

POWER AND WATER CORPORATION

Statement of Corporate Intent 2005-2006



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Introduction

This Statement of Corporate Intent outlines the Corporation's scope of activities, objectives and performance targets agreed with the Northern Territory Government for the financial year starting 1 July 2005.

Power and Water is a Northern Territory Government Owned Corporation (GOC) and its Board of Directors is responsible to the shareholding Minister for the Corporation's performance.

Objectives

In accordance with the *Government Owned Corporations Act 2001*, the objectives of the Corporation are to:

- operate at least as efficiently as any comparable business; and
- maximise the sustainable return to the Territory of its investment in the Corporation.

Corporate Mission Statement

The Corporation's mission is to deliver power, water and sewerage services to the people of the Northern Territory in a competitive, efficient, reliable and environmentally sustainable manner.

Nature and Scope of Activities

The Corporation operates within a framework of:

- 100% Northern Territory Government ownership;
- price and conduct regulation by the Utilities Commission;
- licenced in the Northern Territory electricity market as a generator, network provider, system controller and retailer;

- licenced to provide water and sewerage services;
- subject to all laws affecting commercial businesses; and
- subject to competition in the Northern Territory electricity market.

The Corporation purchases gas supplies for resale through its wholly owned subsidiary, Gasgo Pty Limited.

Power and Water holds a 2.5% interest in NT Gas Pty Limited, the lessee/operator of the Amadeus Basin to Darwin gas pipeline, and 2.5% of the units in the Amadeus Gas Trust, through its wholly owned subsidiary, Darnor Pty Limited.

The Corporation delivers electricity, water, sewerage and other services in remote Territory communities through its wholly owned subsidiary business, Indigenous Essential Services Pty Limited.

Ministerial Reporting

The GOC Act requires that the shareholding Minister be provided with a Statement of Corporate Intent not later than one month before the commencement of the financial year to which the statement relates or by a date agreed between the board and shareholding Minister.

This Statement is a negotiated performance agreement between the Corporation's Board and the shareholding Minister. It sets out the Corporation's business strategies and what the shareholder may expect in terms of performance, both financial and non-financial performance, over a three-year period.

In line with the accountability provisions of the GOC Act, the shareholding and portfolio Ministers are to be provided with an Annual Report for the financial year against the Statement of Corporate Intent.

The Annual Report is provided within three months of the end of the financial year, unless otherwise agreed with the shareholding Minister.

It includes:

- commentary on specific factors affecting performance;
- a report against targets set in the SCI;
- commentary on risks;
- commentary on strategic and other issues affecting the Corporation's operations during the course of the financial year;
- consolidated statutory financial statements;
- statutory information similar to that required of any company under the Corporations Law;
- segmented business statements; and
- particulars of any directions given by either the shareholding or the portfolio Minister.

In addition to the above, the GOC Act imposes a continuous disclosure obligation on the Corporation's Board, requiring it to notify the shareholding Minister of any matters that may prevent or significantly affect achievement of either objectives or targets in the Statement of Corporate Intent. To further ensure that the shareholding Minister is kept informed the Corporation provides quarterly reports against the SCI targets.

Corporate Values

The activities of the Corporation during the life of this Statement will be guided by the following value statements.

Safety is Paramount

The Corporation will protect the safety of its people, customers and the community. 'Zero Harm' is the Corporation's safety goal.

Growth

The Corporation's business will grow by fostering a performance-driven culture.

Our Customers

The Corporation strives for total customer satisfaction with its services.

Integrity

The Corporation is honest, consistent and fair in dealings with customers, suppliers and its people.

The Natural Environment

The Corporation will protect the natural environment by meeting its mandated environmental obligations and minimising the impact of its operations.

Our People

The Corporation values its people and encourages them to achieve their potential.

Corporate Strategies

Power and Water's 14 key strategies are:

Customers and Community

1. Customer Management

Power and Water will serve its customers by:

- treating its customers fairly;
- communicating regularly with customers;
- implementing a comprehensive service response program; and
- providing appropriate levels of service at efficient prices.

