Annual Report

2015-16

PowerWater

2015 - 2016 Annual Report

Contents

THIS **REPORT**

Purpose

The Power and Water Corporation Annual Report 2015-16 provides a record of operations and achievements for the financial year. Pursuant to Section 44 of the *Government Owned Corporations Act*, the report informs the Northern Territory Parliament, Northern Territorians and other stakeholders of:

- Power and Water Corporation's primary services and responsibilities
- significant activities of the year, highlighting major projects, key achievements and outcomes
- financial management and performance in compliance with the *Corporations Act* 2001.

Intended audience

The Annual Report is tabled in the Northern Territory Legislative Assembly as a reporting mechanism for Power and Water Corporation's Shareholding Minister and Northern Territory Parliament. It provides a statement of achievement, income and expenditure for the 2015-16 financial year. The Annual Report also provides information for others, including the wider public, who have an interest in the provision of water, sewerage and electricity services in the Northern Territory.

Letter to the shareholder

The Hon Nicole Manison MLA
Treasurer
Legislative Assembly of the Northern Territory
Darwin NT 0800

Dear Treasurer

On behalf of the Power and Water Corporation, we are pleased to present the Corporation's fourteenth annual report for the year ended 30 June 2016, in accordance with the provisions of Section 44 of the *Government Owned Corporations Act*.

Yours sincerely

Alan Tregilgas
Chair
30 September, 2016

Michael Thomson
Chief Executive
30 September, 2016

OUR **BUSINESS**

Power and Water is responsible for electricity distribution services and water and sewerage services across the Northern Territory.

About us

As a government owned corporation, Power and Water Corporation meets the needs of its customers while acknowledging the expectations of its shareholder, the Treasurer of the Northern Territory Government.

The corporation provides electricity, water and sewerage services to four major regional areas including the capital city of Darwin, as well as 72 remote Indigenous communities and 66 outstations. The corporation also supplies gas to the Territory's major power stations.

The Northern Territory's vast landscape stretches from the tropical savannah in the north to the deserts of Central Australia. The north experiences a monsoonal climate and torrential seasonal rains, floods and the threat of cyclones from October to May each year. The wet season is an inherently challenging time for staff and infrastructure. In Central Australia, the desert summers bring scorching temperatures while in winter they can frequently dip below freezing, creating a demanding work environment.

As one of the largest employers in the Northern Territory, Power and Water has over 900 staff living and working in the Territory including 188 relief and full time contracted Essential Services Operators living in remote Indigenous communities who are supported by the corporation's Remote Operations' team. Power and Water supports economic growth through the provision of safe and reliable essential services.

Power Networks

Power Networks is the largest business unit in Power and Water, with responsibility for planning, building and maintaining reliable electricity networks to transmit electricity between electricity generators and electricity consumers in the Northern Territory.

The Power Networks division distributes electricity to 244 300 people across 1.3 million sq km. More than 5900km of overhead lines, 3200km of underground cable and 37 500 poles and towers connect domestic and commercial customers to the Northern Territory electricity network.

Water Services

Water Services provides water and sewerage services in the Northern Territory's five major centres. Water is also supplied in 13 minor centres and sewerage services in five minor centres. Drinking water supplies range from surface water catchments in the tropics to groundwater sources in Central Australia. Excluding Katherine and Yulara, major Northern Territory water supplies require limited treatment.

In Adelaide River, Alice Springs, Batchelor and Yulara, non-potable water supplies are reticulated to parts of the towns for irrigation. In Darwin, recycled water is used to irrigate a sporting complex.

Within the Northern Territory, water is pumped through 2332km of mains to 18 centres. Sewer mains in 10 centres total 1264km. Sewage is typically treated using waste stabilisation ponds.

The Alice Springs Water Reuse Project recycles water for use in irrigation and aquifer recharge, recycling 600ML a year. Water from the wastewater stabilisation ponds undergoes further tertiary treatment in a Dissolved Air Floatation and Filtration plant before it is pumped to infiltration basins at the Arid Zone Research Institute where it recharges underground aquifers.

Remote and Regions

Power and Water's not-for-profit subsidiary, Indigenous Essential Services Pty Ltd, provides electricity, water and sewerage services to 72 remote communities and 66 outstations under an agreement with the former Department of Local Government and Community Services (DLGCS), now the Department of Housing and Community Development.

These are geographically isolated and dispersed across tropical and

Our Values

01
Safety and Environment
Protecting the health and well-being of staff, contractors, general public and environment.

02
Accountability
Transparent and accountable for all our actions.

03
Commitment to Service
Leading by example, continually improving and working as a team to deliver our services with passion and purpose.

04
Communication
Open, positive, constructive interactions to achieve optimal individual and business outcomes.

05
Respect
Respect and treat all people with courtesy, working cohesively to achieve our goals in a supportive, engaged and enthusiastic manner.

arid environments, requiring services that are resilient to the extremes of the harsh Northern Territory climate. Rapid development in these regions requires a commitment to working with communities towards sustainable electricity and water use to meet future needs and aspirations.

Power and Water contracts and trains Essential Services Operators, through local councils, Indigenous enterprises and private contractors, to run facilities in remote communities. Generation infrastructure includes diesel and low emission gas and renewable power stations. All remote power stations are controlled by fully automated systems, requiring a high degree of expertise by the staff involved in operation and maintenance.

Ninety per cent of potable water is drawn from groundwater from some 250 production bores through 178 water storage tanks and 680km of reticulation. A multi-barrier approach is taken to providing drinking water consistent with Australian Drinking Water Guidelines. Fifty-six remote towns and communities have full water-borne sewerage disposal systems with waste stabilisation ponds. The remainder have individual on-site systems maintained by the community.

System Control

System Control has a statutory role in monitoring and controlling the operation of the power systems in the Northern Territory and is responsible for overseeing the safe, secure and reliable operation of the Northern Territory's regulated power systems.

System Control is responsible for the realtime operations, planning, contingency development, system risk, power system technical assessments, incident reviews, and operational and technical regulatory reporting.

Gas Supply

The Gas Supply unit manages the purchase, transport and sale of gas to electricity generators and other major gas users.

Strategy and Transformation

The Strategy and Transformation business unit provides strategic support functions across the corporation on a wide variety of focus areas and is taking stewardship of a number of strategically important operations and functions.

From an operational perspective this includes the gas and remote and regions business units, where both are currently going through periods of strategic realignment to the corporation's new focus on improving financial and operational performance.

From a support function perspective, the business unit is also responsible for the coordination of the Business Transformation Program and Project Management Office, to embed those into the business-as-usual activities of the corporation. These strategic functions have natural synergies with the Strategy and Planning team and the Customer and Stakeholder team, which have responsibility for the corporation's inward and outward facing media, marketing and core relationships and interactions with our key stakeholders and customers.

Also included in the business unit are the Pricing, Analysis, Regulation, Compliance, Quality and Market Services functions that ensure the work of the corporation is backed up by rigorous analysis and strong, expert quantitative support.

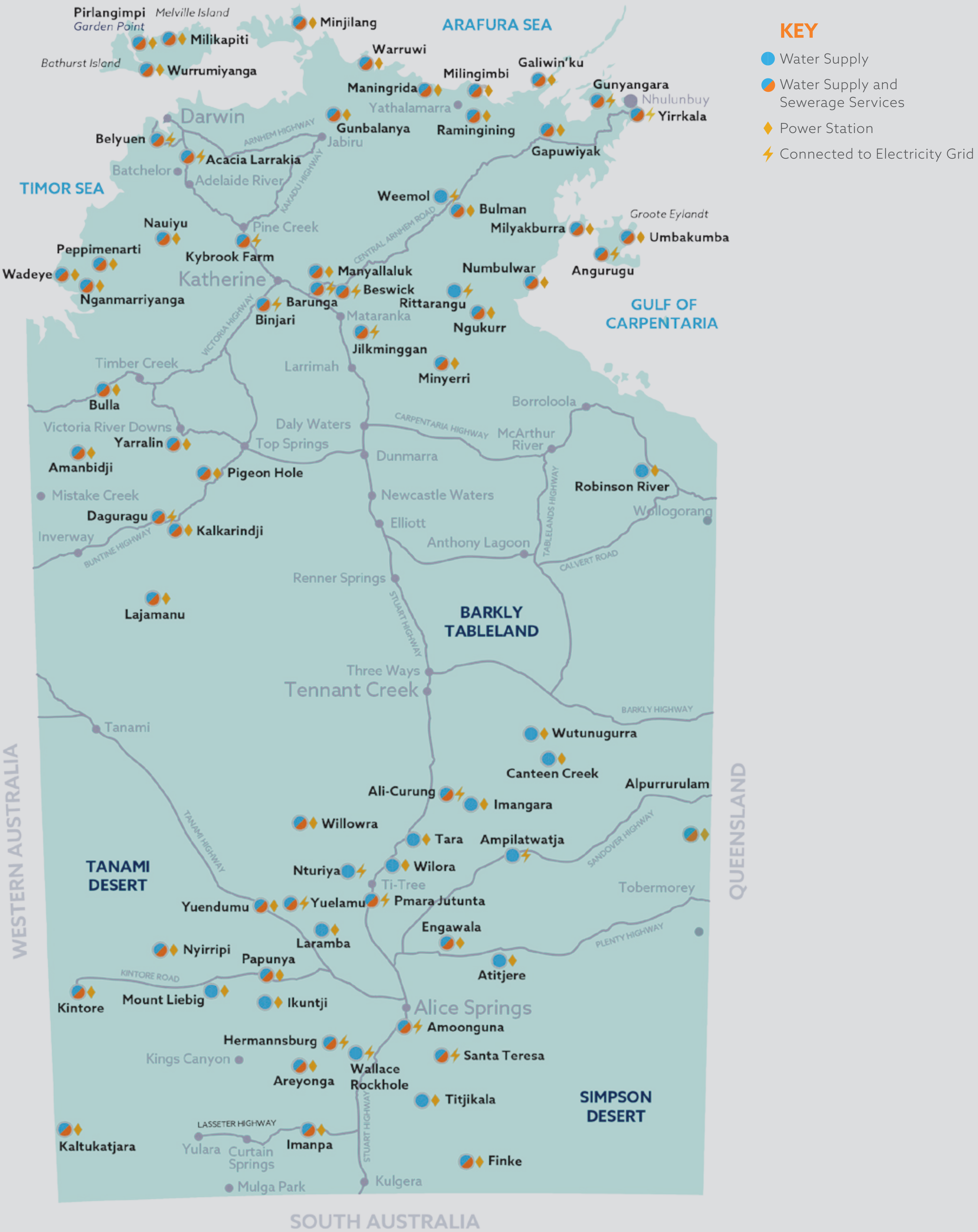
Shared Services

The Shared Services business unit works in partnership with the operational business units with a focus on delivering value added support to contribute to the achievement of Power and Water's vision of being a best practice, commercially focused and customer centric multi-utility. The goals of the Shared Services business unit is to deliver innovative, flexible and cost effective solutions to meet business needs across the key areas of People, Strategic Sourcing, Facilities Management, Health & Safety, Environment, Risk, Business Systems and Information Management, the Customer Service Centre and Legal Services.

