this document are subject to potentially significant variation arising from factors outside ACTEW's control. These factors include:

1. **Climatic Conditions:** Ordinary variability in climatic conditions may result in material variations to ACTEW's water consumption forecasts. In turn, this may affect the financial forecasts contained in this document. Longer term, the impact of climate change may make the task of predicting the ACT's future water usage difficult, adding further uncertainty to ACTEW's revenue forecasts. Extreme weather events of any cause may result in financial losses and delays in our operations;
2. **Regulatory Price Setting:** The water and sewerage prices and pricing methodology set by Independent Competition and Regulatory Commission directly impacts ACTEW's revenue performance. The ICRC's final water and sewerage price determination for the five year period from 2013-14 to 2017-18 may materially impact the financial forecasts contained in this document;
3. **ActewAGL's Operations:** Competitive and other influences may impact the profitability of ActewAGL. In turn, this may affect the financial return to ACTEW from its investment in ActewAGL;
4. **Financial Markets and Capital Structure:** In the future, ACTEW will need to source new debt and/or refinance existing debt. Movements in market interest rates will impact ACTEW's future financial performance. The 100% dividend policy under which ACTEW operates will also influence ACTEW's future capital structure and, in turn, ACTEW's future financial performance.

### b) *Reporting*

ACTEW provides an annual report to its shareholders each year in accordance with the Territory-Owned Corporations Act. These annual reports, this Statement of Corporate Intent and other information about ACTEW may be found on our website at [www.actew.com.au](http://www.actew.com.au).

### c) *Indicative Figures*

Forecasts, estimates and targets contained in this document are indicative only. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation or an offer or solicitation to enter into any commercial arrangement with ACTEW. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner.

### d) *Accounting Policies*

Details of our significant accounting policies can be found in the Notes to the Consolidated Financial Statements in ACTEW's Annual Report.

### e) *Community Service Obligations*

ACTEW provides a range of community service obligations ("CSOs") on behalf of the ACT Government. These CSOs are social, rather than commercial, in nature and are explicitly funded by the ACT Government. The majority of CSOs by value relate to pensioner concessions in connection with electricity, water and sewerage charges. Water and sewerage services are also provided at a 50% price discount to community organisations such as schools and churches.



## **3.2 Licence conditions: compliance**

### **Operation and compliance audits (clause 7.6)**

*Provide details of how the licensee has, from time to time, undertaken audits of the services and operations authorised under its licence and of its compliance with its obligations under the licence and any law, code of practice, direction and guideline that it is to comply with under clause 6.2.*

ACTEW conducts audits on a number of fronts. Each of the programs is reviewed on an annual basis based on the requirements of the business in terms of risk, on the need to audit processes utilised in the business and to ensure compliance with key elements of legislation.

Firstly we have an internal audit program driven by the need for certification of the Quality, Safety and Environmental Management Systems. These are undertaken by staff who are trained internal auditors. These audits focus on compliance with regulations and compliance with the elements required under the various Management Systems. The findings of these audits are captured and tracked to completion and reported to management.

Secondly ACTEW has a Corporate Internal Audit Program which utilises PwC auditors to conduct audits on business processes to ensure prudent controls exist for various governance aspects of the business. The findings of these audits are reported to the Board and are tracked to completion.

Thirdly, ACTEW engages a Management System auditor (DQS) annually to audit the systems and processes used in ACTEW to determine compliance with the three Management Systems it is certified to.

Finally, ACTEW engages an external auditor to audit the financial statements for the financial year to ensure accuracy. The results of this audit are provided to the executive and board.

## **Technical and prudential criteria (clause 8)**

*The licensee must, throughout the term of its licence, continue to satisfy the same technical and prudential criteria that it was required to meet as a condition of being granted the licence. Please provide a summary of details of the licensee's financial and technical capacity for 2012-13 which show it can continue to provide the services authorised in the licence.1*

### **Financial Capability**

ACTEW Corporation has a finance team of 30 staff led by the Chief Financial Officer who is also a member of the Executive. This team undertakes management and financial accounting and financial support to the organisation. This includes statutory, board and management reporting, budgeting and forecasting, accounts receivable and payable, corporate and regulatory functions. These functions are supported by a number of services contracted out to ActewAGL through a Corporate Service Agreement which include treasury, tax, fixed assets and systems supports.

ACTEW's financial statements are audited on a financial year by the ACT Auditor General through a contract with Deloitte Touche Tohmatsu. ACTEW's financial and budget numbers are included in the ACT Government Whole of Government Accounts. ACTEW produces a Statement of Corporate Intent annually. The ACTEW board receives monthly financial and treasury reports. Statutory financial statements and budgets are approved on an annual basis.

### **Technical Capability**

ACTEW's business and assets are managed, planned, operated and maintained by 390 personnel who have qualifications, expertise and experience across many fields including engineering, project management, financial management, policy, hydrology, governance, environmental sciences, communications and customer services.

Competency development programs and frameworks derived from the National Water Training Package (NWP07) are in place to ensure that operational staff are appropriately skilled for the tasks they perform. Personal performance development plans are also in place for all employees, which incorporate employee development opportunities.

ACTEW is committed to the industry and providing best practice services. The Managing Director is Chairman of the Water Services Association of Australia (WSAA) and various people in the organisation are on WSAA committees which aim to share knowledge across the industry.