2. Being Socially Responsible

Power and Water will participate in the community by:

- encouraging Indigenous employment within Power and Water;
- supporting Territory-based businesses and community groups in line with Corporation policy and within the framework of NT Government policies;
- developing close ties with Charles Darwin University for training and research; and
- participating in a broad-based annual sponsorship program across the Territory.

Our Staff

3. Safety Management

Power and Water will manage its safety responsibilities by:

- committing to a zero harm workplace;
- undertaking AS4801 Occupational Health and Safety Management systems accreditation;
- ensuring adequate supervision of workers and contractors; and
- undertaking a comprehensive safety training and culture change program.

4. Employee Management

Power and Water will manage its employees by:

- treating its employees fairly;
- ensuring that every employee has a job description, performance appraisal and a training development plan;
- implementing a staff feedback program; and
- managing employee crisis situations.

5. Providing Leadership

Power and Water will develop leaders by:

- encouraging all managers to gain a management qualification; and
- providing opportunities for ongoing management skill development.

6. Organisational Development

Power and Water will develop the organisation by:

- implementing a flat management structure;
- providing a single senior management contact in each town/centre;
- de-centralising the Executive Management team; and
- establishing formal relationships with several Australian utilities to access expertise.

The Business

7. Asset Management

Power and Water will manage its assets by:

- developing rolling 1, 3 and 10 year asset management plans;
- building and maintaining suitable plant and equipment;
- improving physical security of Power and Water facilities and assets; and
- developing a comprehensive facilities management plan.

8. Financial Management

Power and Water will manage its finances by:

- achieving Statement of Corporate Intent financial targets;
- ensuring that appropriate financial policies and procedures are in place;
- developing strategies to improve financial performance; and
- ensuring that it complies with all necessary Accounting standards.

9. Business Development

Power and Water will develop its business by:

- securing a reliable supplier of gas post 2009 at the best possible price;
- implementing new services which leverage off existing infrastructure and facilities;
- using existing competencies in new markets; and
- actively seeking partnerships to share risk in new business ventures.

10. Increase Efficiency

Power and Water will increase efficiency by:

- seeking ways to minimise costs and improve operational outcomes;
- improving debtor management;

- ensuring timely implementation of audit recommendations; and
- undertaking ISO9001 Quality Management Systems accreditation.

11. Environmental Management

Power and Water will manage its impact on the environment by:

- complying with its legal and statutory obligations;
- undertake ISO14001 Environmental Management systems accreditation; and
- continuing the Annual Environmental Awards.

Accountability

12. Stakeholder Management

Power and Water will manage its stakeholders by:

- developing closer relationships with electronic and print media in the Territory;
- developing a consultative relationship with unions representing Power and Water employees; and
- developing stronger ties with the Territory business community.

13. Crisis Management

Power and Water will manage crisis situations by:

- implementing a risk-management regime to meet the ISO 9001 standard;
- developing and implementing crisis response plans; and
- developing a crisis communications strategy.

14. Performance Measurement

Power and Water will measure performance by:

- reporting Statement of Corporate Intent targets;
- regular reporting of progress against the capital investment and repairs and maintenance programs; and
- developing and regularly reporting Key Performance Indicators.

Risk, Quality and Safety

The Board has established an enterprise-wide risk-management model in conjunction with the Corporation's internal auditor, Ernst and Young. The Corporation uses the Ernst and Young risk-management rating tool that separates risks according to the following categories:

- financial;
- service delivery/reputation;
- environmental; and
- safety.

Each of the risks are then assessed using the following criteria:

- consequence: insignificant, minor, moderate, major, catastrophic; and
- likelihood: almost certain, likely, moderate, unlikely, rare.

Identification of Material Risks

A comprehensive risk register has been compiled detailing the following 16 key corporate risks:

- public health;
- safety;
- environment;
- gas supply management;
- fraud;
- compliance;
- failure to supply core services;
- suboptimal mix of staff skills;
- industrial action;
- regulation and competition;
- contract management;
- communication and shareholder management;
- long-term asset planning and maintenance;
- asset and plant information;
- credit risk; and
- information technology and communications.

