
6.6 GTE performance reports

Sydney Catchment Authority (NSW)

Sydney Water Corporation (NSW)

Hunter Water Corporation (NSW)

State Water Corporation (NSW)

Melbourne Water Corporation (Victoria)

City West Water (Victoria)

South East Water (Victoria)

Yarra Valley Water (Victoria)

Barwon Region Water Authority (Victoria)

Coliban Region Water Authority (Victoria)

Goulburn Valley Region Water Authority (Victoria)

Central Gippsland Region Water Authority (Victoria)

Central Highlands Region Water Authority (Victoria)

Gippsland and Southern Rural Water Authority (Victoria)

Lower Murray Urban and Rural Water Authority (Victoria)

Grampians Wimmera Mallee Rural Water Authority (Victoria)

Goulburn–Murray Rural Water Authority (Victoria)

SunWater (Queensland)

Water Corporation (WA)

SA Water Corporation (SA)

Hobart Regional Water Authority (Tasmania)

Cradle Coast Water (Tasmania)

Esk Water Authority (Tasmania)

ACTEW Corporation (ACT)

Sydney Catchment Authority (SCA) was established by the *Sydney Water Catchment Management Act 1998*. SCA is responsible for bulk water supply and managing and protecting catchment areas. SCA's activities are carried out under an operating licence granted by the Governor and a water management licence issued by the Department of Environment and Climate Change.¹

The *Public Sector Employment Legislation Amendment Act 2006*, which commenced on 17 March 2006, required the transfer of all staff from SCA to the Sydney Catchment Authority Division of Government Services (SCA Division). SCA Division provides personnel services to SCA.

The Independent Pricing and Regulatory Tribunal (IPART) determines both the price of bulk water and other services charged by SCA. In September 2006, IPART published bulk water prices — aimed at reflecting the cost of provision — to be charged by the SCA from 1 October 2006 until 30 June 2010.

Total income increased by \$11.0 million, despite a \$4.1 million decrease in superannuation actuarial gains. Profit before tax increased by 9.0 per cent to \$24.2 million in 2006-07, driven by a \$12.7 million increase in bulk water sales revenue. SCA's core business is the sale of bulk water, comprising 97.5 per cent of total revenue in 2006-07. Increased finance costs and pumping costs due to drought conditions contributed to a \$13.1 million increase in expenses.

Total assets increased by \$251 million (28.0 per cent) in 2006-07, mostly because of a revaluation of facility and land assets (\$863 million), and the capitalisation of ground water exploration (\$13.3 million). Total liabilities increased by \$127 million (33.2 per cent) because of an increase in NSW Government loans and deferred tax liabilities arising from asset revaluations.

In 2006-07, SCA provided for a \$19.7 million dividend payment and recorded a \$3.8 million income tax-equivalent expense.

As catchment manager, SCA undertakes activities to protect the environment and cultural heritage sites and provide compatible opportunities for recreation. Although SCA is required to undertake these activities under its operating licence, no community service obligation payments were recorded in its financial statements.

¹ A new operating licence was issued on 1 January 2006 and will expire on 30 June 2010. The water management licence defines SCA's water access rights and obligations. It was issued on 23 April 2001 for a period of 20 years.

SYDNEY CATCHMENT AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	775	780	898	1 149
Total income	\$m	126	122	147	158
<i>Profitability</i>					
Profit before tax	\$'000	21 841	14 309	22 150	24 152
Operating profit margin	%	26.8	21.2	26.8	30.2
Cost recovery	%	136.6	126.8	136.7	143.3
Return on assets	%	4.5	3.6	4.7	4.7
Return on total equity	%	5.2	4.4	5.4	7.4
Return on operating equity ^c	%	5.2	4.4	5.4	7.0
<i>Financial management</i>					
Debt to equity	%	35.5	36.3	61.0	54.2
Debt to assets	%	24.1	24.3	37.8	37.1
Total liabilities to equity	%	47.4	51.9	74.6	80.0
Operating liabilities to equity ^d	%	47.3	49.6	73.6	64.3
Interest cover	times	2.7	2.1	2.3	2.0
Current ratio	%	33.7	31.7	27.4	20.1
Leverage ratio	%	147.3	149.6	173.6	164.3
<i>Payments to and from government</i>					
Dividends	\$'000	15 387	15 387	16 581	19 745
Dividend to equity ratio	%	2.9	3.0	3.2	3.2
Dividend payout ratio	%	56.2	68.4	59.3	46.4
Income tax expense	\$'000	5 977	3 426	9 351	3 796
Grants revenue ratio	%	–	–	–	–
CSO funding	\$'000	–	–	–	–

^a Sydney Catchment Authority (SCA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for SCA.

^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

Sydney Water Corporation (Sydney Water) is constituted under the *State Owned Corporations Act 1989* and operates under the *Sydney Water Act 1994*. Sydney Water supplies drinking water, recycled water, wastewater and some stormwater services to Sydney, the Blue Mountains and Illawarra under an operating licence granted by the Governor.¹ Under the conditions of its operating licence, Sydney Water must take action to reduce per capita water use, excluding recycled water, to a conservation target of 329 L/day by 2010-11.

Sydney Water's charges are regulated by the Independent Pricing and Regulatory Tribunal (IPART) according to a determination effective until 30 June 2009. A two-tier pricing structure has been adopted to promote water conservation. IPART also conducts annual audits of Sydney Water's licence compliance.

Total income increased by \$58.6 million, although this included a \$93 million decline in superannuation actuarial gains. Profit before tax increased by \$104 million (40.4 per cent) to \$360 million in 2006-07. Higher service availability and usage charge revenue (\$91.0 million), and developer contributions for capital works (\$51.1 million) comprised most of the increase in revenue. Expenses increased by \$48.1 million, mostly due to higher bulk water, maintenance and other operating expenses.

Assets increased by around \$1.5 billion (13.7 per cent) in 2006-07, primarily because of additions to system assets and works-in-progress. Liabilities increased by \$721 million (16.6 per cent) due to increased debt and deferred tax liabilities.

Sydney Water provided for \$140 million in dividends and recorded a \$103 million income tax-equivalent expense in 2006-07.

Sydney Water received community service obligation (CSO) payments for providing pensioner and other rebates (\$89.2 million), and priority sewerage social programs (\$515 000). In addition to CSO funding, Sydney Water also received reimbursements from the Department of Environment and Climate Change Water Savings Fund (\$15.2 million).

¹ The operating licence places obligations on Sydney Water with respect to drinking water standards, infrastructure performance, customer service, system performance, water conservation targets, demand management, recycling requirements and environmental performance. The current licence was issued on 1 July 2005 and will expire on 30 June 2010.

SYDNEY WATER CORPORATION (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	12 120	11 574	10 819	12 296
Total income	\$m	1 417	1 361	1 746	1 805
<i>Profitability</i>					
Profit before tax	\$'000	270 106	223 019	256 283	359 858
Operating profit margin	%	29.5	25.5	26.4	30.4
Cost recovery	%	141.9	134.3	135.9	143.7
Return on assets	%	3.5	3.3	3.8	4.7
Return on total equity	%	4.2	4.3	3.9	5.8
Return on operating equity ^c	%	4.2	3.9	3.6	5.3
<i>Financial management</i>					
Debt to equity	%	31.2	33.4	41.3	40.7
Debt to assets	%	22.5	22.9	25.8	28.5
Total liabilities to equity	%	41.4	60.1	66.9	69.8
Operating liabilities to equity ^d	%	39.0	45.8	54.6	52.2
Interest cover	times	2.8	2.5	2.5	3.0
Current ratio	%	41.0	33.2	33.9	38.7
Leverage ratio	%	139.0	145.8	154.6	152.2
<i>Payments to and from government</i>					
Dividends	\$'000	120 000	120 000	193 000	140 000
Dividend to equity ratio	%	1.4	1.5	2.6	1.9
Dividend payout ratio	%	33.2	39.0	72.7	34.9
Income tax expense	\$'000	55 025	51 089	134 518	102 568
Grants revenue ratio	%	–	–	1.1	0.9
CSO funding	\$'000	79 079	79 079	86 075	89 676

^a Sydney Water Corporation (Sydney Water) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Sydney Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

Hunter Water Corporation (HWC) operates under the *State Owned Corporations Act 1989* and the *Hunter Water Act 1991*. HWC provides water, wastewater and drainage services to over half a million people living in the Cessnock, Lake Macquarie, Maitland, Newcastle and Port Stephens areas. HWC's activities are carried out under an operating licence granted by the Governor.¹

The Independent Pricing and Regulatory Tribunal (IPART) regulates HWC's charges. IPART's most recent price determination phases out discounts for water users consuming more than 1000 kilolitres per year by 1 July 2008, and requires stormwater charges for non-residential customers to be based on property size.²

Profit before tax increased by 4.3 per cent to \$74.6 million in 2006-07. Total income grew by 11.6 per cent to \$260 million, mainly as a result of increased revenue from property management for Government (\$16.9 million), as well as higher service and usage charge revenue (\$12.9 million). Expenses increased by 24.3 per cent to \$171 million, largely due to higher costs associated with property management.

Total assets decreased by \$300 million (12.9 per cent) to \$2.0 billion in 2006-07, primarily because of a decrease in the value of water and sewer assets. Total liabilities remained comparatively steady, falling by \$2.4 million (0.3 per cent) to \$687 million. Debt increased by 41.3 per cent to \$332 million, leading to higher debt to equity and debt to assets.

Hunter Water Corporation is subject to dividend and income tax-equivalent payments. HWC distributed \$34.6 million in dividends in 2006-07. A \$28.4 million income tax-equivalent expense was recorded for 2006-07.

The NSW Government funds HWC to provide tariff rebates to pensioners and for exempt properties such as churches. Community service obligation payments for these services equalled \$9.0 million in 2006-07, accounting for 3.5 per cent of HWC's total income.

1 The licence prescribes service requirements regarding drinking water quality, water continuity and pressure, and wastewater transport. It also imposes conditions relating to customer service, environmental management and systems performance. The operating licence expired on 30 June 2007 and a new licence was issued for the period 1 July 2007 to 30 June 2012.

2 The price determination applies for the period 1 November 2005 to 30 June 2009.

HUNTER WATER CORPORATION (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	2 332	2 380	2 327	2 027
Total income	\$m	183	178	233	260
<i>Profitability</i>					
Profit before tax	\$'000	63 842	62 905	71 534	74 633
Operating profit margin	%	40.2	38.6	40.4	37.4
Cost recovery	%	167.2	162.8	167.8	159.8
Return on assets	%	3.2	3.1	3.7	4.3
Return on total equity	%	2.6	3.1	3.8	4.2
Return on operating equity ^c	%	2.5	2.6	3.1	3.5
<i>Financial management</i>					
Debt to equity	%	8.0	8.0	11.9	21.0
Debt to assets	%	7.1	7.0	10.0	15.3
Total liabilities to equity	%	14.7	40.6	42.1	51.3
Operating liabilities to equity ^d	%	12.2	13.4	17.0	27.5
Interest cover	times	7.3	7.2	6.0	5.0
Current ratio	%	45.0	40.1	56.8	34.0
Leverage ratio	%	112.2	113.4	117.0	127.5
<i>Payments to and from government</i>					
Dividends	\$'000	33 800	33 800	35 100	34 600
Dividend to equity ratio	%	1.6	1.6	1.7	1.9
Dividend payout ratio	%	64.2	63.6	55.7	55.1
Income tax expense	\$'000	20 819	17 350	20 629	28 377
Grants revenue ratio	%	–	–	–	–
CSO funding	\$'000	9 668	9 668	9 503	8 994

^a Hunter Water Corporation (HWC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for HWC.