The Customer Service Centre provides water, sewerage and support services, such as call centre activities and billing, to approximately 68 000 customers throughout the Northern Territory, including electricity and water retail services to Power and Water's not-for-profit subsidiary Indigenous Essential Services Pty Ltd (IES).

Power networks, water, sewerage and gas

Indigenous communities' power, water supply and sewerage services



OUR REPORT **FOR 2015-16**

BUSINESS TRANSFORMATION PROGRAM DRIVING **CUSTOMER CENTRIC CHANGE**

DELIVERY OF **TRANSFORMATION ROAD MAP** OUT TO 2020

LAUNCH OF NEW **CUSTOMER MESSAGING** AND NOTIFICATION SYSTEM

STRONG RESPONSE FROM **STAFF ENGAGEMENT SURVEY**

CUSTOMER SATISFACTION INCREASED ON 2015

89% OF RESIDENTIAL CUSTOMERS

80% OF BUSINESS CUSTOMERS

700 **WATER EFFICIENCY CONSULTIONS** TO IDENTIFY WATER WASTE AND OPPORTUNITIES TO SAVE

OPENING OF THE NEW **DARWIN ZONE SUBSTATION**

SIGNIFICANT PROGRESS WITH THE INDIGENOUS EMPLOYMENT AND CAREER DEVELOPMENT STRATEGY

WORK UNDERWAY TO RETURN **MANTON DAM TO ACTIVE SERVICE BY 2021**

Message from the Chair

Our goal is that Power and Water has the leadership and business systems and processes to be a commercially-focused and customer-centric multi-utility that is respected by the community.

The Board's activities during 2015-16 have been dominated by shortfalls highlighted by the external audit of the previous year's annual financial statements and delays in completing the financial separation from Jacana Energy and Territory Generation.

As the year progressed, it became apparent that these financial deficiencies were symptomatic of more fundamental shortcomings in Power and Water's core business systems and processes. These shortcomings are deep-seated and have long inhibited efficient business operations and have significantly undermined financial performance outcomes at Power and Water.

Failure to tackle these shortcomings risks a significantly higher draw on the Northern Territory Government purse if upward pressure on utility prices is to be avoided, through increased subsidies from the budget and/or further equity injections. Moreover, while Power and Water's finances remain below par, negative pressure on the Government's credit rating will persist. These considerations alone provide the rationale for change.

As a result, during the year the Board has built a foundation for reform. This involved completing a reassessment of corporate strategies required over the next three to five years, and resulted in the Board's Strategic Directions Paper published in May 2016. In high level terms, this paper charts the pathway for change. In response, senior management has taken responsibility for addressing the underlying deficiencies in our business systems and processes and leading the associated business transformation process.

The Board and management are committed to fixing the corporation's problems systematically and transparently. Our goal is that Power and Water will have the leadership and business systems and processes to be a commercially-focused and customer-centric multi-utility that is respected by the community.

The Board is firmly of the view that the overwhelming majority of the corporation's workforce is not responsible for the current state of Power and Water's finances or its business systems and processes.

As is evident in the following pages, Power and Water employees continue to meet the needs of our customers and to face the constant demands of our unique environment. They are motivated to make a difference for the benefit of Territorians. If anything, for some time they have also been waiting for leadership, direction and the changes necessary to become truly customer-centric.

That said, every employee can help bring about the change that is needed for Power and Water to operate sustainably. In fact, having set our goals, precisely how we go about this business transformation is now part of a dialogue with our employees.

Significant change across Power and Water will affect every employee. The corporation will be a significantly different entity as the transformation takes effect and we implement change over time.

The Board is committed to driving reforms to improve our service to every customer and to ensure that our products remain affordable. As this new chapter unfolds in the life of the corporation, the Board and management expects that our customers, our suppliers, our shareholder and the people of the Northern Territory will see and understand the benefits of our transformation first hand.

Alan Tregilgas
Chair
30 September 2016

Chief Executive's Report

As one of the Territory's biggest employers and largest essential service provider on which every Territorian depends, we owe it to our customers to make sure we are doing everything possible to improve the efficiency of our business.

My first year with the Power and Water Corporation has provided opportunity for significant review and development.

As one of the Territory's biggest employers and largest essential service provider on which every Territorian depends, we owe it to our customers to make sure we are doing everything possible to improve the efficiency of our business.

To achieve this we need to build our capability internally and we need to invest in areas of our business that need solutions and outcomes to assist with the everyday challenges of continually developing and meeting business requirements.

The Board's Strategic Directions paper has set us on a path of more revolutionary change over the next four years through a Business Transformation Program. This program will see each business area of the corporation fully accountable for its performance through people, processes and systems to be a best practice, commercially focused and customer centric multi-utility that is respected by the community.

It could be argued that Power and Water has already experienced immense change over the past few years, which is true, however as we continue to evolve as a business, we need to continue on this path to make us a truly commercially-focused and customer-centric organisation that is prepared for – and can be confident about – our future.

People

Our staff are central to that outcome and they continue to work hard, carrying out tasks better and progressively improving the way we do business. They work tirelessly in challenging conditions to deliver services throughout the Territory.

Recognising our staff for their achievement is important and we are pleased to have received 52 nominations for the 2015 Power and Water Annual Awards. Furthermore, 97 staff were acknowledged for their years of dedicated service and commitment to Power and Water with milestones from five to 40 years' service.

As we embark upon our transformation journey, every staff member will be critical to the success of this program. By working together to identify and deliver a whole series of improvements across the business, we will free up resources enabling us to dedicate more value-add activities and initiatives to benefit our customers.

Safety

Safety is a priority that continues to underpin our activities across the corporation. This is an area that won't be compromised and needs constant rigorous focus. Our safety outcomes need considered improvement and through a more developed safety culture and active leadership, we will drive improvements throughout the organisation.

Investment

Our investment in vital infrastructure has continued in all regions and remote areas.

These projects ensure the safe and reliable supply of services to customers and communities including industrial, commercial and residential sectors. The past year has seen the official opening of the new Darwin Zone Substation, which will meet the future electricity demands of commercial and residential growth in the Darwin CBD. The new Adelaide River Water Treatment Plant was commissioned and Temple Bar Pump Station upgrade completed, which services Alice Springs. In the remote community of Robinson River, critical water infrastructure was replaced with two new elevated water tanks and in Wurrumiyanga on Bathurst Island, pipes carrying water from the bores to the water storage tank have been upgraded.

Customers

Our customers are our focus as we move towards our goal of being a truly commercially-focused and customer-centric organisation. To achieve this, we need to know what our customers

want and how we can better deliver on their expectations in an ever changing market.

The regular customer satisfaction survey conducted is encouraging with results in 2016 indicating that 89 per cent of residential customers and 80 per cent of business customers rated their satisfaction with their services as good or very good. However, more work is required in this area and we look forward to gaining a better understanding of our customers' expectations as the transformation program continues.

Future

Power and Water has an obligation to be a more flexible, responsive, professional and sustainable organisation. We owe that to ourselves, our customers, the government and the Northern Territory community.

Growth in the Northern Territory has been rapid in recent years and we need to ensure we can continue to deliver services efficiently and economically. Further investment in significant infrastructure is required to sustain the development of the region and Power and Water must find efficiencies in preparation for this infrastructure spend. Paramount is developing future water sources of a significant scale and improving our electricity network to ensure it is safe, reliable and efficient in-line with other jurisdictions. These projects include construction of the 132kV double circuit transmission line across the Elizabeth River, replacement of the 66kV switchyard and construction of the new 66/22kV Strangways Zone Substation.

We are focused on delivering the best possible outcomes for our customers and stakeholders across the Territory and I look forward to continuing to build on the great work that we do and meeting the future expectations of our customers and the community.

Michael Thomson
Chief Executive

Change across Power and Water

The Business Transformation Program will involve Power and Water employees working together to improve every aspect of the business over the next four years to make the corporation a truly commercially-focused and customer-centric organisation that is prepared for – and can be confident about – our future.

Business Transformation Program

As a corporation, Power and Water must be a flexible, responsive, professional and sustainable organisation. We owe that to our employees, customers, the shareholder and the Northern Territory community. But the way we are operating today puts us on a pathway that is at odds with our vision to become a best-practice multi-utility.

Our divisions benchmark poorly when compared with our peers. We underperform in areas of governance, operations and, most significantly, we benchmark poorly financially. The less efficient we are, the higher our costs are. Our customers deserve better.

The transition to the National Electricity Rules for the regulation of our networks in Darwin-Katherine, Alice Springs and Tennant Creek by July 2019 will drive a raft of efficiency and productivity improvements across the corporation. Under the new regime the Australian Energy Regulator will determine how much we can charge our customers by assessing what we spend our money on and how good we are at being an efficient service provider. So if we do not proactively reduce our costs and improve our efficiency, the Australian Energy Regulator will force that change upon us.

This has already happened in other jurisdictions where the regulator has ordered inefficient utilities to cut costs.

The Territory's growth means we must develop water resources on a greater scale than previously planned. This brings with it significant infrastructure costs. Unless we become more efficient these costs will translate to an impost on various stakeholders. It is also likely that our water business will also become part of a stronger regulatory regime in the future.

In simple terms, if we just continue as we are, the dynamics of our industry and the services we deliver to Territorians will change – and that change will be forced upon us.

Therefore, the Board and management has commenced a process that puts all of us in charge of our future. The Business Transformation Program will involve Power and Water employees working together to improve every aspect of the business over the next four years to make the corporation a truly commercially-focused and customer-centric organisation that is prepared for – and can be confident about – our future.

This isn't simply about cost cutting. Instead, this is about working together to identify and deliver a whole series of improvements across every area of Power and Water – all of which will combine to transform our business and make us a best-practice multi-utility. If we get it right, we will free up resources that we can dedicate to more value-add activities and initiatives, making everyone's life easier.

Every employee is critical to the success of this program.

Asset Management Capability

The Asset Management Capability (AMC) Program is providing improved asset management capability across the corporation.

Through the program, Power and Water is embedding asset management by identifying the components of the Asset Management System and working with business units to establish them. An Asset Management Policy has been completed along with a requirements document for establishing Strategic Asset Management Plans as defined by the International Asset Standard ISO 55000. These plans ensure that asset activities such as building, maintaining and operating assets are aligned to the strategic intent of the corporation.

The program team has been working with business units to establish over 20 asset life cycle processes with clear governance including roles, responsibilities and ownership. This work establishes a solid foundation from which the business can improve its efficiency and effectiveness and deliver better outcomes for customers and stakeholders.

Upgrades to Power and Water business systems will leverage the work completed to date to manage information that is required to make critical fact based business decisions around our assets.

Snapshot Business Transformation

What has happened in 2015-16?