Minimising the Risks

A number of the strategies for minimising the material risks faced by the Corporation have been listed in the previous section that outlined the corporate strategies. In addition, the Board, through its Audit and Compliance Committee, regularly reviews the currency of the risk register and receives updates on the status of the key risk areas from management.

The Board has also defined the process for on-going risk identification, analysis and treatment and finalised the risk-reporting format. The procedure describes the following four general key areas of risk management, which ensures that risk is considered at all levels in the Corporation:

- corporate risk management, which outlines the identification and management of key risks to the Corporation;
- business unit strategic risk management, which outlines the identification and management of key strategic risks within a business unit;
- operational risk management, which is the detailed risk management of risks within a business unit; and
- task risk management, which is the day-to-day risk management undertaken by staff and contractors.

To date the Corporation has developed the following key components of its enterprise risk-management system:

- risk-management policy and procedures;
- definition of the Board's risk tolerance;
- risk-evaluation framework;
- definition and classification of risks;
- definition of key risks to the business;
- shared understanding of the risks that matter and risk map;
- key risk register – reviewed by senior staff and approved by the Board;
- key risk-reporting format;
- review process for corporate risks; and
- prevention of fraud and dishonesty policy.

Having developed the core governance systems for enterprise risk management, the next stage of work which will continue over the course of the 2005-06 financial year is designed to provide the skills, systems and capabilities necessary for the Corporation's staff to embed risk management into Power and Water's culture at both the strategic and operational levels.

DuPont safety training for staff is being conducted during 2004-05 with any necessary initial follow-up and continuation training occurring during 2005-06. This includes the training that is necessary for staff in all business areas to have the skills and capabilities to undertake risk management for themselves, as well as to measure and monitor risk-management performance.

Accreditation

During 2005-06 the Corporation will be seeking accreditation in the following standards;

- ISO 9001 Quality Management Systems;
- ISO 14001 Environmental Management Systems; and
- AS 4801 Occupational Health and Safety Management Systems.

Accreditation in these standards will increase efficiency and create value to the Corporation and its activities.

Occupational Health and Safety

Implementation of the recommendations from the Mt Bundy incident, which occurred in December 2003, began in 2003-04. While the implementation of all the recommendations were completed in 2004-05 additional actions flowing from recommendations will continue into 2005-06.

In 2005-06 the Corporation will continue a campaign to improve occupational health and safety. The focal point of the campaign is a commitment from the Board to continuously improve occupational health and safety performance so that workplace injury and illness can be eliminated. As part of this initiative the following strategies are being applied:

- provide transparent communication and consultation processes so employees, contractors, visitors, customers, suppliers and other interested external parties can contribute to, and are kept informed of, safety and health developments;
- ensure OH&S roles and responsibilities are documented, and they are clearly communicated, understood, and accepted; and
- ensure this policy is available to all interested parties and is periodically reviewed so that it remains relevant and appropriate to operations.

Major Challenges

The Corporation manages its business in the context of the broader economic and infrastructure environment in the Northern Territory.

The Board has identified the following major challenges to the management of the business over the life of this Statement:

- attracting and retaining high quality staff;
- sustaining a viable set of suppliers and contractors in the Northern Territory;
- sustaining a reliable supply of electricity in the Northern Territory; and
- continuing to improve the standard of essential services delivered to remote communities.

Business Outlook

The performance of the Corporation is affected by the environment in which it operates. The Board has considered the following factors in establishing the targets set in this Statement.

Gas Supply Procurement

The Corporation currently has in place long term gas contracts. These contracts limit the Corporation's ability to reduce energy costs. Future potential to reduce energy costs must be balanced against the need for certainty of supply.

With current gas contracts due to expire in 2009, the Corporation is actively seeking new contracts for gas over 20 years with a potential value of more than \$1.5 billion.