^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

State Water Corporation (State Water) operates under the *State Owned Corporations Act 1989* and the *State Water Corporation Act 2004*. State Water provides all bulk water delivery functions to areas not covered by the Sydney Catchment Authority, Sydney Water Corporation, Hunter Water Corporation or other water supply authorities. It is also responsible for the Fish River Water Supply Authority. State Water is subject to an operating licence issued by the Governor.¹

State Water passes on a proportion of revenue from bulk water charges to the NSW Government for its contribution to the operational and capital costs of the Murray-Darling Basin Committee (MDBC). State Water also constructs and maintains some of MDBC's assets under contract.

State Water's charges are regulated by the Independent Pricing and Regulatory Tribunal (IPART). In September 2006, IPART issued a bulk water price determination for the period from 1 October 2006 to 30 June 2010.

Profit before tax increased by 19.3 per cent to \$9.8 million in 2006-07. Total income fell by 7.2 per cent to \$77.4 million, mainly due to reduced revenue from storage and delivery of water services, and contracted activities for MDBC. Expenses decreased by 11.1 per cent to \$62.7 million because of a fall in maintenance costs and interest expenses.

Total assets increased by \$30.6 million (7.4 per cent) to \$444 million in 2006-07. The increase was largely due to an upward revaluation of water infrastructure (\$262 million), which was offset by increases in depreciation and impairment (\$227 million). Total liabilities decreased by 4.4 per cent to \$105 million. Debt was reduced by 36.5 per cent to \$39.2 million, reflected in lower debt to equity and debt to assets.

State Water provided for a dividend of \$11.9 million and recorded a \$1.6 million income tax-equivalent expense in 2006-07.

State Water receives contributions from the NSW Government to cover the costs of activities such as flood operations, environmental flows and mandated capital improvements (\$14.9 million in 2006-07). An additional payment of \$1.9 million was made in 2006-07 for drought assistance provided to general security irrigators in the Lachlan Valley. Community service obligation payments totalled \$16.9 million in 2006-07, comprising 21.8 per cent of total income.

¹ The operating licence dictates that State Water's principle objective is to capture, store and release water in an efficient, effective, safe and financially responsible manner.

STATE WATER CORPORATION (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^a		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	415	397	413	444
Total income	\$m	50	58	83	77
<i>Profitability</i>					
Profit before tax	\$'000	434	1 759	8 239	9 829
Operating profit margin	%	-31.3	-39.8	2.2	-0.9
Cost recovery	%	76.1	71.5	102.3	99.1
Return on assets	%	0.2	0.5	3.1	2.9
Return on total equity	%	-4.5	-6.3	–	-0.7
Return on operating equity ^b	%	-4.4	-6.2	–	-0.7
<i>Financial management</i>					
Debt to equity	%	21.1	22.2	20.2	11.0
Debt to assets	%	16.2	16.9	15.2	9.2
Total liabilities to equity	%	31.2	32.7	36.4	31.2
Operating liabilities to equity ^c	%	30.2	31.4	34.6	24.8
Interest cover	times	2.4	7.6	2.9	4.9
Current ratio	%	322.4	173.8	161.1	92.7
Leverage ratio	%	130.2	131.4	134.6	124.8
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	7 937	11 884
Dividend to equity ratio	%	–	–	2.6	3.6
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	2 473	2 813	1 624	1 619
Grants revenue ratio ^d	%	21.2	29.3 ^e	10.0	14.6
CSO funding ^d	\$'000	–	–	17 100	16 859 ^f

^a State Water Corporation (State Water) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for State Water. ^b Refers to 'return on equity based on operating assets and liabilities'. ^c Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^d A breakdown of government contributions is not provided for the 2004-05 financial year, therefore all government funding has been classified as grants. ^e The Murray–Darling Basin Commission (MDBC) contracts State Water to undertake operational activities and regular maintenance of its assets. Water delivery revenue included charges attributable to the operation of the MDBC which is payable to the NSW Treasury. In 2004-05, this amount (\$6.6 million) was retained by State Water as an implicit subsidy. ^f Included \$2 million to compensate State Water for waiving the fixed entitlement charges for general security irrigators in the Lachlan Valley for 2006-07 as part of a package of drought assistance measures approved by the NSW government. .. Not applicable. – Zero or rounded to zero.

Melbourne Water Corporation (MWC) operated under the *Melbourne Water Corporation Act 1992* and the *State Owned Enterprises Act 1992* in 2006-07.¹ MWC provides wholesale water and sewerage services to City West Water, South East Water and Yarra Valley Water and a number of regional water businesses adjacent to Melbourne. It is also responsible for managing Melbourne's water catchments and for providing stormwater and drainage services.² As part of the *Our Water Our Future — The Next Stage of the Government's Water Plan*, MWC plans to construct a water treatment plant at Tarago Reservoir by late 2009 and a pipeline from the Goulburn River to Sugarloaf Reservoir by mid 2010.

The Essential Services Commission became responsible for regulating the pricing and services of MWC on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for annual price increases of above the inflation rate until 30 June 2008 — 3.61 per cent for bulk water service and usage charges to the metropolitan water retailers, and 1.28 per cent for bulk sewerage service and usage charges, trade waste charges and drainage rates.

Profit before tax decreased by \$59.6 million (27.3 per cent) to \$159 million in 2006-07 — the combination of a \$13.6 million (2.3 per cent) decline in revenue and a \$46.0 million (12.6 per cent) increase in total expenses. Although revenue from ongoing operations (water, sewage disposal and drainage rates) increased in 2006-07, total income decreased because of once-off inclusions in 2005-06.³ The increase in total expenses was largely attributable to increases in depreciation, along with operational and borrowing expenses.

Assets increased by \$210 million (5.6 per cent) in 2006-07, primarily because of additions to infrastructure and capital works. Liabilities increased by \$164 million (8.5 per cent), which included an increase in current borrowings of \$80.4 million.

Dividend payments were \$86.6 million in 2006-07. MWC recorded an income tax-equivalent expense of \$43.9 million in 2006-07, down 25.5 per cent from 2005-06. No community service obligation payments were received in 2006-07.

¹ From 1 July 2007, MWC operates under the *Water Act 1989*.

² Water supply and sewage treatment charges and drainage rates constitute the majority of MWC's revenue. MWC relies on the three retail water GTEs (City West Water, South East Water and Yarra Valley Water) for billing and collection of its drainage services charges.

³ Revenue in 2005-06 included a once-off recognition of \$39.2 million related to the transfer of assets when MWC assumed responsibility for the Port Phillip and Westernport catchment areas on 18 November 2005.

MELBOURNE WATER CORPORATION (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	3 263	3 633	3 769	3 979
Total income	\$m	525	525	592 ^c	588
<i>Profitability</i>					
Profit before tax	\$'000	188 621	192 979	218 397	158 756
Operating profit margin	%	50.6	51.6	51.4	42.8
Cost recovery	%	202.6	206.4	205.9	174.9
Return on assets	%	8.2	7.5	8.2	6.4
Return on total equity	%	13.5	11.6	13.2	10.7
Return on operating equity ^d	%	10.4	9.2	10.5	8.4
<i>Financial management</i>					
Debt to equity	%	60.7	52.1	54.0	55.3
Debt to assets	%	36.1	32.9	34.4	34.6
Total liabilities to equity	%	118.5	101.0	104.8	111.0
Operating liabilities to equity ^e	%	68.0	58.4	59.8	64.3
Interest cover	times	3.4	3.5	3.7	2.8
Current ratio	%	20.0	11.7	18.1	12.4
Leverage ratio	%	168.0	158.4	159.8	164.3
<i>Payments to and from government</i>					
Dividends	\$'000	41 300	41 300	97 000	86 600
Dividend to equity ratio	%	2.1	1.8	4.2	3.7
Dividend payout ratio	%	20.5	19.8	40.3	43.6
Income tax expense	\$'000	62 920	61 338	58 983	43 913
Grants revenue ratio	%	–	0.1	0.1	0.4
CSO funding	\$'000	–	–	–	–

^a Melbourne Water Corporation (MWC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 were reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for MWC.

^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Includes \$39.2 million of assets received from the expansion of river and drainage boundaries. ^d Refers to 'return on equity based on operating assets and liabilities'. ^e Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

City West Water (CWW) operates under the *Corporations Act 2001*, subject to a licence and Statement of Obligations issued by the Victorian State Government under the *Water Industry Act 1994*.¹ CWW's main activities are the provision of drinking water and the collection of sewage and trade waste. It serves around 324 000 residential, commercial and industrial customers in Melbourne's central business district, and the inner and western suburbs.

The Essential Services Commission became responsible for regulating the pricing and services of CWW on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for annual price increases for water and sewerage fixed and volumetric charges of 1.9 per cent above the inflation rate until 30 June 2008.

Profit before tax fell by \$16.6 million (26.5 per cent) to \$46.1 million in 2006-07. Total income decreased by \$6.4 million (2.5 per cent), partly due to a fall in developer contributions. Expenses increased by \$10.2 million (5.3 per cent) because of higher expenditure on operating contracts, increased finance costs and higher depreciation expenses.

Assets increased by \$70.2 million (8.1 per cent) in 2006-07, because of additions to infrastructure and cash asset holdings. Liabilities increased by \$58.4 million (12.5 per cent), mainly because of higher debt and deferred tax liabilities. Decreased profitability led to a 2.2 percentage point reduction in the return on assets.

City West Water is required to make dividend and income tax-equivalent payments. Dividends decreased by 45.1 per cent to \$15.2 million in 2006-07, as no interim dividend was declared for 2006-07. CWW recorded a \$19.0 million income tax-equivalent expense, down 19.4 per cent from 2005-06.

Community service obligation payments of \$10.7 million (accounting for 4.3 per cent of total income) were received in 2006-07. These payments reimburse CWW for the cost of providing concessions to pensioners, rebates to not-for-profit organisations and Utility Relief Grant Scheme payments.

1 The licence, which operates unless and until revoked, sets out the geographical area in which CWW operates and details the rights and responsibilities of CWW and its customers. The Statement of Obligations, which was updated on 1 July 2007, imposes conditions regarding service connections, service provision on behalf of other agencies, dispute resolution, water quality monitoring, environmental management and asset management performance.