The Power and Water Board prepared a Strategic Directions Paper outlining its vision for transforming Power and Water into a more commercially-focused and customer-centric organisation focused on improved financial management, asset management, our operating model and its employees. The Business Transformation Program is the vehicle by which Power and Water management will respond to the challenges laid out by the Board.

How will this roll out?

The focus of the Business Transformation Program is to address the problems revealed by the external audit of the corporation's 2014-15 annual financial statements.

It will capitalise on the nationally driven reforms around competition in the energy and water industries.

The improvement program also includes the establishment of a Project Management Office, with the aim of placing greater rigour in the assessment of the corporation's investments in its capital and business projects.

The transformation program will involve every aspect of the business by aligning people, systems and processes.

It is estimated that the process will take four years to establish sustainable improvement in the financial and operating performance of the corporation, by which time it will deliver tangible benefits to our customers and our shareholder.

What is our current focus?

The current focus of the program is a review of key processes and initiatives across the business to identify opportunities for improvement. This will culminate in the delivery of a Transformation Roadmap out to 2020, with a suite of fully costed initiatives set out over time horizons and supported by a target IT architecture and operating model. The recommendations from the Transformation Roadmap and Target Operating Model will assist in finalising the Power and Water Transformation Strategy and the scope for the next phases of the program. The entire program will be supported by a strong focus on improving our organisational culture to support a high performing organisation with a focus on staff engagement, development and alignment of values and behaviours.


PowerWater

OUR **PERFORMANCE**

Safety

Our core value is protecting the health and well-being of staff, contractors and the general public. This value underpins all of the corporation's activities. Through safety leadership, culture and an effective Safety Management System (SMS), the corporation will continue to work towards achieving the goal of zero harm.

After a number of years of subtle change within the Safety Management Systems of Power and Water, 2016 has seen a significant investment in refreshing and improving the safety culture within the corporation to ensure that our focus on safety as a core value is retained and felt at all levels of the workplace. In May 2016, Power and Water commenced a formal project to roll out and embed the core values of our safety culture back into the wider organisation. This process commenced with the engagement of an internationally respected safety psychologist to verify the current safety culture and levels of maturity within Power and Water and to plan a three year roadmap that will significantly enhance the safety culture within the organisation.

Unfortunately, Power and Water recorded nine Lost Time Injuries in the reporting period with an LTI Frequency rate of 4.5, which exceeds the previous year's LTI frequency rate of 2.7. The injuries represented in this period are also consistent with previous reporting periods and relate to manual handling events, trips and falls and motor vehicle events, confirming that these key hazardous activities require enhanced focus and management.

The ability of the corporation to communicate urgent and high priority safety matters was also significantly improved in 2016 with the development of a simplified process for Hazard Alert sharing. This improvement reduces the time required to share urgent safety messages across all areas of the corporation and is a direct result of the learnings extracted from an Incident Cause Analysis Method (ICAM) investigation in early 2016. The improved process allows business units to rapidly share safety alerts across the corporation on a range of issues and assists to reduce communication barriers.

A targeted men's mental health initiative based on the psychological factors associated with male dominated work environments, the 'Men At Work' program assists team leaders, supervisors and operational managers to better understand the social and cultural impacts of a male dominated workforce. This program is designed as a series of workshops over four days to enable men to share and explore life's experiences and challenges. It assists teams to develop relationships and strategies that are considerate of the risks, peer factors and motivating forces that are inherent to a male dominated, task focused environment. In the past 12 months, 86 men have completed this program.

Staff health and wellbeing

As part of the Water Services Wellness Program, Oz Help provided on-site informal workshop sessions on mental health with a particular focus on fatigue and sleep deprivation. Water Services is engaging with Beyond Blue consultants to run a series of short presentations to Darwin staff and a mental health presentation to Power and Water's health and safety staff. Water Services rolled out the Personal Protection Equipment (PPE) policy for long sleeve shirts and trousers, which includes an option for a light weight material with better wicking capabilities. A trial of the lighter weight clothing was undertaken with a select number of staff. Following staff feedback from the trial, the long sleeve, long trousers PPE phase will be progressively introduced with staff and contractors.

Legal compliance

Power and Water is subject to a wide range of legal requirements as a result of its diverse operations. This includes compliance with Commonwealth and Northern Territory legislation, regulations, licences, standards, codes and other legal instruments.

Compliance with relevant laws, regulations, industry codes and acceptable ethical standards is important for Power and Water in reducing organisational risk and avoiding the potential significant consequences associated with non-compliance. Power and Water's compliance framework is supported by its Compliance Policy, Compliance Register and a Compliance Strategy, which is developed with reference to the principles contained in the Australian Standard AS3806:2006 - Compliance programs.

The Compliance Strategy is reviewed by Power and Water on an annual basis outlining the ongoing management of compliance activities within the corporation. Consideration has also been given to the integration required between compliance and the existing risk management and audit functions, to ensure coordinated processes across all three areas through a Governance, Risk and Compliance (GRC) system.

(The program) assists teams to develop relationships and strategies that are considerate of the risks, peer factors and motivating forces that are inherent to a male dominated, task focused environment.

Customer Service

Power and Water's Retail business unit transformed into the Customer Service Centre in October 2015 with an enhanced focus on Power and Water's customer needs.

The Customer Service Centre provides retail and support services, such as call centre activities and billing, to approximately 68,000 water and sewerage customers throughout the Northern Territory, including electricity and water retail services to Power and Water's not-for-profit subsidiary Indigenous Essential Services Pty Ltd (IES).

Power and Water continued to provide retail functions for Jacana Energy. In 2015 Power and Water began working with Jacana to start the transition of these Services. In February 2016, Jacana Energy's call centre function was successfully transitioned to perform the task in house. With the objective to enhance customer service the Customer Service Centre team designed a program to cross train team members to create a flexible and multi skilled workforce. The reintroduction of Power and Water's Account Management team focused on providing specialised services to major customers.

Our Account Management team is made up of Senior Account Manager, Account Manager North and Account Manager South covering all regions to support our major customers with all water, sewerage and network requirements.

Our team works closely with internal stakeholders to provide a singular approach to supporting external stakeholders through increased efficiency and reduced costs. Recent activities such as the water meter replacement program, which has impacted our major customers, have been socialised and coordinated as a courtesy to ensure as little operational disruption as possible is caused. This has been welcomed and well received.

Providing a direct point of contact ensures timely outcomes and a more personalised service and support to our customers, they no longer need to wait in call queues to have their queries answered.

Building stronger relationships with our customers and their key representatives through regular proactive contact is our priority so they can get on with what's important - running their business.

A new and improved customer messaging and notification system was launched allowing customers to receive automated messages via SMS helping to manage overdue bills. This uses an existing system called Whispir, which is to be further developed as we look to expand and streamline online tools across the business areas to make it easier for customers to engage with us in new ways.

Customer satisfaction

Power and Water measures its customer's satisfaction with its services via a survey, at least once every year and in 2015-2016 it recorded its best results yet in overall satisfaction from its residential customers and its standing as a responsible, reliable and trusted organisation. This led to an overall score of 89 per cent of residential customers rating their interactions and satisfaction with Power and Water as good and very good, while in the non-residential sector the score was a solid 80 per cent of customers with a similar sentiment. This is a great outcome for Power and Water and is a reflection of the great work underway across the business.

One Stop Shop

Since its establishment in 2013, the One Stop Shop located at Power and Water's Ben Hammond Complex has acted as a central point for developers and contractors who have questions about the corporation's services, need to organise connections or pay their accounts in person.

This streamlined approach has enabled Power and Water to build a stronger relationship with customers. Over time, the corporation has also improved the functionality and efficiency of the One Stop Shop by better understanding the needs of customers and continuously improving delivery.

The One Stop Shop is a prime example of our commitment to our customers and is a true reflection of our customer focused corporation.

Australia Posts MyPost Digital (APDM/BPAY View)

The 'Go Paperless' campaign was introduced in 2015 as an alternative option for customers looking for more convenient ways to manage their accounts.

This incorporates the introduction of new payment methods through services such as Australia Post's Digital Mailbox (APDM) and the introduction of BPAY View.

Power and Water has seen a large number of customers moving to our online payment options for convenience with the numbers growing daily.

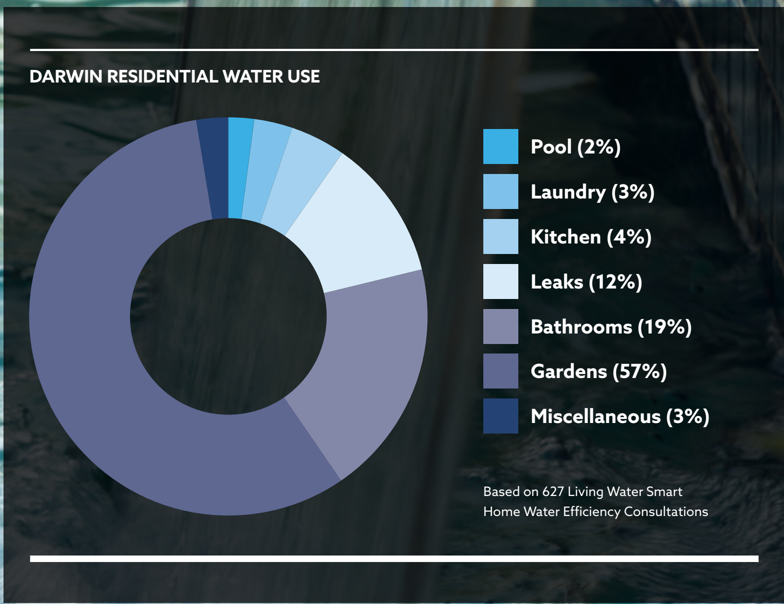
Call Centre Grade of Service (GoS)

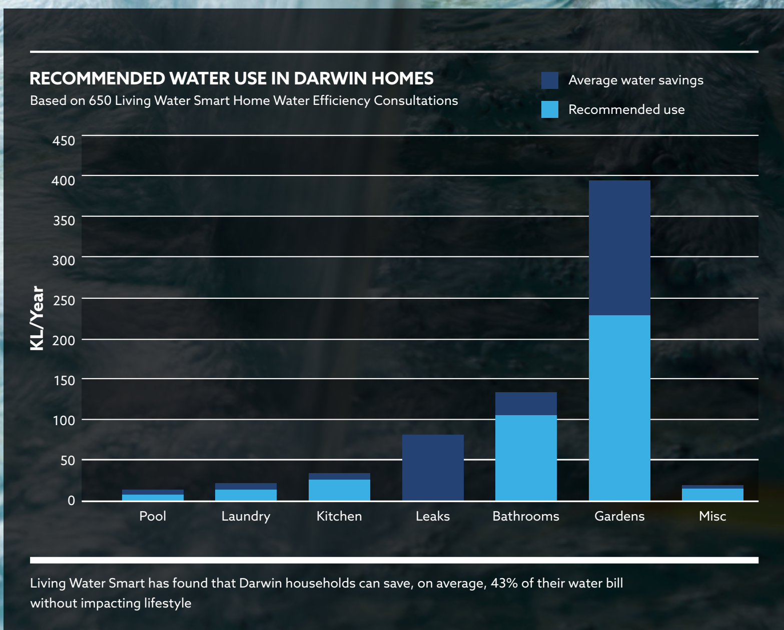
Grade Of Service (GOS) is a metric that is set by the Utilities Commission to provide a minimum level of service. For example, 67 per cent of calls should be answered within 30 seconds. The Call Centre's Grade of Service (GOS) fell below the previous year's achievement. However, this can be attributed to a three month period between November and January as services transitioned between Power and Water and Jacana Energy.