The following fields have the potential to fulfil the Corporation's gas needs in the short and/or long term:

- Bayu-Undan (Joseph Bonaparte Gulf);
- Mereenie (Amadeus Basin);
- Sunrise (Timor Sea);
- Petrel and Tern (Joseph Bonaparte Gulf); and
- Blacktip and Penguin (off Port Keats).

Electricity Market Development

The Corporation does not currently have any competitors in the Northern Territory electricity market. No loss of market share has been assumed in this Statement. For 2005-06 the forecast is for minimal growth in the electricity market.

The Corporation continues to monitor the potential for competition in the contestable electricity sector.

Economic Outlook in the Northern Territory

Since the Corporation conducts its business almost exclusively in the Northern Territory, local economic and population growth drive its business development. The current NT Treasury forecast is for growth of 5.8% for 2004-05 for the Northern Territory economy. However, much of this growth is being driven by offshore activity, such as condensate production from Bayu-Undan stage one.

The Corporation has included the following growth in demand projections:

| Product | 2005-06 % | 2006-07 % | 2007-08 % |
|-------------|--------------|--------------|--------------|
| Electricity | 0.71 | 0.72 | 0.72 |
| Water | 2.00 | 1.00 | 1.00 |
| Sewerage | 1.00 | 1.00 | 1.00 |

These growth projections reflect current economic and customer usage trends and are considered conservative. Speculative loads are excluded.

Growth Opportunities

Power and Water's growth is largely dependent on the growth of the Territory.

The Corporation aims to optimise commercial opportunities from the following potential developments:

Territory

- establishment of gas related industries;
- the expansion of Gove alumina plant;
- establishment of exporters at the Business Park and Darwin Port;
- Darwin city waterfront redevelopment;
- establishment of new mines;
- construction activity within the housing sector;
- changes in the affordability of air-conditioning.

Power and Water

- opportunities for the sale of treated effluent throughout the Territory;
- opportunities in communications and fibre-optic networks;
- developments in renewable-energy technology; and
- business partnerships to support core business activities.

Regulatory Environment

The Utilities Commission has proposed a change to the asset valuation methodology for network pricing purposes. This will affect the Corporation's network revenue, net profit, tax and dividend results from 1 July 2005.

The Corporation is anticipating results from the review of the Ancillary Services Market in 2005-06. This may affect the role of System Control and the ancillary services revenue, which will be determined by the Utilities Commission.

The Utilities Commission and the Corporation are continuing discussions relating to the upcoming introduction of a generation prices monitoring regime. This may affect the rate of return that the Corporation will earn on its investment in generation plant and equipment and the revenue earned from electricity sales.

Implementation of changes to the Network Access Code will continue in 2005-06. These changes were approved by Cabinet in 2004 and have the capacity to affect the Corporation's Network business.

Tranche 4 customer prices will be frozen from 1 April 2005 for 12 months, in accordance with the electricity pricing order issued March 2005.

Tranche 5 and full retail contestability have been deferred until 2008 and 2010 respectively, subject to a Public Benefit Test. This creates some certainty for the Corporation's non-contestable retail sector during the period of this Statement.

In keeping with Government's past commitment that franchise electricity tariffs will not increase, no tariff increases have been factored into this Statement.

In addition, water and sewerage tariffs remain unchanged in this Statement.

Community Expectations

Community expectations of all Power and Water services are increasing alongside customer demand. The community expects improved environmental management, high-quality water and better effluent treatment. Where these expectations lead to changes in mandated environmental standards, the Corporation may experience higher operating costs and increased demand for capital.

Capital Investments

Capital Investment Program

Power and Water is facing a number of major capital investment decisions in the short to medium term to meet demand growth and ensure plant reliability.

Power and Water's 2005-06 to 2008-09 capital investment program is as follows:

| Power and Water <i>Not Consolidated</i> | 2005-06 \$ Target | 2006-07 \$ Forecast | 2007-08 \$ Forecast | 2008-09 \$ Forecast |
|---|--|--|--|--|
| TOTAL | 66,000,000 | 66,430,000 | 81,526,000 | 66,218,000 |

NT Government Funded Capital Investments

From time to time, Power and Water and the Northern Territory Government agree to jointly fund capital projects, which are either not commercial, or only partly commercial. Under these circumstances the Corporation funds the commercial portion of the projects and these amounts are included in the Capital Investment program above.