CITY WEST WATER (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	802	803	864	934
Total income	\$m	264	264	257	250
<i>Profitability</i>					
Profit before tax	\$'000	77 385	77 746	62 664	46 051
Operating profit margin	%	34.4	34.4	29.2	25.3
Cost recovery	%	152.3	152.5	141.2	133.8
Return on assets	%	11.4	11.4	9.5	7.3
Return on total equity	%	16.2	16.1	12.7	10.8
Return on operating equity ^c	%	13.1	12.2	9.6	8.0
<i>Financial management</i>					
Debt to equity	%	46.2	46.2	50.4	57.4
Debt to assets	%	29.5	29.5	32.4	35.6
Total liabilities to equity	%	95.2	107.5	116.8	127.7
Operating liabilities to equity ^d	%	56.8	56.7	61.4	67.5
Interest cover	times	6.8	6.8	5.0	3.4
Current ratio	%	53.3	52.0	31.8	71.0
Leverage ratio	%	156.8	156.7	161.4	167.5
<i>Payments to and from government</i>					
Dividends	\$'000	41 600	41 600	27 700	15 200
Dividend to equity ratio	%	8.2	8.2	5.3	2.8
Dividend payout ratio	%	62.5	66.8	55.6	34.9
Income tax expense	\$'000	24 024	28 338	23 606	19 022
Grants revenue ratio	%	–	–	–	0.8
CSO funding	\$'000	10 001	10 001	11 274	10 676

^a City West Water (CWW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for CWW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

South East Water (SEW) operates under the *Corporations Act 2001*, subject to a licence and Statement of Obligations issued by the Victorian State Government under the *Water Industry Act 1994*.¹ SEW provides water supply and sewerage services to 616 000 customers in the southern and eastern suburbs of Melbourne.

The Essential Services Commission became responsible for regulating the pricing and services of SEW on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for average annual price increases of 2.0 per cent above the inflation rate until 30 June 2008.

Profit before tax fell by \$7.2 million (8.7 per cent) to \$75.3 million in 2006-07. Total income increased by \$11.6 million (3.1 per cent) to \$390 million and total expenses increased by \$13.8 million (4.7 per cent) to \$306 million.

Assets increased by \$99.4 million (7.3 per cent) in 2006-07, with capital works of \$111 million. Liabilities increased by \$47.8 million (7.0 per cent), mainly because of increased borrowings and deferred tax liabilities (due to an increase in the value of property, plant and equipment).

South East Water is required to make dividend and income tax-equivalent payments. It paid a dividend of \$17.3 million in 2006-07, which is 62.2 per cent less than in 2005-06. The interim dividend payment for 2006-07 was deferred, partly because of the implementation of higher water restrictions, to form one payment due in October 2007. An income tax-equivalent payment of \$28.5 million was recorded for 2006-07, down 3.8 per cent from 2005-06.

South East Water administers the Pensioner Rebate and the Utility Relief Grant Schemes on behalf of the Victorian Government. In 2006-07, it was also reimbursed for the cost of implementing Water Conservation Rebate Schemes, the Water Smart Gardens and Homes Rebate Scheme, and the HydroShare Scheme. In total, SEW received \$21.2 million in community service obligation payments, accounting for 5.4 per cent of SEW's total income.

1 The licence, which operates unless and until revoked, sets out the geographical area in which SEW operates and details the rights and responsibilities of SEW and its customers. The Statement of Obligations, which was updated on 1 July 2007, imposes conditions regarding service connections, service provision on behalf of other agencies, dispute resolution, water quality monitoring, environmental management and asset management performance.

SOUTH EAST WATER (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	1 318	1 319	1 363	1 463
Total income	\$m	381	378	379	390
<i>Profitability</i>					
Profit before tax	\$'000	96 249	96 645	82 504	75 309
Operating profit margin	%	30.4	31.4	28.4	26.4
Cost recovery	%	143.7	145.8	139.7	135.8
Return on assets	%	9.2	9.2	8.1	7.2
Return on total equity	%	11.9	12.7	11.3	10.2
Return on operating equity ^c	%	9.7	9.7	8.6	7.7
<i>Financial management</i>					
Debt to equity	%	43.7	43.5	45.8	45.9
Debt to assets	%	29.0	28.9	30.6	31.0
Total liabilities to equity	%	84.8	98.1	101.4	100.8
Operating liabilities to equity ^d	%	51.0	50.7	52.2	53.2
Interest cover	times	4.9	4.9	4.2	3.8
Current ratio	%	60.1	63.9	59.1	49.6
Leverage ratio	%	151.0	150.7	152.2	153.2
<i>Payments to and from government</i>					
Dividends	\$'000	34 800	34 800	45 800	17 300
Dividend to equity ratio	%	4.0	4.0	5.2	1.9
Dividend payout ratio	%	41.1	41.0	60.2	24.2
Income tax expense	\$'000	29 082	32 665	29 588	28 454
Grants revenue ratio	%	–	–	–	–
CSO funding	\$'000	19 231	19 755	21 217	21 194 ^e

^a South East Water (SEW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for SEW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e Included reimbursements from the Department of Sustainability and Environment for the installation costs of the HydroShare scheme (used for monitoring water use and educational purposes). – Zero or rounded to zero.

Yarra Valley Water (YVW) operates under the *Corporations Act 2001*, subject to a licence and Statement of Obligations issued by the Victorian State Government under the *Water Industry Act 1994*.¹ YVW provides retail water supply and sewerage services as well as collecting tradewaste. It services almost 651 000 residential and business customers in the northern and eastern suburbs of Melbourne.

The Essential Services Commission became responsible for regulating the pricing and services of YVW on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for price increases for water and sewerage fixed and volumetric charges of 1.6 per cent above the inflation rate in each year until 30 June 2008.

Profit before tax fell \$19.1 million (38.9 per cent) in 2006-07. Although total income only decreased slightly, total expenses increased by \$19.4 million (5.9 per cent). This was mainly attributable to higher finance costs, depreciation expenses and contract payments.

Total assets increased by \$159 million (9.2 per cent) in 2006-07 — mainly from capital works in progress and additions to infrastructure (from completed works in progress). Total liabilities increased by \$152 million (13.7 per cent), primarily because of an increase in borrowings of almost \$123 million. As a result, debt to equity and debt to assets increased. The lower return on assets and return on equity reflected decreased profitability.

Yarra Valley Water is subject to dividend and income tax-equivalent payments. YVW made \$14.8 million in dividend payments in 2006-07, down almost 59.8 per cent from 2005-06, as the interim payment for 2006-07 was deferred to October 2007. As a result of the deferred payment, the dividend payout ratio decreased from 48.0 per cent in 2005-06 to 20.9 per cent in 2006-07. YVW recorded an income tax-equivalent expense of \$10.8 million in 2006-07.

Yarra Valley Water is reimbursed for the value of concessions provided to pensioners and not-for-profit entities. Community service obligation payments were \$25.7 million in 2006-07, accounting for 6.7 per cent of total income.

1 The licence, which operates unless and until revoked, sets out the geographical area in which YVW operates and details the rights and responsibilities of YVW and its customers. The Statement of Obligations, which was updated on 1 July 2007, imposes conditions regarding service connections, service provision on behalf of other agencies, dispute resolution, water quality monitoring, environmental management and asset management performance.

YARRA VALLEY WATER (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	1 552	1 557	1 719	1 878
Total income	\$m	381	382	384	384
<i>Profitability</i>					
Profit before tax	\$'000	61 129	61 296	49 162	30 016
Operating profit margin	%	25.9	25.9	24.6	21.5
Cost recovery	%	134.9	135.0	132.7	127.3
Return on assets	%	6.4	6.4	5.8	4.6
Return on total equity	%	12.4	14.1	12.8	11.4
Return on operating equity ^c	%	9.6	9.9	9.0	7.9
<i>Financial management</i>					
Debt to equity	%	76.5	76.3	84.4	96.4
Debt to assets	%	41.0	40.9	45.7	48.6
Total liabilities to equity	%	143.5	167.3	179.5	201.8
Operating liabilities to equity ^d	%	86.7	86.4	93.9	106.5
Interest cover	times	2.6	2.6	2.1	1.6
Current ratio	%	52.9	51.5	34.6	31.2
Leverage ratio	%	186.7	186.4	193.9	206.5
<i>Payments to and from government</i>					
Dividends	\$'000	44 100	44 100	36 800	14 800
Dividend to equity ratio	%	5.3	5.3	4.3	1.7
Dividend payout ratio	%	55.6	53.9	48.0	20.9
Income tax expense	\$'000	19 124	16 747	16 747	10 792
Grants revenue ratio	%	–	–	–	–
CSO funding	\$'000	21 142	23 226	23 813	25 690

^a Yarra Valley Water (YVW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for YVW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

Barwon Region Water Authority (Barwon Water) was established in February 1994 under the *Water Act 1989*.¹ Barwon Water is Victoria's largest regional urban water authority, providing water and sewerage services to over 275 000 residents in Geelong and surrounding areas. Barwon Water's Drought Response Plan was implemented in 2006-07 in the face of continued extremely dry conditions. The plan uses water restrictions to manage depleted storages and fast-tracks capital works to ensure future supply.

The Essential Services Commission became responsible for regulating the pricing and services of Barwon Water on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for price increases of 5.3 per cent above the inflation rate in each year until 30 June 2008. This resulted in customer bills increasing by 8.4 per cent in 2006-07.

Profit before tax fell by \$3.5 million (27.8 per cent) to \$9.0 million in 2006-07. Total income remained relatively stable in 2006-07, at \$106 million. Total expenses increased by \$4.7 million (5.1 per cent) because of growth in administration and direct operating expenses.

Assets increased by \$31.7 million to \$1.0 billion in 2006-07, mainly due to investment in capital works and a revaluation of land assets. Total liabilities increased by \$19.9 million (17.5 per cent) to \$134 million, due largely to increased borrowings. Consequently, debt to equity and debt to assets increased.

Barwon Water is subject to dividend and income tax-equivalent payments. No dividends were provided for in 2006-07. Barwon Water recorded an income tax-equivalent expense of \$2.9 million in 2006-07.

Barwon Water is reimbursed for the value of concessions provided to pensioners and others, and for the administration of community service obligation (CSO) schemes. CSO payments totalled \$5.1 million in 2006-07, accounting for 4.9 per cent of total income.²

1 Barwon Water operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed the Barwon Region Water Corporation.

2 Community service obligation payments were not separately recorded in Barwon Water's income statement but were acknowledged in its annual report commentary.