Prior to November 2015, Customer Service's YTD (year to date) GOS was 73 percent. Between February and June, Customer Service achieved a YTD GoS of 70 per cent.

This resulted in the corporation falling short of the corporation's GoS overall target of 63 per cent, achieving 59 per cent.


MyPOST
Home
Mail
Providers
Personal storage
Welcome to your digital mailbox
Pay bills
Schedule payments
Set reminders
Receive mail from your chosen providers
Secure your important documents
Recent activity
Start receiving mail
Add your service providers, to start receiving bills and letters directly into your digital mailbox.
More providers
Your digital life secured
Going on holiday?
Add a file now
Latest upload
Help
Privacy policy
Terms & conditions
Shop now
MacBook Pro





Living Water Smart

Living Water Smart is a five year program focused on reducing water consumption across the Darwin Region by 10GL between 2013 and 2018 and maintaining this saving into the future. This volume of water is equivalent to a quarter of Darwin's annual water consumption. The main benefits of the program are deferring the need for large scale capital expenditure on major infrastructure, savings for customers, and embedding sustainable water use in the community for the long term. 2015-16 saw the completion of year two of the five year program, with a number of key initiatives completed:

- Collaboration for a Water Sensitive Future - In conjunction with Living Water Smart, the Cooperative Research Centre (CRC) for Water Sensitive Cities facilitated a collaborative workshop to investigate how Darwin and Palmerston could become more water resilient and liveable. Integrating the role of water with urban planning, design and development, the workshop brought together NT Government agencies, councils, Power and Water and other key organisations to explore a wide range of ideas and practical options. The two day workshop provided an opportunity for these organisations to work together to deliver ideas for wastewater management, water supply resilience and protecting aquatic ecosystems from the impacts of urban runoff. The workshop outcomes will enable the latest research and knowledge to be applied to urban water management policy, and strategy and practice in Darwin and Palmerston. Discussion ensued regarding the opportunities for NT Government agencies to collaborate with the CRC in delivering improved water and wastewater outcomes.
- Water Efficiency Consultations - Living Water Smart has delivered over 700 personalised water efficiency consultations to identify water wastage and opportunities to save. The 500th home water efficiency consultation was delivered on 11 January 2016. To date, over 700 consultations have been delivered with residential, business, school and accommodation customers across the Darwin region.

- Water use data from the National Performance Report (see page 30) shows that Darwin residents use more than twice the national average. Analysis of the data compiled from home consultations identified three main areas of water use:
  > Leaks – One in five homes have a leak somewhere on the property
  > Gardens – 57 per cent of home water use is in the garden
  > Bathrooms - 19 per cent of the home water use is in the bathroom, with long showers a common factor.

Taking into account this important information, the Living Water Smart Program has undertaken a refresh to its program to focus on Water Smart activities in leaks, gardens, bathrooms and behavioural change programs that promote new community standards for sustainable water use.

Living Water Smart 'HOW' campaign

From July to December 2015 Living Water Smart ran the 'How' campaign to help Darwin residents to find ways to save water at home.

A highlight of the campaign was a competition to win a $1500 'Irrigation Makeover' that encouraged over 300 homeowners to book a free Water Efficiency Consultation. John and Fiona Shanahan were the lucky winners and they chose to install an automatic irrigation timer and saved over 50 per cent of their home water use by adjusting their irrigation schedule. The campaign attracted over 12,500 webpage views and 35 per cent of all homeowners who had a consultation had higher than average water use before participating.

The campaign attracted over 12,500 webpage views and 35 per cent of all homeowners who had a consultation had higher than average water use before participating.

Wet Season/Summer Campaign 2015-16

Power and Water conducts an annual public information campaign that aims to prepare Territory residents for the wet/summer season. It is designed to inform about the challenges of storms, cyclones and floods – and provide assistance, tips and tools to prepare and stay safe.

A new creative approach was developed for the 2015-16 campaign, putting our customers at the heart of the campaign. The campaign includes many common scenarios that may be overlooked in wet/summer season preparation, including the storage of water, the clearing of overflow relief gullies (ORG) to prevent sewerage overflows and keeping Power and Water notifications top of mind. The creative was designed to engage and resonate with our audience using a humorous and fresh approach – both for newcomers to the Territory, or longer term residents who may have some complacency.

This campaign will continue in 2016-17, adding aspects such as our smartphone app and the Power and Water Facebook page as additional resources for our customers.

Facebook launch

Power and Water's social media strategy aims to build meaningful, two-way engagement with customers and stakeholders and to respond to customer demand for social media communication within our annual surveys.

In February 2016, the corporation launched a new Facebook page to better engage with customers and community. Power and Water also communicates through Twitter and Linked-In to a variety of customer segments, stakeholders, the media and other community members. Collectively across these social media channels, thousands of Territorians have already subscribed/liked Power and Water pages with the expectation for significant growth ongoing.

Renewable energy

Power and Water continues to support the adoption of renewable energy across the Northern Territory. Currently, the renewable sources of generation connected to the grid is made up predominantly of Solar Photovoltaic (PV), along with some recovered waste gas generation and includes a micro-scale experimental hydro-generation system.

Presently approximately 4 per cent of the total energy supplied through the Power and Water grid is from renewable sources. Alice Springs has about 8 per cent of its energy supplied from renewable sources and some 3 per cent in the Darwin-Katherine grid.

Power and Water is committed to the ongoing careful coordination and technical management required to ensure that the power system remains safe, reliable and accessible for all customers and participants.

Additionally, through some of our Indigenous Essential Services communities, the Solar SETuP program is underway. Construction will soon begin of solar/diesel hybrid systems with the installation of 3.325 megawatts (MW) of solar power across ten remote communities.

National Water Week

In October 2015 Living Water Smart hosted several events to celebrate National Water Week. This included co-hosting well known ABC Gardening Australia presenter Josh Byrne, with the Darwin City Council. Josh highlighted his experiences with 'Josh's House', a sustainable living demonstration in Perth. Power and Water's Customer Service Centres in Darwin also held a small art exhibition showcasing drawings by students from Leanyer Primary School about why water is precious in Darwin and how to save it. In Alice Springs, a 'Leak Week' project checked over 5300 home water meters and identified suspected leaks in one in six homes, with the potential to save more than 270ML per household. A similar project is planned for Darwin in the coming year.

Environment

Alice Spring's Wastewater Plant Environmental Performance

There has been no discharge of secondary treated effluent from the Alice Springs waste stabilisation ponds into Ilparpa Swamp for over a year. This represents a significant milestone for wastewater management in Alice Springs. This is the result of significant infrastructure investment and great work done by all staff involved in managing the ponds' levels and overflows. The last time a discharge occurred was during a severe wet weather event in early January 2015, where the St Mary's Creek catchment received approximately over 4 gigalitres of rainfall/runoff in 4 days. Natural events like these can be unpredictable, where major inundation of the wastewater system can occur very quickly. The number of discharges to Ilparpa Swamp per calendar year and the volume of effluent released has been decreasing since 2010. There is evidence to suggest the environmental footprint of the waste stabilisation pond has also decreased and returned Ilparpa Swamp to an ephemeral wetland ecosystem. Aerial and vegetation surveys have concluded that Coolabah communities are recovering in areas that had previously been inhabited, prior to the continuous discharge of treated effluent to the swamp. This is an encouraging sign, and has led us to conclude that changes made to our discharge regime have led to improvements in the condition of the swamp.

Bulk Waste Discharge CCTV

In January 2016 access to the Palmerston Bulk Waste Discharge Area was improved with the addition of CCTV monitoring and state of the art gate entry control system. The introduction of surveillance equipment has improved the integrity check of the delivery manifests from bulk waste companies, enhanced invoice accuracy, increased revenue and significantly improved the oversight of waste discharged and the security of the facility.

Environmental management

The implementation of the Environmental Management System will ensure that Power and Water has a structurally and operationally relevant approach to environmental management across the organisation. It will provide staff with the tools for identifying, assessing and minimising the risk of environmental harm.

An Environmental Training and Awareness Program aims to ensure that staff and contractors are aware of environmental regulatory obligations to prevent potential for inadvertent breaches. Staff will be able to identify and manage environmental matters commensurate to their roles and responsibilities within the organisation.

Power and Water has embarked on developing a Stakeholder Engagement Plan. The plan's objective is to achieve our goal to be a 'solid performer' in environmental management within five years. The plan defines a stepped approach in environmental management and provides a clear framework to management and business units on how Power and Water will achieve its goal while aligning strategic and operational environmental opportunities.

Staff will be able to identify and manage environmental matters commensurate to their roles and responsibilities within the organisation.

Staff Recognition Award recipients, with Chief Executive Michael Thomson

POWER AND WATER EMPLOYEES

936 TOTAL PERSONNEL

188 ESSENTIAL SERVICE OPERATORS (ESO)

64 APPRENTICES DURING 2014-15

11 TRAINEES DURING 2014-15

People

Power and Water is focused on building and maintaining a professional, capable, accountable and diverse workforce. Primarily, the corporation's people objectives are four-fold:

- to build and retain a capable workforce
- to build and promote regional capability and opportunities
- to encourage and promote an engaged workforce and environment
- to build a workforce of high performance and accountability.

Essential Services Operators

Power and Water provides services to remote communities through Indigenous Essential Operators contracted by regional councils and Indigenous business enterprises. This is a significant initiative in increasing local Indigenous employment.

There are 188 Essential Services Operators working across the Territory carrying out minor works and services. These skilled locals provide an efficient approach to infrastructure servicing and maintenance in remote Indigenous communities.

Power and Water's Indigenous Employment and Career Development Strategy (IECDS) is an integral part of its commitment to increasing Indigenous employment and career development opportunities.

National Project Management Awards

Alice Springs' Water Recycling Plant Upgrade project won the award for sustainable projects at the 2015 Northern Territory Project Management Achievement Awards. The Alice Springs Water Recycling Plant Upgrade project was recently completed to supplement drinking water supply with recycled water for unrestricted irrigation use. This project primarily aims to extend the life of the finite groundwater resource and secure the long-term sustainability of the water supply in Alice Springs. This project saw Water Treatment Engineer Eric Vanweydeveld crowned Young Professional Engineer of the Year at the Northern Division Engineering Excellence Awards.