The NT Government's contributions are shown in the accounts as Capital Contributions Revenue.

Nightcliff Undergrounding Project

Annually \$3 million from the NT Government will be added to \$1 million of Power and Water capital investment to further the Nightcliff Undergrounding project during 2005-06 and 2006-07.

Dundee Beach

The transmission line to Dundee Beach, which commenced construction in 2004-05, will continue in 2005-06 with the NT Government funding a total of \$3.8 million and Power and Water contributing \$1.35 million.

Indigenous Essential Services Capital Investment

The Department of Community Development, Sports and Cultural Affairs (DCDSCA) funds Power and Water for capital investments required for power, water and sewerage infrastructure in remote communities.

Drinking-Water Quality

The Corporation published its third drinking-water quality study in 2004-05. Based on these studies the major action items for 2005-06 to improve drinking water quality are:

- investigation of a new water source at Mataranka;
- development of a replacement bore for Newcastle Waters;
- an upgrade of disinfection facilities and improvement of security for current water sources at Pine Creek;
- development of new water sources at Ti Tree;
- investigation of improved water treatment options for Borroloola and Kings Canyon; and
- upgrade to the primary chlorination facility at Katherine.

In addition to the above, the portfolio Minister has issued a direction to the Corporation to the effect that the supply of drinking water to the Tennant Creek community is not to be subject to continuous chlorination. However, more frequent monitoring of water quality is to be instituted and hand chlorination to occur if indicated. This direction followed a referendum on the issue of chlorination of drinking water in which 75% of the voters decided they did not want to have their water supply chlorinated.

Environment

Environment Awards

Power and Water is the proud sponsor of the annual Environment Awards. These awards recognise outstanding achievements in water efficiency, energy management and waste minimisation in the community and support the Corporation's strategy to respect the environment.

Trade-Waste Management

The Corporation has introduced a trade-waste management system. Reducing trade-waste volumes will result in improved reliability of the sewer systems and reduced discharge to the environment. Work will continue in 2005-06 on customer liaison and education; and the monitoring and inspection program.

Greenhouse Emissions

The Corporation has agreed on a generator efficiency program with the Australian Greenhouse Office. It is expected that action plans for emissions management and reduction will be in place by 2005-06.

Renewable Energy Program

The Corporation is committed to achieving the goals set in the national Renewable Energy Program. Under this program, the Commonwealth Government has mandated that 9500 GWh of the nation's electricity must be generated by renewable energy sources by 2010.

The Corporation has recently refocussed its renewable energy efforts by commissioning the development of a renewable energy roadmap. This strategy document, which will include both short term and longer-term strategies, will be finalised during 2005-06. It will provide direction for future capital investment in renewable energy projects.

In the short term Power and Water will meet its Renewable Energy Certificate targets by continuing the solar hot water rebate scheme.

Forecast Assumptions

Macro Assumptions

Accounting Policies

Power and Water's accounting policies are consistent with requirements under the Corporations Law. Financial Statements contained in this Statement adopt the historic cost convention and fair value of some non-current assets, and reflect the accrual basis of accounting.

The accounting policies for 2005-06 are expected to be generally consistent with those applied in the 2003-04 financial year, with the exception of the policies that will be affected with the initial implementation of International Financial Reporting Standards (IFRS). The key potential policy changes include the adoption of the "balance sheet" approach for tax effect accounting, the impairment of assets, and segment reporting.

Retail Market Share

Throughout the period covered by this statement it is assumed that the Corporation will retain 100% of the retail market in the Northern Territory, except for supply to Nhulunbuy, Alyangula, isolated station properties and mining operations.

Generation Market Share

Throughout the period covered by this statement it is predicted that the Corporation will retain 100% of the generation market in the Northern Territory.