BARWON REGION WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	981	981	992	1 024
Total income	\$m	98	98	104	106
<i>Profitability</i>					
Profit before tax	\$'000	11 236	11 236	12 506	9 030
Operating profit margin	%	18.2	18.3	16.9	11.9
Cost recovery	%	122.3	122.5	120.3	113.6
Return on assets	%	1.5	1.5	1.7	1.3
Return on total equity	%	1.7	1.7	1.6	1.1
Return on operating equity ^c	%	1.7	1.7	1.6	1.0
<i>Financial management</i>					
Debt to equity	%	6.2	6.2	6.7	7.7
Debt to assets	%	5.7	5.7	6.2	7.1
Total liabilities to equity	%	11.1	12.7	13.0	15.1
Operating liabilities to equity ^d	%	9.0	9.0	8.8	10.4
Interest cover	times	4.0	4.0	4.0	3.0
Current ratio	%	91.0	61.3	56.3	63.7
Leverage ratio	%	109.0	109.0	108.8	110.4
<i>Payments to and from government</i>					
Dividends	\$'000	1 014	1 014	–	–
Dividend to equity ratio	%	0.1	0.1	–	–
Dividend payout ratio	%	6.7	6.7	–	–
Income tax expense	\$'000	3 461	3 461	3 832	2 932
Grants revenue ratio	%	–	0.2	0.3	1.9
CSO funding ^e	\$'000	4 691	4 694	5 035	5 121

^a Barwon Region Water Authority (Barwon Water) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Barwon Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e Barwon Water did not report community service obligation payments separately in the income statement. However, they were acknowledged in its annual report commentary. – Zero or rounded to zero.

Coliban Region Water Authority (Coliban Water) was established under the *Water Act 1989*.¹ It provides water and wastewater services to over 66 000 urban and rural customers in Northern Central Victoria and manages, maintains and operates over 50 reservoirs and water storage basins. Coliban Water has two Build Own Operate Transfer (BOOT) schemes that provide water services in some regional areas.²

The Essential Services Commission became responsible for regulating the pricing and services of Coliban Water on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for average annual price increases of 4.4 per cent above the inflation rate until 30 June 2008.

Coliban Water reported a loss before tax of \$16.7 million in 2006-07. Total income decreased by \$2.9 million (5.8 per cent) to \$47.4 million, largely because of a fall in usage charge revenue. Total expenses increased slightly (2.1 per cent) due to higher partnership contract expenses.

Total assets increased by \$67.3 million (8.0 per cent) to \$909 million in 2006-07, primarily due to higher spending on capital works in progress. Total liabilities increased by \$37.3 million (31.4 per cent) to \$156 million due to new borrowings and trade creditors.

Coliban Water is subject to dividend and income tax-equivalent payments. No dividends or income tax-equivalent expenses were recorded in 2006-07, as Coliban Water declared an operating loss.³

Coliban Water was reimbursed \$2.9 million for concessions provided to pensioners and rebates to non-profit organisations in 2006-07. This represented 6.1 per cent of total income.⁴

1 Coliban Water operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Coliban Region Water Corporation.

2 Coliban Water has been engaged in three BOOT schemes over the past ten years, of which two remain in operation. One was signed with Bendigo Water Services Pty Ltd in 1999 for the provision of water treatment services in Bendigo, Castlemaine and Kyneton. The other was signed with ETE Coliban Pty Ltd in 2002 for the provision of water reclamation and reuse services for Echuca and Rochester. Contract payments comprise fixed and variable components made by Coliban Water over the 25-year contract period.

3 Coliban Water states in its annual report that it expects to remain in a tax loss position for some time and thus is unlikely to incur income tax-equivalent payments in the near future.

4 Community service obligation payments were not separately recorded in Coliban Water's income statement, but were acknowledged in its annual report commentary.

COLIBAN REGION WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^{a,c}	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	753	855	841	909
Total income	\$m	50	50	50	47
<i>Profitability</i>					
Profit before tax	\$'000	-6 536	-8 981	-12 426	-16 653
Operating profit margin	%	-19.7	-9.4	-11.7	-19.7
Cost recovery	%	83.5	91.4	89.5	83.5
Return on assets	%	-0.9	-0.2	-0.5	-1.0
Return on total equity	%	-1.3	-0.6	-0.8	-1.2
Return on operating equity ^d	%	-1.3	-0.6	-0.8	-1.3
<i>Financial management</i>					
Debt to equity	%	–	14.6	14.7	17.3
Debt to assets	%	–	12.6	12.5	14.8
Total liabilities to equity	%	1.7	16.3	16.5	20.8
Operating liabilities to equity ^e	%	1.7	16.3	16.5	20.9
Interest cover	times	..	..	..	..
Current ratio	%	399.3	199.4	110.7	45.7
Leverage ratio	%	101.7	116.3	116.5	120.9
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	–	–	–	–
CSO funding ^f	\$'000	2 616	2 616	2 881	2 884

^a Coliban Region Water Authority (Coliban Water) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Coliban Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Under AIFRS, Coliban Water includes its Build Own Operate Transfer (BOOT) schemes as financial leases. This affects its gross interest expense and level of debt, which are used to calculate a number of performance indicators (chapter 1). ^d Refers to 'return on equity based on operating assets and liabilities'. ^e Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^f Coliban Water did not report community service obligation payments separately in its income statement. However, they were acknowledged in its annual report commentary. .. Not applicable. – Zero or rounded to zero.

Goulburn Valley Region Water Authority (GVW) was established in March 1994 under the *Water Act 1989*.¹ GVW provides water and wastewater services to a population of more than 121 000 in Northern Central Victoria, including the townships of Seymour, Euroa and Shepparton.

The Essential Services Commission became responsible for regulating the pricing and services of GVW on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for price increases of 4.7 per cent above the inflation rate in each year until 30 June 2008.

Profit before tax increased by \$1.8 million to \$2.3 million in 2006-07. Total expenses remained relatively stable at \$43.9 million, while total income increased by 6.6 per cent to \$46.2 million, mainly because of higher revenue from fees and charges.

Total assets increased by \$13.8 million (2.8 per cent) to \$497 million in 2006-07, due largely to an increase in infrastructure assets. Total liabilities increased by \$12.2 million (21.1 per cent) to \$70.1 million, mostly due to higher short-term borrowings and growth in deferred tax liabilities. Return on assets increased from 0.5 per cent in 2005-06 to 0.9 per cent in 2006-07.

Although GVW is subject to dividend and income tax-equivalent payments, no dividend payments were required in 2004-05 or 2005-06. The Board estimates that no payment will be required for the 2006-07 period. GVW recorded an income tax-equivalent expense of \$688 000 in 2006-07.

Community service obligation (CSO) payments totalling \$2.2 million were received in 2006-07. These payments reimburse GVW for providing concessions to pensioners and others. The costs of administration of these schemes is also funded. CSOs constitute approximately 4.8 per cent of total income.²

1 Goulburn Valley Region Water Authority operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Goulburn Valley Region Water Corporation.

2 Community service obligation payments were not separately recorded in GVW's income statement but were acknowledged in its annual report commentary.

GOULBURN VALLEY REGION WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	479	486	483	497
Total income	\$m	48	47	43	46
<i>Profitability</i>					
Profit before tax	\$'000	5 320	5 320	463	2 268
Operating profit margin	%	6.7	8.5	6.0	5.9
Cost recovery	%	107.1	109.2	106.4	106.2
Return on assets	%	1.4	1.4	0.5	0.9
Return on total equity	%	0.7	0.5	0.6	0.5
Return on operating equity ^c	%	0.7	0.5	0.6	0.4
<i>Financial management</i>					
Debt to equity	%	6.3	6.3	6.2	7.1
Debt to assets	%	5.8	5.8	5.7	6.6
Total liabilities to equity	%	8.3	12.6	13.6	16.4
Operating liabilities to equity ^d	%	8.3	8.3	8.0	9.6
Interest cover	times	5.5	5.5	1.2	2.2
Current ratio	%	102.5	90.4	158.5	72.8
Leverage ratio	%	108.3	108.3	108.0	109.6
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	–	–	–	–
Income tax expense	\$'000	–	1 598	142	688
Grants revenue ratio	%	0.5	0.5	–	–
CSO funding ^e	\$'000	1 941	1 941	2 153	2 211

^a Goulburn Valley Region Water Authority (GVW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for GVW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e GVW did not report community service obligation payments separately in its income statement. However, they were acknowledged in its annual report commentary. – Zero or rounded to zero.

Central Gippsland Region Water Authority (Gippsland Water) was established on 21 December 1994 under the *Water Act 1989*.¹ It provides water and wastewater services to around 130 000 people in 41 towns in the Central Gippsland area.

The Essential Services Commission became responsible for regulating the pricing and services of Gippsland Water on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for price increases of 4.7 per cent above the inflation rate in each year until 30 June 2008.

Gippsland Water recorded a profit before tax of \$3.5 million in 2006-07, 54.2 per cent down on 2005-06, despite a 4.1 per cent rise in revenue. This was outweighed by an 11.9 per cent increase in expenses, due to a combination of increased supplier costs, employee benefits and borrowing costs.

Total assets grew by \$56.6 million (10.2 per cent) to \$612 million in 2006-07. This was due to an increase in capital works-in-progress (particularly for the Gippsland Water Factory — a water recycling project) and land revaluations. Gippsland Water borrowed for the first time in 2005-06 to finance part of this infrastructure development (previously, capital development was funded entirely from retained earnings and government grants). Debt increased by \$15.0 million (107 per cent) in 2006-07. As a result, total liabilities increased by \$24.1 million (93.9 per cent) to \$49.8 million. Debt to equity and debt to assets increased to 5.2 per cent and 5.0 per cent respectively.

Gippsland Water is subject to dividend and income tax-equivalent payments. No dividend was paid in 2006-07. Gippsland Water did not make income tax-equivalent payments in 2006-07 because it did not generate a taxable income.²

Gippsland Water received community service obligation payments of \$3.0 million in 2006-07 for pensioner rebate and health care card concession schemes, and rebates for not-for-profit organisations and other programs. This represented 4.4 per cent of total income.³

1 Gippsland Water operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Central Gippsland Region Water Corporation.

2 Gippsland Water considers it unlikely that operating profits will be sufficient in the foreseeable future to offset income tax deductions associated with the tax depreciation of assets. This is due to higher (accelerated) tax depreciation rates compared with accounting depreciation rates.

3 Community service obligation payments were not separately recorded in Gippsland Water's income statement but were acknowledged in its annual report commentary.

CENTRAL GIPPSLAND REGION WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	498	498	556	612
Total income	\$m	64	64	66	68
<i>Profitability</i>					
Profit before tax	\$'000	8 921	8 909	7 706	3 528
Operating profit margin	%	13.3	13.3	7.9	0.9
Cost recovery	%	115.4	115.4	108.6	100.9
Return on assets	%	1.8	1.8	1.5	0.8
Return on total equity	%	1.7	1.7	1.0	0.1
Return on operating equity ^c	%	1.7	1.8	1.0	0.1
<i>Financial management</i>					
Debt to equity ^d	%	–	–	2.7	5.2
Debt to assets ^d	%	–	–	2.7	5.0
Total liabilities to equity	%	2.6	2.7	4.8	8.9
Operating liabilities to equity ^e	%	2.6	2.7	4.9	8.9
Interest cover	times	..	..	77.3	4.4
Current ratio	%	265.4	221.1	351.7	221.5
Leverage ratio	%	102.6	102.7	104.9	108.9
<i>Payments to and from government</i>					
Dividends ^f	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	–	–	–	–
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	–	–	2.0	2.2
CSO funding ^g	\$'000	2 384	2 384	2 709	3 002

^a Central Gippsland Region Water Authority (Gippsland Water) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Gippsland Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Gippsland Water operated debt free prior to 2005-06, with capital expenditure funded from retained earnings and government grants. ^e Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^f The dividend relating to the 2005-06 financial year was estimated to be \$220 000. However, payment was not requested by the portfolio Minister. ^g Gippsland Water did not report community service obligation payments separately in the income statement. However, they were acknowledged in its annual report commentary. .. Not applicable. – Zero or rounded to zero.