2015 Staff Engagement Survey

Our people are central to our business and each year we conduct a Staff Engagement Survey to find out how our staff are feeling and what's important to them in the workplace. The 2015 survey had an 82 per cent participation rate which means it provides a great snapshot of what matters to our people across the business units and into all of the regions across the whole of the Northern Territory. Some of the important feedback from this year's survey was centred around the importance of safety, inclusion and health and wellness, and the following initiatives were put in place as a result:

- providing a safe environment with a focus on reporting, investigating and acting to prevent unsafe work practices and incidents through the Governance, Risk, Audit, Compliance and Event (GRACE) management system
- sharing and communicating positive safety messages and initiatives through the intranet, staff bulletins and alerts and team meetings
- promoting health and wellness initiatives and support programs
- supporting anti-discrimination, bullying and harassment training programs.

Developing our internal talent, celebrating our successes, building a strong culture of achievement, together with retention incentives and succession planning also came through strongly in the survey and as a result, these areas are now a key focus of the Business Transformation Program and will be central to the overall success of the business in achieving its future strategies.

Staff reward and recognition

In 2015-16, a total of 36 nominations were received for the Quarterly Reward and Recognition program. Fifty two nominations were received for the 2015 Power and Water Annual Awards, which recognise achievements in specific categories across the corporation. A Service Recognition event was held in May 2016 to celebrate the dedicated years of service and commitment of 97 employees who achieved milestones ranging from 5 to 40 years' service with Power and Water or the broader Northern Territory Government.

Customer Service Officer Blessing Palupe

Indigenous Employment and Career Development Strategy

A key component of our Indigenous Employment and Career Development Strategy (ECDS) is working towards developing a workforce that is more representative of the community we service and so in February this year Power and Water took the decision to take part in the Northern Territory Government's Special Measures recruitment strategy to encourage and promote the engagement of Indigenous personnel into Power and Water. The strategy has aided in the recruitment of Indigenous personnel into positions across Power and Water's workforce, and is making a strong contribution to our targets.

Power and Water has been working in partnership with remote schools and the Michael Long Learning and Leadership Centre (MLLLC) over the past 12 months. The program is about engaging students to start thinking about a career pathway, and an understanding of what Power and Water and the Essential Services Operators do in their remote community. Power and Water has presented to 20 schools, about 110 students, boys and girls, ages 10 to 13 years. Over 60 per cent of Power and Water's Indigenous staff have a career pathway, Indigenous staff numbers have increased from 24 to 42.

In partnership with the Department of Corporate and Information Services, a 20 week Indigenous Employment Program was implemented at the entry level. A second intake will take place in the second half of 2016. A Power and Water Indigenous Working Group is being established with the aim of providing the opportunity for employees to share their knowledge and expertise, as well as being part of a network of volunteers aiming to achieve important outcomes in Indigenous employment and career development. Members of the group will bring individual concepts and perspectives from their respective fields of work to enhance the implementation of the IECDS.

Learning and Development

Power and Water's Internal Trainer Network initiative has given subject matter experts across the corporation an opportunity to share their skills and knowledge. As a result, the corporation now has 28 participants across the Northern Territory.

In addition, Power and Water facilitated training events including:

- 820 face-to-face training courses
- graduate and apprentice inductions with 16 apprentices completing their apprenticeship with five now employed by Power and Water including a mechanical engineer, two electrical engineers, an earth science and an economics graduate
- safety awareness programs and online training courses
- the development of 45 applications for study assistance in 2015-16 financial year.

Other highlights included:

- Power and Water was awarded GTNT Host Employer of the Year Award (apprentice program).

Community partnerships

Variety NT

Power and Water has partnered with Variety NT for the Starfish Swim Group, a specialised swim program designed for children and young people aged 3 to 16 years with a disability or special needs. The program is provided at no cost to the participants who learn to swim at their own pace in a supportive environment and also learn about water safety.

Through our partnership with the Starfish Swim Group, 25 more children and young people now have ongoing places in the program. Power and Water has partnered with Variety NT in the past and is proud to continue to support the children's charity.

Tennis NT

Tennis NT is the peak body for tennis in the Northern Territory and aims to engage Territorian's of all ages and abilities in the sport. Power and Water has an ongoing partnership with Tennis NT in the form of the Power and Water Regional Development Program. This program facilitates access to and supports the sustainability of community based tennis activities in regional areas across the Territory, including Nhulunbuy, Groote Eylandt, Alice Springs, Tennant Creek, Katherine and rural areas of Darwin.

Australian Red Cross Blood Service

Power and Water is part of the Australian Red Cross Blood Service's

RED25 program. RED25 aims to rally organisations and groups across the country to achieve 25 per cent of the blood donations needed by Australia.

Throughout each year, Power and Water staff members consistently roll up their sleeves and make donations that can be more valuable than money with each single blood donation helping up to three patients. The corporation was announced as the second largest blood donor group in the Territory for 2015 with a total of 110 donations. By September 2016, staff had made another 100 donations aiming to top the 2015 result.

HPA (Helping People Achieve)

HPA "Helping People Achieve" is the only not-for-profit Australian Disability Enterprise in Darwin providing supported employment to Territorians with disabilities since 1963. The aim for all supported employees is to gain the work skills needed to eventually move onto open employment. Power and Water has an ongoing partnership with HPA assisting to raise their profile and brand awareness within the wider community.

Procurement

Over the course of 2015-16 Power and Water procured approximately $632 million in external goods and services from 2188 suppliers, with 45 per cent of that value sourced from Northern Territory based businesses. Of those 2188 suppliers, the top five account for 40 per cent of the total value and Northern Territory business hold three of those top five spots, which demonstrates Power and Water's ongoing commitment to growing the Territory.

Power and Water currently has 376 contracts under management and plans to release tenders for a further 89 contracts at an estimated value of $250 million.

Power and Water will continue to strive to deliver best value for their customers, delivering real procurement savings, in partnership with our network of sustainable and skilled industry partners.

Security and Emergency Management

Power and Water undertook a review of its security arrangements in September 2014, in response to a change (increase) in the National Terrorism Threat Advisory System. The corporation then commenced development of a new Protective Security Management Framework (PSMF).

The review led to reforms in a number of areas such as access control and processes; conduct of physical security reviews and operational security risk assessments of critical sites; a review of security lock and key systems and upgrades to electronic security and surveillance systems (CCTV). The PSMF is well advanced with completion expected in late 2016.

Completion of the PSMF will assist in the safety and protection of Power and Water employees, contractors, visitors, critical infrastructure, assets and information.

Power and Water has also initiated a new Emergency Management Framework (EMF) built on lessons learnt from major incidents affecting services in recent years. The project will enhance Power and Water's ability to respond to all hazards including natural disasters and improve organisational resilience, governance and operational capability to prevent, prepare for, respond and recover from emergency events.

Development of the EMF project is expected to continue from 2016-17.

On Christmas Eve 2015, a tropical low weather system approached the coast near the town of Daly River. Over the following days the rainfall from this low resulted in the flooding of the town and evacuation of residents on Boxing Day. The community resided in Darwin for a period of three weeks while flood waters rose and fell. Power and Water staff worked as part of the whole of government effort to respond to the flooding event. With evacuations commencing on Boxing Day, our staff remained in the community to manage and protect the water, sewer and power systems. They coordinated with other agencies to restore power to homes that were impacted and worked continuously over the holiday period to ensure a safe and operational environment in time for the return of the community.

Water Services is focused on meeting increased demand for water due to population growth, new development and the establishment of major infrastructure as residential communities and commercial precincts expand across the Territory.

Howard East Borefield

Operational performance

Water Services

Water Services is responsible for providing safe, efficient, reliable and cost effective water and sewerage services in the Northern Territory's five major centres of Darwin, Katherine, Tennant Creek, Alice Springs and Yulara. Water is also supplied in 13 minor urban centres and sewerage services in five minor urban centres. Water Services is focused on meeting increased demand for water due to population growth, new development and the establishment of major infrastructure as residential communities and commercial precincts expand across the Territory.

In 2015-16 Power and Water established a new water treatment plant for the Adelaide River area with the objective of improving water quality (taste, colour and appearance) by removing the likelihood of potential contaminants or elements that affect water quality. The new plant also provides consistent water quality and reliable and secure water supply for residents in the area. The $6 million plant was officially opened in December 2015. Contractor SUEZ Australia constructed an Australia-first biological filtration system to provide for the removal of iron and manganese found in the region's bore water. Traditionally, iron and manganese removal has relied on physical-chemical reactions and has had only limited success in helping meet the target water quality requirements. The biological plant is a more reliable, sustainable and cost effective method of treating the bore water in Adelaide River.

The Darwin region is heavily reliant on a single water supply source, the Darwin River Dam. If, for any reason, this source was unavailable, the region would depend on groundwater from its borefields for an emergency supply, therefore enhancing the capacity of the borefield is of critical importance to ensure the Darwin region will have access to an adequate emergency supply. The equipping of four existing bores in the borefield and bringing them into service has increased the emergency supply capacity and the Department of Land Resource Management has renewed the extraction licence for the McMinns and Howard East Borefields, incorporating the four additional bores under the existing water allocation. The bores were drilled in the 1980s in preparation for future connection.

In early April 2016, the new Palmerston elevated water storage tank reached a major project milestone with the tank bowl lifted to the top of the tank stem. This elevated tank will secure the water supply for the growing population of Bellamack, Zuccoli, Roseberry, Johnston and Palmerston South. The water tank is a $13.91 million project that will store 4ML of water.

Delivering for customers

The Water Services team has achieved some outstanding results during 2015-16. These reflected the work of employees to deliver the best possible service to customers, often under extreme or logistically difficult circumstances.

One such incident occurred in November 2015 when a crew from Water Services South received notification of a water leak adjacent to the Tom Brown roundabout on the southern entry to Alice Springs. The reticulation crew quickly identified the leak to be from the 750mm transmission main from the Temple Bar pump house to the Alice Springs town tanks. A "sacred" tree directly on top of the main may have been a major contributing factor resulting in the pipe subsiding and causing the rubber ring joint to leak. The main was isolated enabling the contractors to excavate and assess the size of the leak. The Alice Springs' engineering team contacted the Aboriginal Areas Protection Authority to gain permission to remove the tree. Once the tree was removed the main was exposed and a temporary repair fitted allowing the water main to be reinstated for the night. With the water tanks filled to capacity, the main was again isolated allowing the contractors to effect a permanent repair during the day. The water main was then returned to service. The whole repair took 14 hours. This was great team work from the on-call crew and our civil, hydraulic, mechanical and electrical contractors.

Demand Management

Water Services is currently implementing a comprehensive water demand management and water conservation program. Living Water Smart in the Darwin Region is a five year program that aims to reduce consumption by 10 GL per year by 2018 and sustain that efficiency going forward.