Water and Sewerage Supply

The Northern Territory has adopted a single supplier model for water and sewerage services. The Corporation has been granted a licence to supply all gazetted water and sewerage supply areas in the Northern Territory for 25 years.

Price and Revenue Assumptions

The Northern Territory Government committed itself to a price freeze on gazetted electricity tariffs for its current term of office. Consistent with this policy, no electricity, water or sewerage tariff increases have been included in this forecast for non-contestable customers.

Tranche 4 contestable electricity customers have been placed on a price path in accordance with the Tranche 4 pricing order.

The Budgeted Profit and Loss Statement does not include any potential revenue streams sourced from ConocoPhillips for the Darwin LNG Plant based on the company's advice to self generate its energy requirements.

Community Service Obligations

The Northern Territory Government has a uniform tariff policy that provides for certain customers to pay the same for electricity, water and sewerage regardless of their location or the cost of providing the services. The effect of this policy is that the rate charged for the services does not provide a commercial return to Power and Water. The shortfall in income to the Corporation is referred to as a Community Service Obligation (CSO).

The Government makes CSO payments to the Corporation in recognition of the impact of Government policy. However, the Government has decided not to provide full funding for CSOs, therefore the Corporation bears a portion of the cost of non-commercial services through lower profits. In electing not to fully fund the CSOs, the Government accepts a lower rate of return on its investment in the Corporation. This lower return is reflected in the financial performance benchmarks agreed between the shareholding Minister and the Board of the Corporation.

The following CSO receipts have been included in the revenue projections for this statement:

| CSO | 2005-06 (\$000) | 2006-07 (\$000) | 2007-08 (\$000) |
|-----------|--------------------|--------------------|--------------------|
| TOTAL CSO | 53,858 | 53,858 | 53,858 |

The CSO funding in relation to Tranche 4 came into effect on 1 April 2004 and represents the shortfall between cost-reflective tariffs and regulated maximum prices for medium-sized electricity customers that used between 0.75 and 2.0 gigawatt hours per annum when they became contestable.

Capital Financing

Over the period of this statement Power and Water is expected to source the funding of its operations partly through a mix of equity and debt.

Expenditure Assumptions

A CPI increase of 2.5% has been applied to non-fuel expenses.

Fuel (gas) costs are based on contract rates and are determined by the volume of gas (or diesel) required to produce the electricity output needed to satisfy the forecast.

Taxation Equivalent Payments

The Corporation pays income tax in accordance with the National Tax Equivalent Regime administered by the Australian Taxation Office. The Corporation is subject to a notional tax rate of 30% and is expected to pay tax during the period of this Statement and appropriate provisions and forecasts are included.

The Corporation's current exemption from local government rates will be removed in the future. Until uncertainties in local government funding arrangements are resolved the Corporation will pay local government rate equivalents.

Dividend Policy

Consistent with the Government's policy position the Corporation will pay dividends based on 50% of the net profit after tax results.

Non-Financial Key Performance Indicators

Customer Service

| | |
|--|---|
| Customer Satisfaction Index | 85% of customers rate their overall satisfaction with Power and Water services as good or better. |
| Connection to existing electricity supply properties in an urban centre | 98% of customers connected within 24 hours |
| New subdivisions in major urban areas | 98% of customers connected to an electricity supply within five working days of receipt and verification of certificate of compliance from the contractor |
| New subdivisions in major urban areas where minor extensions or augmentation is required | 95% of customers connected to an electricity supply within ten working days |
| Average call response time | 80% of calls to Customer Service Call Centre answered within 20 seconds |