Central Highlands Region Water Authority (CHW) was established on 1 July 1994 and operates under the *Water Act 1989*.¹ It provides water and wastewater services to a population of over 120 000 in Ballarat and surrounding areas. CHW has two Build Own Operate and Transfer (BOOT) schemes to provide water services in some regional areas.²

The Essential Services Commission became responsible for regulating the pricing and services of CHW on 1 January 2004. Its first price determination, which became effective from 1 July 2005, provided for price increases of 4.8 per cent above the inflation rate in each year until 30 June 2008.

A loss before tax of \$1.8 million was reported in 2006-07, an improvement compared with a loss of \$3.2 million in 2005-06. Total income rose 10.6 per cent to \$48.2 million, mostly because of a \$3.4 million increase in the value of resources received free of charge or for nominal cost. Revenue from volume charges fell by \$1.2 million due to drought conditions. However, this was outweighed by a \$2.5 million increase in service charge revenue. Total expenses increased by 7.0 per cent to \$50.1 million due to higher BOOT tolls and amortisation expenses.

Total assets increased by \$55.8 million (9.0 per cent) to \$674 million, due to \$71.0 million in capital works. Total liabilities increased by \$27.7 million (37.1 per cent) to \$102 million in 2006-07.

No dividend was paid in 2006-07. CHW recorded an income tax-equivalent benefit of \$697 000 in 2006-07, because it recorded a loss.

Community service obligation payments are made to CHW for the provision of concessions to pensioners and others. These payments totalled \$2.7 million in 2006-07, accounting for 5.6 per cent of total income.³

1 Central Highlands Region Water Authority operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Central Highlands Region Water Corporation.

2 CHW entered into a BOOT agreement with Thames Water Ballarat in April 1999. A second BOOT agreement was entered into with Thames Water in November 2003 for water treatment facilities for Beaufort, Blackwood, Forest Hill and Clunes. The contracts require CHW to pay an annual charge comprising both fixed and variable components for 20 years, after which ownership of the water facilities will be transferred to CHW.

3 Community service obligation payments were not separately recorded in CHW's income statement but were acknowledged in its annual report commentary.

CENTRAL HIGHLANDS REGION WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^{a,c}	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	579	619	619	674
Total income	\$m	43	41	44	48
<i>Profitability</i>					
Profit before tax	\$'000	654	-2 500	-3 164	-1 813
Operating profit margin	%	21.5	20.1	6.9	13.7
Cost recovery	%	127.3	125.2	107.4	115.8
Return on assets	%	1.1	0.5	0.7	1.1
Return on total equity	%	1.7	1.7	0.2	1.3
Return on operating equity ^d	%	1.7	1.7	0.2	1.2
<i>Financial management</i>					
Debt to equity	%	0.1	6.9	6.8	8.7
Debt to assets	%	0.1	6.4	6.3	8.0
Total liabilities to equity	%	2.5	13.3	13.7	17.9
Operating liabilities to equity ^e	%	1.5	8.4	8.4	12.8
Interest cover	times	1.1	0.6	0.6	0.8
Current ratio	%	460.2	347.1	300.8	101.4
Leverage ratio	%	101.5	108.4	108.4	112.8
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	–	–	–	–
Income tax expense	\$'000	256	–	1 949	-697
Grants revenue ratio	%	0.6	0.7	0.1	0.9
CSO funding ^f	\$'000	2 251	2 251	2 687	2 687

^a Central Highlands Region Water Authority (CHW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for CHW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Under AIFRS, CHW includes its Build Own Operate Transfer (BOOT) schemes as financial leases. This affects its gross interest expense and level of debt, which are used to calculate a number of performance indicators (chapter 1). ^d Refers to 'return on equity based on operating assets and liabilities'. ^e Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^f CHW did not report community service obligation payments separately in its income statement. However, they were acknowledged in its annual report commentary. – Zero or rounded to zero.

GIPPSLAND AND SOUTHERN RURAL WATER AUTHORITY Victoria

Gippsland and Southern Rural Water Authority (Southern Rural Water) was established on 1 July 1995 under the *Water Act 1989*.¹ Southern Rural Water provides irrigation water to customers in three districts, and administers groundwater and surface water licences in Southern Victoria. It also manages several water storage dams that supply irrigators, urban water authorities and several power generators, as well as recreational facilities at these storage sites.

The Essential Services Commission became responsible for regulating the pricing and services of Southern Rural Water on 1 January 2004. Its first price determination became effective from 1 July 2006. It provided for a price increase of 3.7 per cent above the inflation rate, with prices for 2007-08 to be finalised when updated demand figures became available.

Southern Rural Water recorded a loss before tax of \$5.5 million in 2006-07, compared with the \$1.1 million loss recorded in 2005-06. Total income decreased 8.1 per cent to \$23.3 million, mainly due to a \$3.9 million decrease in chargeable works revenue. However, service charge revenue increased by \$2.8 million and revenue from the sale of water remained steady. Total expenses increased by \$2.3 million (8.8 per cent) to \$28.8 million.

Southern Rural Water's total assets remained largely steady in 2006-07, increasing by 1.0 per cent to \$452 million. Total liabilities increased by 14.2 per cent to \$6.5 million in 2006-07, mainly because of increases in provisions for repairs and employee benefits. Southern Rural Water had no debt in 2006-07.

No dividend was paid or provided for in 2006-07. Southern Rural Water did not make income tax-equivalent payments in 2006-07 because of its loss.

Southern Rural Water received community service obligation (CSO) payments of \$4113 in 2006-07, for the provision of concession to pensioners.² In addition to the CSO funding, it received grants from the Victorian Government for programs including salinity projects, the Streamflow Management Plan, groundwater appraisals and drought response activities (\$898 000).

1 Southern Rural Water operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Gippsland and Southern Rural Water Corporation.

2 Community service obligation payments were not separately recorded in Southern Rural Water's income statement but were acknowledged in its annual report commentary.

GIPPSLAND AND SOUTHERN RURAL WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	443	443	448	452
Total income	\$m	20	20	25	23
<i>Profitability</i>					
Profit before tax	\$'000	-1 437	-1 079	-1 121	-5 503
Operating profit margin	%	-23.0	-22.5	-17.9	-32.6
Cost recovery	%	81.3	81.6	84.8	75.4
Return on assets	%	-0.3	-0.2	-0.3	-1.2
Return on total equity	%	-0.9	-0.9	-0.9	-1.6
Return on operating equity ^c	%	-0.9	-0.9	-0.9	-1.6
<i>Financial management</i>					
Debt to equity	%	–	–	–	–
Debt to assets	%	–	–	–	–
Total liabilities to equity	%	1.2	1.2	1.3	1.5
Operating liabilities to equity ^d	%	1.2	1.2	1.3	1.5
Interest cover	times	..	..	..	..
Current ratio	%	269.8	215.8	265.9	242.7
Leverage ratio	%	101.2	101.2	101.3	101.5
<i>Payments to and from government</i>					
Dividends ^e	\$'000	380	380	–	–
Dividend to equity ratio	%	0.1	0.1	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	10.6	10.6	2.4	3.9
CSO funding ^f	\$'000	2	2	4	4

^a Gippsland and Southern Rural Water Authority (Southern Rural Water) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Southern Rural Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e The Victorian Government White Paper *Securing our Water Future Together* states at item 6.6 that the government will forgo its dividend entitlement for the 2005-06 financial year. ^f Southern Rural Water did not report community service obligation payments separately in its income statement. However, they were acknowledged in its annual report commentary. .. Not applicable. – Zero or rounded to zero.

Lower Murray Urban and Rural Water Authority (LMW) was established on 1 July 2004 under the *Water Act 1989*.¹ LMW was formed by the merger of the Lower Murray Regional Water Authority's urban water and wastewater business with the Sunraysia Rural Water Authority's rural water business. LMW provides urban water and wastewater services, river quality water services and the collection and disposal of subsurface drainage for three pumped irrigation districts in North-West Victoria. It also manages the region's rural bulk water entitlement and private diversion licences of water users along the Murray River in the area.

The Essential Services Commission became responsible for regulating the pricing and services of LMW on 1 January 2004. Its first price determination became effective from 1 July 2006. It provided for an average price increase of 2.6 per cent for urban water customers and a reduction of 6.6 per cent for rural water customers, excluding the inflation rate, for the two-year period until 30 June 2008.

Profit before tax increased 2.9 per cent to \$720 000 in 2006-07. Total income fell by \$1.6 million (3.6 per cent), primarily because of lower contributions for capital works. Total expenses also decreased by \$1.6 million (3.7 per cent).

Total assets increased by \$3.7 million (0.8 per cent) to \$484 million in 2006-07, largely due to an increase in cash holdings of \$4.3 million. Total liabilities increased by \$4.5 million (6.7 per cent) to \$71.3 million because of higher payables and deferred tax liabilities. Return on assets was steady at 0.2 per cent in 2006-07.

No dividend was paid or provided for in 2006-07. An income tax-equivalent expense of \$1.5 million was recorded in 2006-07. The high income tax-equivalent expense relative to profit arose because of the difference between tax and accounting valuations.

Community service obligation (CSO) payments of \$1.2 million were received in 2006-07. These relate to the provision of concessions to pensioners, the Water and Sewerage Rebate Scheme and the Utility Relief Grants Scheme. CSO payments accounted for 2.8 per cent of total income in 2006-07.

1 Lower Murray Urban and Rural Water Authority operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Lower Murray Urban and Rural Water Corporation.

LOWER MURRAY WATER (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	468	472	481	484
Total income	\$m	38	39	43	42
<i>Profitability</i>					
Profit before tax	\$'000	-2 653	-2 426	700	720
Operating profit margin	%	-15.9	-15.2	-5.7	-10.2
Cost recovery	%	86.3	86.8	94.6	90.8
Return on assets	%	-0.6	-0.5	0.2	0.2
Return on total equity	%	-1.6	-1.8	-0.6	-1.3
Return on operating equity ^c	%	-1.6	-1.6	-0.5	-1.1
<i>Financial management</i>					
Debt to equity	%	0.1	0.1	0.1	0.1
Debt to assets	%	0.1	0.1	0.1	0.1
Total liabilities to equity	%	3.1	16.5	16.1	17.3
Operating liabilities to equity ^d	%	1.7	1.6	1.6	1.9
Interest cover	times	..	..	24.3	27.7
Current ratio	%	512.0	391.6	543.6	500.6
Leverage ratio	%	101.7	101.6	101.6	101.9
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	1 791	1 828	81	1 532
Grants revenue ratio	%	0.3	0.3	–	–
CSO funding	\$'000	1 195	1 195	1 259	1 187

^a Lower Murray Urban and Rural Water Authority (LMW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for LMW. ^b LMW was formed on 1 July 2004 when the Sunraysia Rural Water Authority (SRW) and the Lower Murray Regional Water Authority were merged. Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. .. Not applicable. – Zero or rounded to zero.