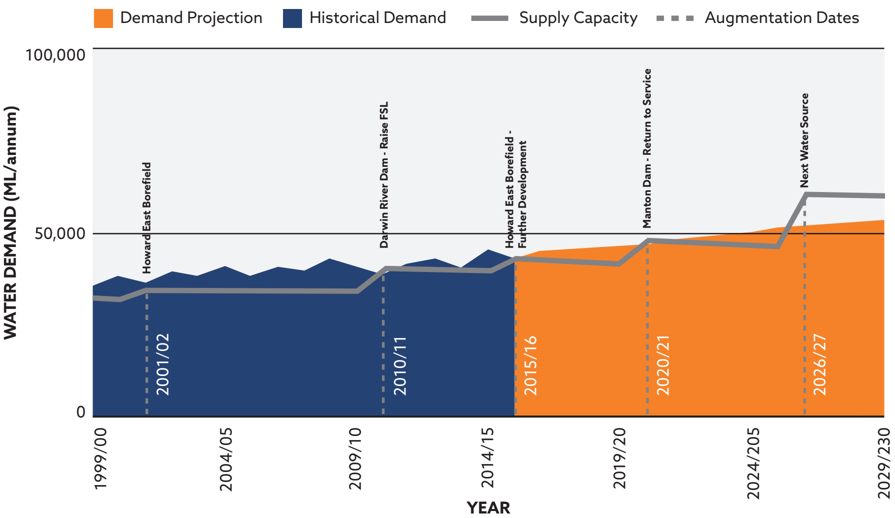
Living Water Smart was launched in October 2013 and has engaged extensively with home, business and industry, schools, accommodation and government customers to better understand water use through water audits and to implement water efficiency measures.

A rebate scheme for water efficient products and services including plumbing leak checks, shower head replacement, and irrigation equipment was implemented in June 2014 to motivate and support water efficiency improvements.

Building on the educational 'WHY?' campaign in 2015 and the practical 'HOW?' campaign in 2015-16, a revised Rebate Scheme will be launched later in 2016. The new Rebate Scheme will incorporate the program's experience so far and target specific behaviour change incentives that reflect the top three areas of water waste in Darwin: leaks; garden irrigation; and showers.

The 2015-16 wet season campaign prompted the community to reduce garden water and irrigation and promoted strong association with the effects of climate variability on water use and supplies.

Future campaigns will focus on embedding community water rules to set new standards for water use in the Darwin Region.



The tank has been built to withstand cyclones and earthquakes. The steel structure weighs 385 tonnes and once complete it will stand at 36 metres high, making it one of the largest elevated water tanks in the country.

Major projects

The Water Services team worked with contractors Mousellis and Sons to repair a damaged sewer main on the corner of Mitchell and Daly Streets in the Darwin CBD. This was a very complex emergency breakdown job, which included the excavation to remove 450 damaged sewer mains and preparation for installation of the new sewer section. The whole job was delivered in three days therefore minimising the disruption to the CBD.

The completion of sewer upgrade and diversion works in Mitchell Street marks the end of a major project to divert wastewater away from the Larrakeyah Outfall, which was decommissioned in 2012. This was the final step in a $56 million upgrade that will service the Darwin CBD requirements for the next 20 years. Sewage from the Darwin CBD is no longer diverted via the Doctor's Gully Pumping Station, saving significant ongoing operational costs. Water Services worked very closely with businesses and service providers in the area, which enabled the completion of the design and construction on time.

The Temple Bar Booster Pump Station pumps all the water for Alice Springs from the bore field to the elevated tanks in the township. Water Services found the pipework on the outlet of the large boosters had rusted away and failed. These were replaced with new mild steel, cement lined, Sintakote pipe, while the alignment was revised to provide redundancy in the pipework. Completion of this major phase was achieved with all of the pipework in the ground.

Future projects

Power and Water will commence the first stage of a $5.1 million project to rehabilitate and secure the water supply headworks (borefield) infrastructure at the Tennant Creek production bores. This infrastructure was progressively installed between 1955 and 1980 and recent down-hole camera inspections identified that 12 of the 15 existing production bores require replacement after deteriorating over time, potentially risking the ingress of floodwaters and contaminants leading to a possible bore collapse. A program of production bore and bore headworks, commencing with the drilling of eight replacement bores, will ensure Tennant Creek's water supply.

Consultants' access to water and sewerage network information

A self-service web portal has been developed to provide land developers with up-to-date information on Power and Water's water and sewerage network. External access to the geographical information system Dekho has been provided to external consultants and select government agencies. This self-service arrangement enables access to information more effectively while reducing the need for involvement by land development resources.

Water testing – Alice Springs

Palmerston Elevated Water Tank

Water Source Development

In parallel with demand management efforts, Water Services is undertaking planning and design work to return Manton Dam to active service by 2021. Required works include a new pumping station, a transmission main and a water treatment plant.

Manton Dam's return to service by 2021 will increase the yield of the Darwin region water supply system by 6,200 million litres per year.

No decision has been made on the future of recreation on Manton Dam. However, Power and Water has been assessing the water quality risks associated with the current recreation activities and the impact that operation of the dam may have on those activities.

The combination of demand management activities and the return to service of Manton Dam will address water supply security in the short term.

For augmentation of supply in the medium term, to support the development of the north, a number of surface water source options are being assessed against engineering, environmental, economic and social criteria.

Power and Water is also working with CSIRO as it progresses the Northern Australia Water Resources Assessment, a $15 million, three year project under the National Water Infrastructure Development Fund that includes assessment of the Adelaide River catchment.

MANTON DAM
return to service by

2021

Works will increase yields by

6200

MILLION LITRES PER YEAR

INVESTING A FURTHER

$3.8 MILLION

- **FEASABILITY STUDIES**
- **CONCEPT DESIGN**

4

WATER SERVICES HAS JUST EQUIPPED **4 BORES TO INCREASE EMERGENCY SUPPLY** IN THE HOWARD EAST BOREFIELD

Darwin zone substation – opened in April 2016

Power Networks is working on a range of major projects to improve service delivery to customers and establish new assets or upgrade existing facilities that will serve Territorians for the long term.

Power Networks

Power Networks has responsibility for planning, building and maintaining reliable electricity networks to transport electricity between electricity generators and electricity consumers in the Northern Territory. Its purpose is to achieve this in a safe, reliable, affordable and environmentally sustainable manner.

Power Networks is working on a range of major projects to improve service delivery to customers and establish new assets or upgrade existing facilities that will serve Territorians for the long term. Major projects such as the work underway on the Leanyer, Darwin and Casuarina zone substations form part of Power and Water's continuing program of essential upgrades to Darwin's electricity network. Substations transform high voltage power to low voltage power to supply to customers, making them a key part of the power network.

Major projects

Securing energy supply for Territorians has been a critical focus for Power Networks with the construction of a 132kV Double Circuit Transmission Line across the Elizabeth River. This project will enable the infrastructure to withstand a Category 4 cyclone. Project civil works commenced in May 2016 and the entire project is to be completed by June 2017. New lattice steel towers supporting the transmission line will be built parallel to the existing 132kV overhead transmission lines. Achieving this will significantly increase the security of the two existing 132kV transmission lines from Channel Island Power station into Darwin surviving or being repairable after a Category 3 or 4 cyclone event.

Power Networks is also constructing a 66kV switchyard replacement at its Casuarina Zone Substation. The zone substation is designed to reinforce the existing network and ensure longer term security of power supply as development continues in Darwin's northern suburbs and will replace the 66kV outdoor switchyard. The project involves the installation of indoor 66kV Gas Insulated Switchgear (GIS) in a new building and three new 20/27MVA 66/11kV transformers to replace all existing outdoor 66kV switchgear and transformers. Construction commenced in October 2015 with commissioning expected in the first half of 2017. The new Strangways 66/22kV Zone Substation will replace the old McMinns Zone Substation that supplies the rural areas of Darwin. Construction of the new substation is complete with final commissioning planned for October 2016.

Works connecting the Leanyer Zone Substation into the electricity network were completed ahead of schedule, ensuring Power and Water is on track to deliver improved capacity, flexibility and reliability to the electricity system. This is a credit to the contractors, Power Networks' crews and Power and Water's System Control and enabled the early commencement of works on expansion of the Casuarina Zone Substation and installation of a new indoor switch room.

The new Darwin Zone Substation has also been the focus of an investment program designed to meet the future electricity demands of commercial and residential growth in Darwin CBD, and is the largest in Power and Water's power system. The $40 million substation was built to replace the City Zone

Power and Water technician in the Metering Lab

Substation, which was at the end of its economic life. A collaborative project between Power and Water Corporation and United Group Pty Limited (UGL), the project was delivered on time and under budget through a new Early Contractor Involvement (ECI) project delivery model, which engages the same project team throughout the project from concept to commissioning, ensuring cost efficiencies and saving time.

The 2015 major equipment upgrade for the Hudson Creek Switchyard was also completed with the third 132kV circuit breaker now energised and in service.

The works are the second stage of a long term, wider network upgrades plan that commenced in 2014 designed to improve the security and reliability of the 132kV power network.

The process of installing new circuit breakers is always challenging and presented considerable risks to the system. Power Networks, System Control and Territory Generation worked together on a meticulous and methodical planning process to deliver the best possible outcome.

Power Networks' ongoing program of intensive maintenance and upgrades in the Darwin region continued in 2016 with poles, wires, transformers and substations all benefiting from this program between May and September.

The 2015 major equipment upgrade for the Hudson Creek Switchyard was also completed with the third 132kV circuit breaker now energised and in service.

Northern Territory Electricity Market

Power and Water has continued to facilitate the transition to a more formal Northern Territory Energy Market framework, with the development of a number of system and process improvements in addition to providing assistance to the Department of Treasury and Finance with market design initiatives.

The market is intended to create greater competition in the generation market and is expected to deliver more competitively priced electricity to Territorians.

The Interim Northern Territory Electricity Market provides a framework to facilitate the wholesale arrangements of electricity between generators and retailers in the electricity market.

Market data is available on the Power and Water website daily, which includes market prices and system load data. The I-NTEM has continued to evolve as both the corporation's and participants' systems and processes mature.

Wickham Point Pipeline Project

Gas Supply Unit

Power and Water's Gas Supply unit manages the purchase, transport and sale of gas to electricity generators and other major gas users.

In 2015-16, Power and Water sourced close to 100 per cent of its natural gas from Eni Australia BV's Blacktip gas field in the Joseph Bonaparte Gulf, which lies some 110km off the Territory's northwest coast. The balance was secured from Darwin LNG pursuant to Power and Water's contingency gas supply arrangements.

The Dingo Gas Supply Agreement was concluded with Magellan Petroleum prior to the company's onshore Australian assets being purchased by Central Petroleum Limited. The agreement allowed Power and Water to coordinate the tie-in of Central Petroleum's Gas Supply pipeline into the Owen Springs Power Station for the supply of high methane content gas, which will help improve efficiency to the power station's generators.

Supply to remote communities

Power and Water continues to seek out opportunities to sell surplus natural gas and diesel as a fuel for electricity generation with a particular focus on remote communities.