Supply Reliability

| | 2003-04 Actual | 2004-05 Target | 2005-06 Target | 2006-07 Target | 2007-08 Target |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Networks Interruptions SAIFI | | | | | |
| <i>Average number of times customer supply is interrupted per annum</i> | | | | | |
| Darwin | 3.2 | 3.4 | 3.3 | 3.2 | 3.1 |
| Katherine | 4.8 | 4.8 | 4.7 | 4.6 | 4.5 |
| Tennant Creek | 2.6 | 3.5 | 3.4 | 3.3 | 3.2 |
| Alice Springs | 1.7 | 2.0 | 2.0 | 2.0 | 2.0 |
| Network Interruption Duration SAIDI | | | | | |
| <i>Average outage duration in minutes each customer can expect to be off supply per annum</i> | | | | | |
| Darwin | | | | | |
| Katherine | 149 | 160 | 157 | 154 | 151 |
| Tennant Creek | 209 | 180 | 177 | 174 | 171 |
| Alice Springs | 72 | 100 | 97 | 94 | 91 |
| | 79 | 80 | 80 | 80 | 80 |
| Water Interruptions | | | | | |
| <i>Average outage duration in hours</i> | | | | | |
| Darwin (unplanned) | 0.9 | 2.00 | 2.00 | 2.00 | 2.00 |
| Darwin (planned) | 1.8 | 3.10 | 3.10 | 3.10 | 3.10 |
| Alice Springs (unplanned) | 0.8 | 2.00 | 2.00 | 2.00 | 2.00 |
| Alice Springs (planned) | 1.6 | 3.10 | 3.10 | 3.10 | 3.10 |
| Sewerage Interruptions | | | | | |
| <i>Average outage duration in hours</i> | | | | | |
| Darwin (unplanned) | 1.7 | 3.00 | 3.00 | 3.00 | 3.00 |
| Alice Springs (unplanned) | 1.9 | 3.00 | 3.00 | 3.00 | 3.00 |

Greenhouse Gas Emissions Targets

The Corporation is targeting the following emission levels for 2005-06:

Channel Island Power Station

672 kilograms of Co2 per MWh generated at 60% of Full Load

Ron Goodin Power Station

1051 kilograms of Co2 per MWh generated at 50% of Full Load

Staff Indices

The Corporation has a target of zero injuries in the workplace by 2007-08.

| | 2003-04 Actual | 2004-05 Target | 2005-06 Target | 2006-07 Target | 2007-08 Target |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Lost Time Injuries | 13 | <8 | <6 | <3 | 0 |
| Lost Time Injury Frequency Rate | 10 | <4 | <6 | <3 | 0 |
| Staff Satisfaction Index (rating satisfaction 5/10 or better) | 79% | 81% | 82% | 83% | 84% |

The Corporation sets non-financial performance benchmarks based on the unique operating conditions throughout the Northern Territory, and international practice in the electricity, water and sewerage industries. The targets also reflect a balance between performance benchmarks and the economics of delivering substantial improvements in service standards.

Financial Key Performance Indicators

Power and Water – Consolidated

The following financial outcomes are projected for the years to 2007-08.

| CONSOLIDATED | 2004-05 Forecast \$M | 2005-06 Target \$M | 2006-07 Projection \$M | 2007-08 Projection \$M |
|--|-------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| Total Revenue | 499 | 490 | 500 | 502 |
| Total Operation & Maintenance Expenditure | 355 | 356 | 365 | 374 |
| EBITDA | 144 | 134 | 134 | 128 |
| EBIT | 91 | 79 | 80 | 81 |
| Net Profit after Tax (NPAT) | 36 | 30 | 31 | 31 |
| Tax provided for | 15 | 13 | 13 | 13 |
| Dividend provided for | 18 | 15 | 15 | 16 |
| Capital Investment | 82 | 79 | 78 | 93 |
| Return on Equity <i>(NPAT/average equity)</i> | 5.95% | 5.02% | 4.96% | 4.88% |
| Debt to Equity <i>(debt/equity)</i> | 49.31% | 50.66% | 49.77% | 51.93% |
| Leverage <i>(total liabilities/net tangible assets)</i> | 69.10% | 71.09% | 69.63% | 72.00% |
| Return on Assets <i>(EBIT/Average Total Assets)</i> | 8.94% | 7.67% | 7.64% | 7.50% |
| Interest Cover Ratio <i>(EBITDA/Interest Expense)</i> | 5.90 | 5.47 | 5.39 | 5.03 |