Grampians Wimmera Mallee Rural Water Authority (GWMWater) was established on 1 July 2004 under the Water Act 1989.¹ GWMWater was formed following the merger of Grampians Water and Wimmera Mallee Water. GWMWater provides water and wastewater services to urban and some rural customers in Central Western Victoria, serving approximately 72 000 people.

The Essential Services Commission became responsible for regulating the pricing and services of GWMWater on 1 January 2004. Its first price determination became effective from 1 July 2006. It provided for an average price increase of 1.9 per cent for urban water customers and a reduction of 2.3 per cent for rural water customers, excluding the inflation rate, for the two-year period until 30 June 2008.

A loss before tax of \$22.8 million was recorded in 2006-07, compared with a \$7.8 million loss in 2005-06. GWMWater attributed its operating position over the past two years to the impact of drought conditions. Revenue from general rates and charges fell by \$1.8 million in 2006-07. However, total income increased by \$3.3 million as a result of higher government contributions. Total expenses increased by \$18.3 million (40.7 per cent) to \$63.4 million, largely because of increased depreciation of distribution infrastructure (\$18.2 million).

Total assets increased by \$157 million (24.5 per cent) to \$796 million in 2006-07, mainly due to increases in cash holdings and capital works of \$36.0 million and \$136 million respectively. Total liabilities increased by \$24.7 million (209 per cent) to \$36.5 million, because of a \$23.8 million increase in payables.

No dividends were paid or provided for, and no income tax-equivalent expense was recorded in 2006-07, as GWMWater declared an operating loss.

Community service obligation payments totalling \$7.5 million were received in 2006-07, relating to the provision of concessions to pensioners and several rebate schemes. These payments were \$5.7 million higher than in 2005-06, mostly due to the introduction of the Drought Relief Rebate Scheme, and amounted to 18.5 per cent of total income for 2006-07.²

1 Grampians Wimmera Mallee Rural Water Authority operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Grampians Wimmera Mallee Water Corporation.

2 Community service obligation payments were not separately recorded in GWMWater's income statement but were acknowledged in its annual report commentary.

GRAMPIANS WIMMERA MALLEE WATER (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	638	638	639	796
Total income	\$m	34	34	37	41
<i>Profitability</i>					
Profit before tax	\$'000	-7 168	-7 040	-7 786	-22 800
Operating profit margin	%	-21.6	-21.4	-25.3	-88.4
Cost recovery	%	82.3	82.4	79.8	53.1
Return on assets	%	-1.1	-1.1	-1.2	-3.1
Return on total equity	%	-1.1	-1.1	-1.4	-4.3
Return on operating equity ^c	%	-1.1	-1.1	-1.4	-4.3
<i>Financial management</i>					
Debt to equity	%	0.5	0.5	0.5	0.6
Debt to assets	%	0.5	0.5	0.5	0.6
Total liabilities to equity	%	1.5	1.5	1.9	4.8
Operating liabilities to equity ^d	%	1.5	1.5	1.9	4.8
Interest cover	times	..	..	..	..
Current ratio	%	229.1	145.8	145.4	192.7
Leverage ratio	%	101.5	101.5	101.9	104.8
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	2.4	2.4	2.5	13.0
CSO funding ^e	\$'000	1 699	1 699	1 832	7 516

^a Grampians Wimmera Mallee Rural Water Authority (GWMWater) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for GWMWater. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e GWMWater did not report community service obligation payments separately in its income statement. However, they were acknowledged in its annual report commentary. .. Not applicable. – Zero or rounded to zero.

Goulburn–Murray Rural Water Authority (GMW) was established on 1 July 1994 under the *Water Act 1989*.¹ GMW is responsible for the supply, storage and delivery of water to irrigators and regional urban water authorities over an area of 68 000 square kilometres in Northern Victoria. It is also responsible for some bulk water supply outside the region and for the management and operation of several facilities for the Murray–Darling Basin Commission.

The Essential Services Commission became responsible for regulating the pricing and services of GMW on 1 January 2004. Its first price determination, which became effective from 1 July 2006, provided for a price reduction of 2.2 per cent excluding the inflation rate for the two-year period until 30 June 2008.

A loss before tax of \$28.3 million was recorded in 2006-07, considerably higher than the loss of \$4.2 million declared in 2005-06. Total income decreased slightly, by \$1.5 million (1.3 per cent). Total expenses increased by \$22.5 million (18.2 per cent), accounting for GMW's lower profitability. This was largely because of a \$16.6 million increase in maintenance and operating expenses, particularly for irrigation and drainage infrastructure (\$10.7 million).

Total assets increased by \$30.7 million (1.6 per cent) to approximately \$2.0 billion in 2006-07, mainly due to increased receivables and an upwards revaluation of land assets. Total liabilities increased by \$7.7 million (13.8 per cent) because of higher trade payables and employee benefits.

No dividends were paid or provided for, and no income tax-equivalent expense recorded in 2006-07, as GMW made a loss.

Community service obligation (CSO) payments totalling \$21.2 million were received in 2006-07, of which just under \$30 000 was for the provision of concessions to pensioners. The remainder was for the provision of the Drought Relief Rebate Scheme, whereby users receiving less than 50 per cent of their water right allocations were eligible for a rebate on fixed water charges. This scheme was introduced in 2006-07, explaining the drastic increase in CSO payments from \$69 000 provided in 2005-06.²

1 Goulburn–Murray Rural Water Authority operated as a statutory authority in 2006-07. It became a statutory corporation on 1 July 2007 and was renamed Goulburn–Murray Rural Water Corporation.

2 Community service obligation payments were not separately recorded in GMW's income statement but were acknowledged in its annual report commentary.

GOULBURN–MURRAY RURAL WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	1 938	1 938	1 950	1 981
Total income	\$m	111	111	120	118
<i>Profitability</i>					
Profit before tax	\$'000	-11 410	-11 410	-4 215	-28 250
Operating profit margin	%	-19.7	-19.7	-14.9	-39.7
Cost recovery	%	83.6	83.6	87.1	71.6
Return on assets	%	-0.5	-0.5	-0.2	-1.4
Return on total equity	%	-1.1	-1.1	-0.8	-2.2
Return on operating equity ^c	%	-1.1	-1.1	-0.8	-2.2
<i>Financial management</i>					
Debt to equity	%	0.8	0.8	0.7	0.7
Debt to assets	%	0.8	0.8	0.7	0.7
Total liabilities to equity	%	3.1	3.1	3.0	3.3
Operating liabilities to equity ^d	%	3.1	3.1	3.0	3.3
Interest cover	times	..	..	..	..
Current ratio	%	157.0	128.5	108.5	101.2
Leverage ratio	%	103.1	103.1	103.0	103.3
<i>Payments to and from government</i>					
Dividends	\$'000	–	–	–	–
Dividend to equity ratio	%	–	–	–	–
Dividend payout ratio	%	..	..	..	..
Income tax expense	\$'000	–	–	–	–
Grants revenue ratio	%	8.0	8.0	9.1	11.3
CSO funding ^e	\$'000	53	53	69	21 183 ^f

^a Goulburn–Murray Rural Water Authority (GMW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for GMW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e GMW did not report community service obligation payments separately in the income statement. However, they were acknowledged in its annual report commentary. ^f Included \$21 million for the Drought Relief Rebate Scheme, which provided a rebate on fixed water charges for users who received less than 50 per cent of water right allocation as at 1 December 2006. .. Not applicable. – Zero or rounded to zero.

SunWater was established under the *Government Owned Corporations Act 1993* on 1 October 2000. SunWater owns and operates bulk water storage and distribution infrastructure, and supplies irrigators, industrial and urban bulk water customers.

SunWater has commercial autonomy over pricing, subject to price paths set by the Queensland Government or directives from shareholding Ministers. A new irrigation price path became effective on 1 July 2006.¹

SunWater reported a profit before tax of \$20.1 million for 2006-07, compared to a loss of \$71 000 for 2005-06. Total income increased by \$13.0 million (10.1 per cent) to \$143 million. This was largely due to an \$11.5 million increase in irrigation and industrial water revenue. Total expenses decreased by \$7.2 million to \$122 million due to lower impairment expenses.

Total assets increased by \$212 million (36.7 per cent) to \$789 million in 2006-07, almost entirely due to increased capital works. Total liabilities increased by \$190 million (121 per cent) because of increased borrowings. SunWater's debt increased by 195 per cent, driving increases in the debt to equity and debt to assets to 72.0 per cent and 45.8 per cent respectively. Higher profitability was reflected in improved return on assets and return on equity.

SunWater is subject to dividend payments. However, the funds are allocated to dividend reinvestment programs that finance water industry initiatives such as fish locks and an online climate forecasting tool. A dividend payment of \$6.2 million was provided for in 2006-07.

Despite recording an operating profit, SunWater recorded a tax credit of \$8.0 million in 2006-07 following an Australian Taxation Office ruling allowing the write-off of expenditure for construction of a water facility in 2004.

SunWater received \$10.1 million in community service obligation (CSO) funding in 2006-07. This was largely accounted for by the Rural Water Subsidy, which compensates SunWater for the regulated pricing shortfall incurred against the efficient costs of storage and distribution of water for irrigation purposes. CSO funding represented 7.1 per cent of total income in 2006-07.

¹ The price path is for five years until 30 June 2011.

SUNWATER (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	458	424	577	789
Total income	\$m	151	117	130	143
<i>Profitability</i>					
Profit before tax	\$'000	49 894	-18 671	-71	20 131
Operating profit margin	%	11.7	-19.3	-12.0	16.3
Cost recovery	%	113.2	83.8	89.3	119.5
Return on assets	%	11.5	-4.5	0.6	4.2
Return on total equity	%	2.4	-4.0	-3.1	7.2
Return on operating equity ^c	%	2.4	-4.0	-3.4	8.4
<i>Financial management</i>					
Debt to equity	%	1.9	2.1	25.7	72.0
Debt to assets	%	1.7	1.9	20.6	45.8
Total liabilities to equity	%	14.0	15.3	37.5	78.6
Operating liabilities to equity ^d	%	7.7	9.0	38.2	83.0
Interest cover	times	94.3	..	1.0	5.0
Current ratio	%	301.1	281.4	122.8	130.8
Leverage ratio	%	107.7	109.0	138.2	183.0
<i>Payments to and from government</i>					
Dividends	\$'000	373	373	3 003	6 170
Dividend to equity ratio	%	0.1	0.1	0.8	1.7
Dividend payout ratio	%	3.9	..	..	20.0
Income tax expense	\$'000	3 729	-7 048	-1 366	-8 031
Grants revenue ratio	%	–	–	4.3	0.1
CSO funding	\$'000	6 097	6 097	6 556	10 073

^a SunWater commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for SunWater. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. .. Not applicable. – Zero or rounded to zero.