CNG/LNG

Investigations are underway on the use of virtual haulage systems in the form of compressed natural gas (CNG) or liquefied natural gas (LNG). Using gas transformed this way will benefit remote communities relying on liquid fuel for power generation.

Surplus gas

The Northern Gas Inter-connector Pipeline (NGP) will enable the sale of Power and Water's surplus gas to the eastern seaboard. The Northern Territory Government spearheaded the development of the NGP linking the Amadeus Gas Pipeline to Mount Isa. Jemena Northern Gas Pipeline Pty Ltd (Jemena) successfully tendered to build, own and operate the 12 inch, 623km gas pipeline. Power and Water executed several new sales and transportation agreements to support the supply and delivery of gas through the NGP to Eastern Seaboard markets. Construction on the pipeline will commence in 2017, with commissioning expected in 2018.

Wickham Point Pipeline INPEX Lateral Project

Mechanical construction of the Wickham Point Pipeline INPEX Lateral project was completed in November 2015. The project involved the design, procurement, fabrication, installation and commissioning of a new pipeline interconnection between the INPEX gas plant and the Wickham Point Pipeline (WPP) to allow Power and Water to deliver commissioning gas to INPEX and for Power and Water to receive emergency gas from it in the future.

McArthur River Mine Pipeline Separation Project

Since its construction in 1995, the McArthur River Mine (MRM) pipeline, a Power and Water-owned asset, has been operated and maintained by NT Gas Pty Ltd (and very recently by the APA Group).

With the expected termination of the foundation gas haulage arrangements expected in December 2013, Power and Water embarked on the MRM Pipeline Separation Project to upgrade the pipeline to meet technical and regulatory requirements. Pipeline Licence #33 was formally transferred from NT Gas (a subsidiary of APA Group) to Power and Water in February 2016, enabling Power and Water to operate the McArthur River Pipeline. Power and Water appointed OSD Asset Services to operate and manage the McArthur River Pipeline, assuming responsibility for meeting all statutory and contractual licence requirements with regard to the day-to-day management of this pipeline asset.

Investigations are underway on the use of virtual haulage systems in the form of compressed natural gas (CNG) or liquefied natural gas (LNG). Using gas transformed this way will benefit remote communities relying on liquid fuel for power generation.

Water supply infrastructure upgrades

Robinson River water tank

Remote and Regions

The Remote and Regions arm of Power and Water provides essential services to 72 remote communities and 66 outstations/homelands under an agreement with the Northern Territory Government to deliver electricity, water and sewerage services. The business unit also provides services to five minor centres, each geographically isolated and dispersed across tropical and arid environments. Each therefore requires services that are resilient to the extremes of the harsh Northern Territory climate. Generation infrastructure includes highly efficient diesel and low emission gas and renewable power stations. All remote power stations are controlled by fully automated systems. Ninety per cent of potable water is drawn from groundwater. A multi-barrier approach is taken to providing drinking water consistent with Australian Drinking Water Guidelines. Fifty-six remote towns and communities have full water-borne sewerage disposal systems with waste stabilisation ponds. The remainder have individual on-site systems maintained by the community.

Securing water for the future at Robinson River

Remote and Regions has been working for a number of years to secure additional safe sources of water for the community. A water source investigation was conducted in 2013 to determine the closest source of water from the Karns Dolomite aquifer, which is known to contain large quantities of good quality water. The closest location to the community was more than 10km to the north-west and not an economically viable option. In 2014-15, Power and Water invested in minor new works upgrades to the surface water treatment and disinfection processes, installing and commissioning a filtration unit and UV system, and improving the reliability of chlorine disinfection through the construction of a shed for sodium hypochlorite storage to prevent its degradation. In 2015-16 Power and Water committed to furthering the water source investigation by constructing an infiltration gallery in alluvium on the eastern side of Robinson River. Power and Water is also delivering a capital project to increase water storage capacity. Two new elevated tanks were installed, upgrading the holding capacity by four times.

Solar Energy Transformation Project (Solar SETuP)

The Solar SETuP program builds significantly on Power and Water's 20 years of experience incorporating solar technologies into regional and remote communities. It will transform the way energy is supplied to remote communities with the aim that hybrid solar/diesel power generation becomes 'business-as-usual'. SETuP will deliver an additional 10 MW of solar power to communities across the Northern Territory that currently rely entirely on diesel generators. The result will be cleaner and quieter generation, with increased capacity and flexibility for future growth. Anticipated fuel savings of 15 per cent from the integrated solar panels will also mean a reduced reliance on expensive diesel deliveries. The Daly River site will include battery storage, enabling power from the diesel generators and a 50 per cent fuel saving.

The $55 million four-year project is jointly funded, with $27.5 million financed through the Northern Territory Government and $27.5 million from the Australian Government through the Australian Renewable Energy Agency (ARENA).

Remote Smart Water Metering

Smart water meters provide automated flow readings to identify water loss from leaks or excessive use. This enables targeted community and stakeholder engagement to reduce water loss.

Smart water meters have been installed in eight remote communities: Santa Teresa, Gunbalanya, Milingimbi, Ali Curung, Epenarra, Galiwin'ku, Yuelamu and Yuendumu. The smart water meters in Milingimbi have also been used as part of a collaborative water charging trial with Department of Housing to further reduce water losses in Milingimbi.

Smart water metering has achieved up to 20-30 per cent reduction in water usage due to the prompt identification and fixing of leaks in partnership with customers.

Two smart metering technologies have been deployed both of which measure water use and relay automated meter data wirelessly through a service provider to Power and Water.

Meter replacement

Manymak Energy Efficiency Project team members

The data is used to gain early detection of leaks or excessive use, enabling targeted community engagement.

Manymak Energy Efficiency Project

Power and Water has recently completed the delivery of a $12.5 million household energy and water efficiency project for six communities in East Arnhem Land, which included a $9.4 million funding agreement with the Australian Federal Government through the Department of Industry, Innovation and Science's "Low Income Energy Efficiency Program (LIEEP)".

The communities in the Project were: Milingimbi, Galiwin'ku (Elcho Island), Yirrkala, Gunyangara (Ski Beach), Gapuwiyak (Lake Evella) and Ramingining.

The project installed 114 solar hot water system upgrades and 87 heat pump hot water upgrades, 209 stove timers, and ceiling insulation retrofits to 47 houses, with some houses receiving multiple retrofits. In total 448 houses received at least one energy efficiency upgrade/retrofit.

Annual energy consumption savings attributable to the Project are estimated at over 400 MWh.

The project also invested over $1.2 million in employment contracts for recruiting 90 Yolngu "Energy Efficiency Workers", 81 of whom completed training.

Wadeye Power Station

Wadeye Power Station is a $13.9 million project using gas as a low emissions and low cost source of power. The construction of the new gas power station means the old diesel power station can be shut down and the surrounding communities of Peppimenarti and Palumpa can be connected by high voltage transmission feeders. Their respective power stations can then also be closed. The project was successfully completed in November 2015 and officially opened in January 2016. The new power station plays a critical role in assuring the sustainability of the Wadeye, Palumpa and Peppimenarti communities and enables future economic development in the region.

Yuelamu water quality

Power and Water has maintained ongoing communication with Yuelamu residents since a toxic blue-green algae was identified in the community's dam that provided a significant part of the town's water supply in December 2015.

While water supply for sanitation needs has not been interrupted, residents have been accessing drinking water via a single outlet point in the community. Water quality experts predict that the dam is unlikely to be a safe water source in the future.

The team has been working with the Central Desert Regional Council, Department of Local Government and Community Services, Department of Health, and Department of Housing to ensure there is adequate drinking water available for the residents of Yuelamu.

Investigations to seek an additional water supply for the community to supplement the current bore have been ongoing, however no suitable additional water source has been identified to date.

The team has also been working with Yuelamu community residents to reduce water consumption across the community. In May 2015 Power and Water installed 'smart' water meters on all lots in the community to identify leaks and abnormal increases in water use. The smart water meters in the community will continue to be monitored in 2016-17. This has proven effective in reducing excessive water consumption in Yuelamu

The construction of the new gas power station means the old diesel power station can be shut down and the surrounding communities of Peppimenarti and Palumpa can be connected by high voltage transmission feeders. Their respective power stations can also be closed.

Over the past three years System Control has been working closely with network operators and generators to greatly improve the effectiveness and performance of the power system and thereby greatly improving customer reliability.

System Control

System Control is responsible for the real time operations, power system technical assessments, incident reviews as well as the coordination of all major works on the system. It is also responsible for all generation dispatch in real time and ensuring all generation and network operators comply with the relevant standards contained in the System Control Technical Code.

Over the past three years System Control has been working closely with network operators and generators to greatly improve the effectiveness and performance of the power system and thereby greatly improving customer reliability. This work has focused primarily on three areas - Alice Springs Harmonisation, the Ancillary Services Review and the Avalanche Outage Communication System.

Alice Springs Harmonisation

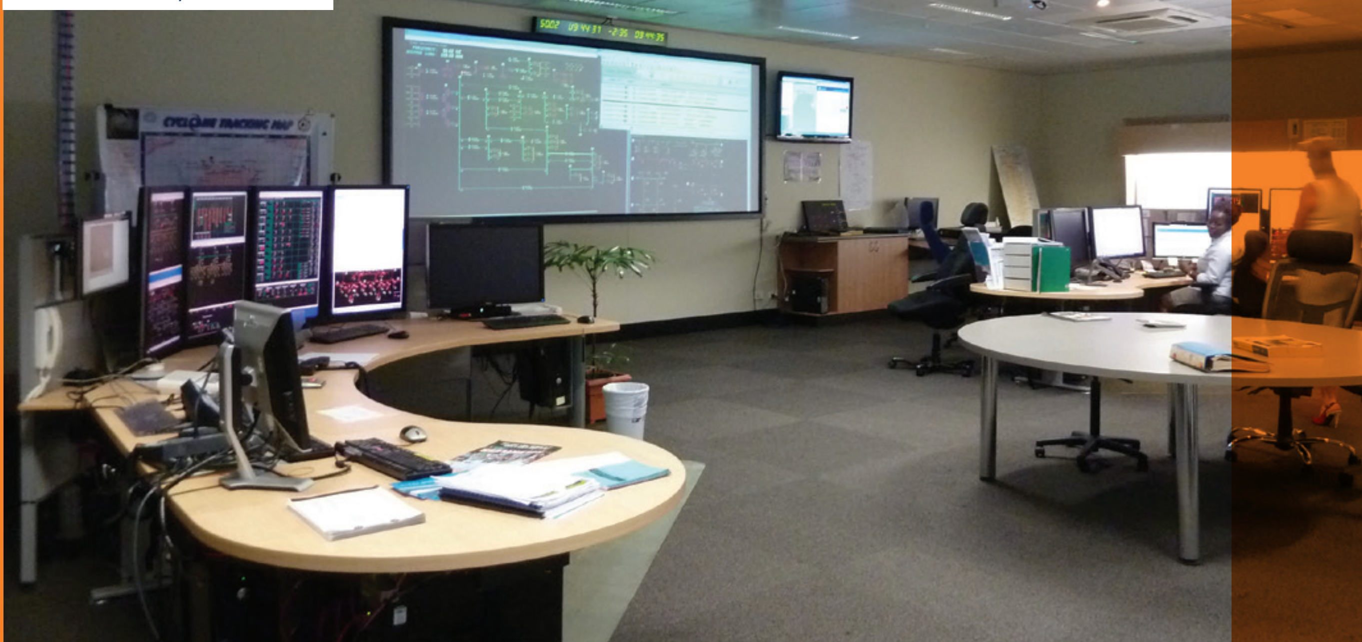
As a final stage in the structural separation of generation (Territory Generation) from Power and Water, System Control is undertaking the Alice Springs Harmonisation Project, which will see all generation in the three regulated power systems in the Northern Territory centrally dispatched by System Control. In Alice Springs prior to and since structural separation, that task was undertaken by Territory Generation (or its predecessor the generation business unit). This project ensures System Control has appropriate oversight and management of all the regulated power systems as required by the System Control Technical Code and our licence. The project will result in comprehensive power system management from a central point in line with all the regulatory controls.