Water Corporation was established on 1 January 1996 under the *Water Corporation Act 1995* and operates under a 25 year licence issued by the Economic Regulation Authority.¹ It provides water and wastewater services to almost 2 million people across urban and regional Western Australia, covering an area of 2.5 million square kilometres. The Perth Seawater Desalination Plant was commissioned and began producing drinking water in November 2006. It provides 17 per cent of Perth's drinking water annually (Water Corporation 2007).

The WA Government is responsible for setting water prices. The average general price increased by 3.6 per cent in 2006-07. As in the previous two financial years, this increase was in line with the consumer price index.

Profit before tax increased by \$51.0 million (7.5 per cent) to \$732 million in 2006-07. Total income increased by 10.6 per cent, to almost \$1.6 billion, because of increased revenue from service and volume charges (\$70.0 million) and developer contributions (\$56.0 million). Total expenses increased by 12.8 per cent to \$835 million, due to a rise in most expense items.

Total assets increased by \$523 million (4.9 per cent) in 2006-07, primarily due to investments in capital infrastructure, particularly systems assets. Total liabilities increased by \$367 million (17.8 per cent) due to increased borrowings associated with infrastructure expansion. Debt increased by 22.4 per cent to \$1.8 billion in 2006-07, which increased debt to equity and debt to assets by 3.4 and 2.4 percentage points respectively.

Water Corporation is subject to dividend and income tax-equivalent payments. Water Corporation's dividend policy is to pay 85 per cent of after-tax profits. It made dividend payments of \$356 million in 2006-07. An income tax-equivalent expense of \$218 million was also recorded.

Water Corporation receives community service obligation (CSO) payments for costs incurred in providing country services, pensioner concessions and a program to eliminate septic tanks. CSO payments increased by \$20.0 million (5.9 per cent) to total \$360 million in 2006-07. This accounted for 23.0 per cent of Water Corporation's total income.

¹ The operating licence was issued in 1996 and expires in 2011.

WATER CORPORATION (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06 ^c	2006-07
<i>Size</i>					
Total assets	\$m	10 094	10 054	10 579	11 102
Total income	\$m	1 315	1 314	1 416	1 566
<i>Profitability</i>					
Profit before tax	\$'000	605 034	602 996	681 000	732 000
Operating profit margin	%	49.7	49.7	51.2	51.3
Cost recovery	%	198.9	199.0	205.1	205.3
Return on assets	%	6.6	6.6	7.2	7.5
Return on total equity	%	5.5	5.5	6.1	6.7
Return on operating equity ^c	%	5.3	5.3	5.9	6.5
<i>Financial management</i>					
Debt to equity	%	12.3	12.3	16.8	20.2
Debt to assets	%	10.7	10.7	14.4	16.8
Total liabilities to equity	%	19.4	19.6	24.2	28.0
Operating liabilities to equity ^d	%	15.4	14.9	19.9	23.4
Interest cover	times	11.8	11.1	12.9	10.2
Current ratio	%	34.9	39.8	58.5	66.0
Leverage ratio	%	115.4	114.9	119.9	123.4
<i>Payments to and from government</i>					
Dividends	\$'000	311 477	306 627	362 000	356 000
Dividend to equity ratio	%	3.6	3.5	4.1	4.0
Dividend payout ratio	%	67.2	65.8	70.2	61.7
Income tax expense	\$'000	183 531	179 879	202 000	218 000
Grants revenue ratio	%	–	0.5	0.8	0.6
CSO funding	\$'000	288 253	288 253	340 000	360 000

^a Water Corporation commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Water Corporation.

^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

South Australian Water Corporation (SA Water) was established under the *South Australian Water Corporation Act 1994*, and operates subject to the *Public Corporations Act 1993*. SA Water provides water and wastewater services to over 1.5 million customers in metropolitan and country areas of SA.¹

Charges for water and sewerage services are set by the SA Government. The Essential Service Commission of South Australia is engaged to conduct annual inquiries into the pricing decisions that are independent and publicly available.

Profit before tax decreased by \$12.6 million (3.9 per cent) to \$312 million in 2006-07. Total income increased by \$25.3 million (3.0 per cent) to \$857 million due to higher revenue from water rates and charges. This was outweighed by a \$37.6 million (7.4 per cent) increase in total expenses, largely because of higher operational and service contract costs, and depreciation expenses.

Total assets increased by \$729 million (10.1 per cent) in 2006-07, mainly because of additions to infrastructure, plant and equipment. Total liabilities increased by \$246 million (12.0 per cent) because of an increase in deferred tax liabilities and the value of finance leases relating to Build Own Operate Transfer agreements.

SA Water is subject to dividend and income tax-equivalent payments. Dividends of \$208 million were paid in 2006-07, down 4.3 per cent from 2005-06. An income tax-equivalent expense of \$94.2 million was recorded for 2006-07.

SA Water receives community service obligation (CSO) payments related to the cost of water and wastewater services in country areas, the administration of a pensioner concession scheme, and the provision of water and wastewater concessions to exempt properties, such as charities. CSO payments totalled \$156 million in 2006-07, comprising 18.2 per cent of total income.

¹ South Australian Water Corporation contracts out some tasks and management of systems. For example, it contracts United Water to maintain and operate its metropolitan water and waste water assets.

SOUTH AUSTRALIAN WATER CORPORATION (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	7 032	7 044	7 224	7 954
Total income	\$m	775	783	832	857
<i>Profitability</i>					
Profit before tax	\$'000	287 699	278 388	324 402	311 833
Operating profit margin	%	47.5	46.6	49.3	46.8
Cost recovery	%	190.4	187.4	197.2	188.1
Return on assets	%	5.3	5.2	5.8	5.3
Return on total equity	%	5.0	5.5	6.0	5.6
Return on operating equity ^c	%	4.9	5.0	5.5	5.0
<i>Financial management</i>					
Debt to equity	%	23.1	23.1	22.7	21.3
Debt to assets	%	18.5	18.5	18.5	18.1
Total liabilities to equity	%	27.0	38.2	39.3	40.3
Operating liabilities to equity ^d	%	24.9	24.9	24.6	23.3
Interest cover	times	4.6	4.2	4.7	4.5
Current ratio	%	88.9	116.0	61.1	54.5
Leverage ratio	%	124.9	124.9	124.6	123.3
<i>Payments to and from government</i>					
Dividends	\$'000	155 189	155 189	217 455	208 059
Dividend to equity ratio	%	2.8	2.8	3.8	3.4
Dividend payout ratio	%	56.3	55.1	70.2	68.2
Income tax expense	\$'000	91 337	82 597	97 809	94 217
Grants revenue ratio	%	–	–	–	–
CSO funding	\$'000	103 440	103 440	152 180	156 210

^a South Australian Water Corporation (SA Water) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for SA Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

Hobart Regional Water Authority, trading as Hobart Water, was established as a Joint Authority on 1 January 1997 under the *Local Government Act 1993*. Hobart Water's primary function is to supply bulk water to its owner-councils.¹ In addition, it provides water to some irrigators and commercial operators in outlying rural areas, as well as residential customers who cannot be serviced by their local council.

Every three years the Government Prices Oversight Commission (GPOC) conducts an investigation into pricing policy and recommends maximum charges and revenues for the following three years.² Maximum charges for bulk water are determined by the Minister for Local Government based on the GPOC recommendations. Hobart Water has a two-part tariff structure. Water charges increased by the consumer price index (2.9 per cent) in 2006-07.

Profit before tax increased by 4.1 per cent to \$5.0 million in 2006-07. Total income increased by \$1.2 million (4.2 per cent), because revenue from water sales was \$1.5 million higher than in 2005-06. Total expenses increased by \$2.1 million (9.4 per cent), due to general cost increases.

Hobart Water's assets increased by \$116 million (60.2 per cent) to \$310 million in 2006-07, almost entirely due to asset revaluations. Total liabilities increased by \$33.0 million (62.2 per cent) to \$86.1 million because of higher deferred tax liabilities.

Hobart Water paid a dividend of \$4.0 million from retained earnings from 2005-06 profit and it is expected that a dividend of \$3.4 million will be declared from the 2006-07 profit. It recorded an income tax-equivalent expense of \$1.5 million in 2006-07.

No community service obligation payments were made in 2006-07. However, Hobart Water provides recreational facilities at three sites under agreement with its owner-councils. It reported expenses of \$279 000 to provide these facilities in both 2005-06 and 2006-07.

¹ The councils that comprise the Joint Authority are Brighton, Clarence City, Derwent Valley, Glenorchy City, Hobart City, Kingborough, Sorell and Southern Midlands.

² The most recent report was published in June 2007. Under the *Government Prices Oversight Act 1995*, the recommendations can take the form of maximum revenues, maximum prices, pricing principles or a combination of these.

HOBART REGIONAL WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	191	189	193	310
Total income	\$m	26	25	28	29
<i>Profitability</i>					
Profit before tax	\$'000	4 857	4 861	4 808	5 003
Operating profit margin	%	27.0	27.1	22.2	17.5
Cost recovery	%	137.1	137.1	128.6	121.3
Return on assets	%	4.8	4.8	4.6	3.5
Return on total equity	%	3.2	3.5	2.4	1.5
Return on operating equity ^c	%	3.1	3.3	2.2	1.3
<i>Financial management</i>					
Debt to equity	%	22.2	22.6	22.2	12.4
Debt to assets	%	17.5	17.7	17.5	13.3
Total liabilities to equity	%	31.2	35.7	37.8	38.5
Operating liabilities to equity ^d	%	26.6	28.1	28.1	15.7
Interest cover	times	2.2	2.2	2.2	2.3
Current ratio	%	114.1	114.1	142.0	110.3
Leverage ratio	%	126.6	128.1	128.1	115.7
<i>Payments to and from government</i>					
Dividends	\$'000	2 800	2 800	3 400	4 000
Dividend to equity ratio	%	1.9	1.9	2.3	1.9
Dividend payout ratio	%	59.9	57.8	103.2	146.8
Income tax expense	\$'000	1 485	1 324	1 773	1 544
Grants revenue ratio	%	–	–	–	–
CSO funding ^e	\$'000	–	–	–	–

^a Hobart Water commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Hobart Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e No community service obligation (CSO) funding was specified in Hobart Water's annual reports. However, it did report a CSO administration expense of \$252 000 for 2004-05, \$279 000 for 2005-06 and \$279 000 for 2006-07. – Zero or rounded to zero.

Cradle Coast Water (CCW) was established as a Joint Authority on 10 August 1999 under the *Local Government Act 1993*. CCW collects, treats and supplies bulk drinking water to its six owner-councils — Circular Head, Waratah–Wynyard, Central Coast, Devonport, Latrobe and Kentish.

Every three years, the Government Prices Oversight Commission (GPOC) conducts an investigation into pricing policy and recommends maximum charges and revenues.¹ Maximum charges for bulk water are determined by the Minister for Local Government based on the GPOC recommendations. CCW has a two-part tariff structure. The average price of bulk water decreased by 2.3 per cent in 2006-07, as water consumption increased.

Profit before tax of \$1.4 million was recorded in 2006-07, 22.9 per cent higher than in 2005-06. Total income increased by \$1.1 million (12.3 per cent), mainly due to increased water sales revenue. Total expenses increased by \$1.0 million (13.7 per cent) because of higher bulk water production costs, depreciation and maintenance costs.

Total assets increased by \$6.2 million (6.3 per cent) to \$105 million in 2006-07. This is due to increased capital works, revaluations of water infrastructure and cash holdings. Total liabilities increased by \$2.2 million (6.8 per cent), mostly because of an increase in deferred tax liabilities.

In 2006-07, CCW distributed \$623 900 in dividends from 2005-06 profit to its owner-councils in various proportions. It recorded an income tax-equivalent expense of \$390 000 in 2006-07.

Cradle Coast Water did not receive community service obligation payments in 2006-07.

¹ The most recent report was published in June 2007. Under the *Government Prices Oversight Act 1995*, the recommendations can take the form of maximum revenues, maximum prices, pricing principles or a combination of these.

CRADLE COAST WATER (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}		AIFRS ^a	
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	65	70	99	105
Total income	\$m	9	9	9	10
<i>Profitability</i>					
Profit before tax	\$'000	1 488	1 463	1 127	1 385
Operating profit margin	%	31.1	30.8	27.4	25.7
Cost recovery	%	145.1	144.5	137.8	134.6
Return on assets	%	4.4	4.3	3.1	2.8
Return on total equity	%	6.1	5.0	3.6	3.1
Return on operating equity ^c	%	6.2	5.7	3.6	2.9
<i>Financial management</i>					
Debt to equity	%	52.4	52.7	31.2	28.5
Debt to assets	%	33.2	33.2	27.7	22.3
Total liabilities to equity	%	56.9	51.8	47.3	47.6
Operating liabilities to equity ^d	%	57.8	58.9	34.7	32.0
Interest cover	times	2.1	2.1	1.8	2.0
Current ratio	%	48.9	49.5	127.1	90.1
Leverage ratio	%	157.8	158.9	134.7	132.0
<i>Payments to and from government</i>					
Dividends	\$'000	629	629	744	624
Dividend to equity ratio	%	1.5	1.6	1.3	0.8
Dividend payout ratio	%	25.1	27.2	37.0	28.8
Income tax expense	\$'000	241	403	374	390
Grants revenue ratio	%	–	–	–	0.5
CSO funding	\$'000	–	–	–	–

^a Cradle Coast Water (CCW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for CCW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. – Zero or rounded to zero.

Esk Water Authority, trading as Esk Water, was established as a Joint Authority on 25 June 1997 under the *Local Government Act 1993*. Esk Water supplies bulk water to its four owner-councils — Launceston City, George Town, Meander Valley and West Tamar.¹ It also supplies industrial users in the Launceston–Tamar Valley region.

Every three years, the Government Prices Oversight Commission (GPOC) conducts an investigation into pricing policy and recommends maximum charges and revenues.² Maximum charges for bulk water are determined by the Minister for Local Government based on the GPOC recommendations. Esk Water has a two-part tariff structure. Water charges increased by the consumer price index (2.9 per cent) in 2006-07.

Profit before tax increased slightly to \$3.4 million in 2006-07. Total income increased by \$1.2 million (12.5 per cent), to \$10.8 million in 2006-07, mostly due to increased revenue from bulk water sales. Total expenses increased slightly to \$7.2 million.

Total assets increased by \$7.8 million (6.6 per cent) to \$125 million, due to increased cash holdings and a revaluation of systems infrastructure. Total liabilities increased by \$2.5 million (12.7 per cent) to \$22.5 million, because of higher deferred tax liabilities.

In 2006-07, Esk Water distributed \$1.8 million in dividends. It recorded an income tax-equivalent expense of \$1.1 million in 2006-07, up 20.2 per cent from 2005-06.

Esk Water did not receive community service obligation funding in 2006-07.

¹ On its inception, Esk Water received its initial equity from the State Government (88 per cent), Launceston City Council (11 per cent) and Meander Valley Council (1 per cent).

² The most recent report was published in June 2007. Under the *Government Prices Oversight Act 1995*, the recommendations can take the form of maximum revenues, maximum prices, pricing principles or a combination of these.

ESK WATER AUTHORITY (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	121	127	118	125
Total income	\$m	9	10	10	11
<i>Profitability</i>					
Profit before tax	\$'000	2 872	3 103	3 134	3 423
Operating profit margin	%	30.7	25.2	35.3	27.8
Cost recovery	%	144.2	133.6	154.6	138.5
Return on assets	%	2.5	2.7	2.8	3.0
Return on total equity	%	1.7	1.3	2.6	1.7
Return on operating equity ^c	%	1.6	1.2	2.4	1.5
<i>Financial management</i>					
Debt to equity	%	1.7	1.7	–	–
Debt to assets	%	1.7	1.7	–	–
Total liabilities to equity	%	8.8	23.7	20.4	21.8
Operating liabilities to equity ^d	%	3.8	4.3	2.4	2.4
Interest cover	times	15.8	26.9	27.6	..
Current ratio	%	248.2	242.0	839.2	1 267.8
Leverage ratio	%	103.8	104.3	102.4	102.4
<i>Payments to and from government</i>					
Dividends	\$'000	1 622	1 662	1 608	1 765
Dividend to equity ratio	%	1.4	1.4	1.4	1.6
Dividend payout ratio	%	86.7	124.2	60.5	103.6
Income tax expense	\$'000	972	995	900	1 082
Grants revenue ratio	%	–	–	–	–
CSO funding	\$'000	–	–	–	–

^a Esk Water commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for Esk Water. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. .. Not applicable. – Zero or rounded to zero.

ACTEW Corporation (ACTEW) was established on 1 July 1995 and operates in accordance with the *Corporations Act 2001*. It provides water and sewerage services to over 135 000 domestic and commercial customers in the ACT and Queanbeyan. ActewAGL — a joint venture with the privately-owned energy company AGL — provides gas and electricity services, and is contracted to operate and maintain ACTEW Corporation's water and sewerage networks.

ACTEW owns a 50 per cent interest in ActewAGL.¹ In addition, ACTEW holds a 20.1 per cent interest in TransACT Communications Pty Ltd, a broadband and telecommunications provider in the Canberra area.²

The ACT Independent Competition and Regulatory Commission (ICRC) sets prices for water and sewerage services. Price paths of CPI plus 2.5 per cent for water and CPI plus 1 per cent for wastewater were determined for the four years commencing 1 July 2004, allowing some flexibility for unforeseen cost increases. The ICRC decided to defer cost recovery until 2007-08 to limit price increases in 2006-07.

Profit before tax decreased by \$8.2 million (8.8 per cent) to \$84.9 million in 2006-07. Total income increased by \$16.6 million (7.4 per cent) to \$241 million, mainly due to an increase in the water abstraction charge collected by ACTEW on behalf of the ACT Government.³ Expenses increased by \$24.8 million (18.8 per cent) to \$157 million because of the water abstraction charge increase and higher finance costs.

Total assets increased by \$357 million (25.6 per cent) to almost \$1.8 billion in 2006-07, because of a revaluation of water and sewage assets. Liabilities increased by \$120 million (19.4 per cent) to \$737 million due to higher deferred tax liabilities.

Dividends of \$64.4 million were provided for in 2006-07. ACTEW recorded an income tax-equivalent expense of \$20.5 million. ACTEW is not subject to community service obligations. However, it received \$9.4 million in Commonwealth funding to assist with water supply and sewerage services due to difficulties related to the inland location and national capital influences of the ACT.

¹ ActewAGL's operations are included in ACTEW's financial results using the 'equity method'. ActewAGL reported assets of \$915 million and revenue of \$593 million in 2006-07.

² In 2006-07, ACTEW's share in TransACT Communications Pty Ltd was reduced from 24.9 per cent to 20.1 per cent following a share restructure and capital raising.

³ From 1 July 2006, the water abstraction charge was increased from 25 cents per kilolitre to 55 cents per kilolitre. It covers catchment management and other government water supply expenses, as well as an element for scarcity and environmental effects.

ACTEW CORPORATION (continued)

Performance indicators 2004-05 to 2006-07

Indicators	Units	Pre-AIFRS ^{a,b}			AIFRS ^a
		2004-05	2004-05	2005-06	2006-07
<i>Size</i>					
Total assets	\$m	1 363	1 381	1 394	1 751
Total income	\$m	193	194	225	241
<i>Profitability</i>					
Profit before tax	\$'000	89 487	90 272	93 096	84 894
Operating profit margin	%	44.0	45.1	34.3	26.8
Cost recovery	%	178.4	182.1	152.1	136.5
Return on assets	%	8.3	8.3	8.6	7.2
Return on total equity	%	5.8	6.1	3.0	3.0
Return on operating equity ^c	%	4.8	5.2	2.5	2.4
<i>Financial management</i>					
Debt to equity	%	38.4	38.4	39.2	29.0
Debt to assets	%	26.5	26.5	27.3	24.3
Total liabilities to equity	%	74.5	73.8	79.5	72.8
Operating liabilities to equity ^d	%	45.0	44.9	44.9	33.2
Interest cover	times	5.0	5.0	4.8	4.1
Current ratio	%	75.9	75.9	115.0	102.5
Leverage ratio	%	145.0	144.9	144.9	133.2
<i>Payments to and from government</i>					
Dividends	\$'000	94 021	94 021	60 530	64 436
Dividend to equity ratio	%	10.1	10.1	6.4	5.7
Dividend payout ratio	%	208.7	194.8	258.7	240.6
Income tax expense ^e	\$'000	18 291	18 055	32 566	20 458
Grants revenue ratio	%	4.7	4.7	4.1	3.9
CSO funding ^f	\$'000	–	–	–	–

^a ACTEW Corporation (ACTEW) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for ACTEW. ^b Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table, which are based on GTE annual reports. ^c Refers to 'return on equity based on operating assets and liabilities'. ^d Refers to 'operating liabilities to equity based on operating assets and liabilities'. ^e In 2004-05, there was an \$8.8 million negative tax expense adjustment because of over-provision in 2003-04. ^f ACTEW did not receive community service obligation payments. However, it received a Commonwealth subvention, of \$9.3 million in 2005-06, to help fund water supply and sewerage services in the ACT. – Zero or rounded to zero.