Ancillary Services Review (Darwin Katherine power system)

Under the present arrangements ancillary services are bundled within the energy tariff and provided by Territory Generation. The review re-defines, analyses and quantifies the ancillary services required for the secure operation of the Darwin Katherine power system. The Northern Territory Electricity Market (NTEM) development plans to unbundle and separately cost each ancillary service in order to provide support to system participants in the Interim Northern Territory Electricity Market (I-NTEM) and planned NTEM.

Avalanche Outage Communication System implementation

The system was implemented in November 2015, with immediate benefits for customers through the quality and timeliness of information received about power and water outages across the Northern Territory. The system continues to provide high level information.



Control room at System Control

Corporate and Regulatory

Economics and Regulation

During the 2015-16 financial year, Power and Water's Economics and Regulation team coordinated the completion of a number of major compliance reports and processes across the business including:

- the Power System Review
- the Standards of Service Report
- the Compliance Audit
- the Audit of Power and Water's Compliance Process and Compliance Reporting.

The implementation of recommendations across the business will lead to improved regulatory compliance and greater transparency of our operations to key stakeholders such as the Utilities Commission, the Northern Territory Government and all other market participants and network customers.

Regulated Retail Tariffs

Power and Water retails water and sewerage services to all Northern Territory customers. The following charts compare prices for residential water and sewerage customers in the Northern Territory with states across Australia, as at 30 June 2016.

Community Service Obligations

Governments pay Community Service Obligations when they require a public enterprise to provide services at a price or in a way that it would not otherwise choose to do so, on a commercial basis. Northern Territory Government contributions enable Power and Water Corporation to offer uniform tariffs regardless of where customers live, give pensioners concessions and apply the Tranche 4 electricity policy. In 2015-16, the Northern Territory Government paid the corporation $13.0 million in Community Service Obligations, of which $6.4 million was for customers receiving the Northern Territory Government's Pensioner and Carer Concession Scheme.

Systems

Business Systems and Information Management (BSIM) has delivered a number of projects during 2015-2016 to assist Power and Water to operate transparently, efficiently and allow for future initiatives identified in the SCI or required for market reform. These include a photovoltaic database, a Dispatch and Pricing Tool (DPT), Streetlight Faults internet maps, the roll out of new prepayment meters and the development of a business strategy for ICT.

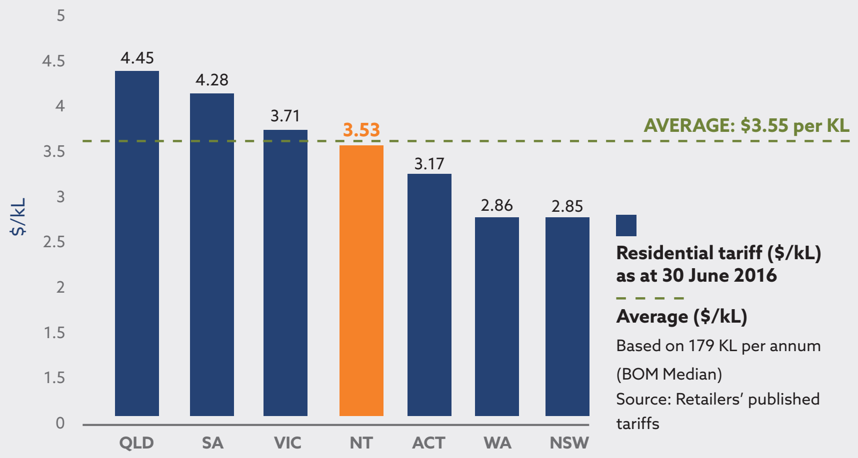
The Financial Improvement Program – Retail Management System and Financial Management System rectification is nearing completion with all interface and reports mapped appropriately for account lines and reconciliation.

The Power and Water smartphone app received a fresh look and improved functionalities built on the latest technology. The free app is a tool for customers to stay up to date about power and water interruptions allowing them to see where affected areas are on Power and Water's networks.

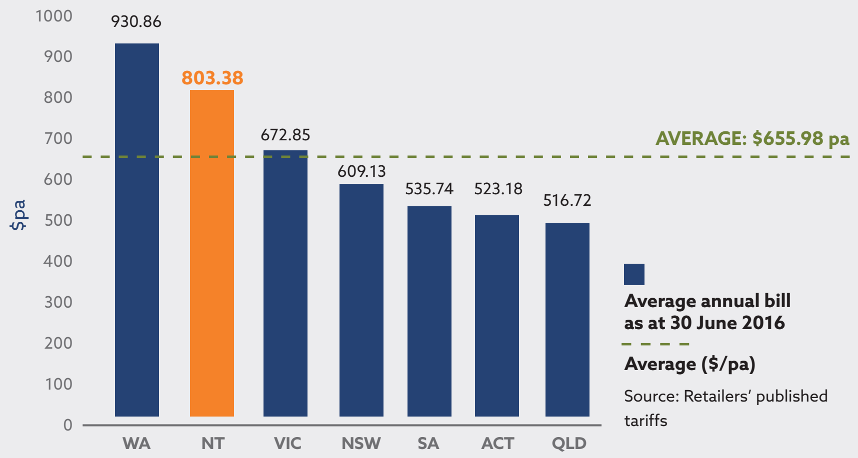
Customers can also report streetlight faults, water leaks and damage or graffiti on infrastructure. Other features include online bill payments, pricing and tariff details, Darwin River Dam levels and electricity connection and disconnection application forms. The updated app went live to the public in the Apple and Google Play stores in July, marking the completion of the first phase of the project. The next phase will consider business requirements that have been requested by business units and those identified in Phase 1.

Market reform projects have been identified to be implemented; these will be the focus over the next year to ensure data and integration issues are all resolved.

Residential Water Tariff Comparison for 2015-16 as at 30 June 2016



Average Annual Residential Sewerage Bill for 2015-16 as at 30 June 2016



Power and Water Corporation statistical snapshot

Statistical Summary As at 30 June 16		**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
ELECTRICITY														
Generation#														
Power and Water Installed Capacity (based on Gross Maximum Capacity)	MW	391	375	375	379	428	473	473	452	546	559	592	9	9
IPP Contracted Capacity (based on Site Rating)[1]	1MW	47	71	64	64	64	57	64	58	58	58	114	-	-
Electricity Generated (Power and Water only)	GWh	1,664	1,350	1,366	1,440	1,475	1,525	1,599	1,582	1,612	1,695	1,681	15	16
Electricity Sent Out (incl IPPs, excl IES connected to Power and Water networks)[2]	GWh	-	-	-	-	-	1,868	1,936	1,912	1,939	1,985	1,953	15	15
IES connected to Power and Water networks - Sent Out (estimate)	GWh	-	-	-	-	-	11	12	9	10	12	11	15	16
Electricity Sent Out (incl IPPs, incl IES connected to Power and Water networks)	GWh	1,627	1,712	1,725	1,790	1,821	1,868	1,946	1,918	1,939	1,996	2,089	130	137
Independent Power Purchase (IPP) - Electricity Sent Out	GWh	45	400	395	385	382	385	376	371	366	341	346	-	-
Networks														
Transmission (33kV & above)														
132kV Overhead	km	340	340	340	340	344	344	344	343	351	351	350	350	350
66kV Overhead	km	315	314	314	314	314	314	302	332	380	392	370	352	356
66kV Underground	km	17	17	17	17	17	17	17	34	35	38	39	40	40
33kV Overhead	km	56	56	56	55	55	55	-	-	-	-	-	-	-
Distribution (22/11kV & below)														
HV Overhead	km	2,906	2,965	2,972	3,062	3,147	3,202	3,237	3,243	3,285	3,315	3,311	3,353	3,358
HV Underground	km	598	601	604	618	627	637	651	670	734	765	795	834	832
LV Overhead	km	1,751	1,752	1,740	1,749	1,774	1,758	1,782	1,801	1,820	1,804	1,836	1,847	1,850
LV Underground	km	1,636	1,677	1,671	1,750	1,763	1,781	1,873	1,936	2,120	2,179	2,200	2,264	2,335
Sales[3]	MWh	1,548,560	1,571,788	1,584,357	1,596,452	1,704,377	1,748,225	1,806,781	1,800,495	1,801,483	1,866,024	1,851,522	1,873,448	1,809,533
Customers	No. of	68,679	69,709	73,339	73,753	74,097	72,327	74,004	76,603	77,708	82,545	80,079	82,369	84,196
WATER														
System Capability	ML/ day	336	336	336	322	322	322	322	322	322	334	336	336	336
Production	ML	54,447	58,436	54,797	56,842	57,823	60,707	58,870	52,269	56,994	58,412	55,089	61,636	59,298
Total Sourced Water	ML	-	-	-	57,086	58,797	61,816	59,926	53,380	58,611	60,322	56,774	63,426	61,194
Length of Mains	km	2,010	2,003	2,019	2,090	2,130	2,173	2,146	2,157	2,196	2,231	2,265	2,301	2,332
Sales	ML	50,468	51,225	49,379	51,481	52,206	53,291	49,083	43,593	48,203	48,467	48,384	51,687	52,035
Customers[4]	No. of	-	39,780	40,736	40,738	41,606	42,219	42,670	43,733	44,514	44,669	46,476	48,065	48,093
WASTEWATER														
Total Sewerage Collected	ML	20,579	15,626	19,087	18,758	19,745	19,549	22,131	26,375	21,474	19,884	22,617	20,428	19,934
Length of Sewer Mains	km	997	1,007	1,014	1,036	1,042	1,083	1,075	1,094	1,125	1,126	1,157	1,175	1,264
Total Recycled Water Supplied	ML	1,559	2,096	1,983	1,623	1,612	1,854	1,233	737	1,083	1,854	1,150	1,647	1,756
Customers (ie. Installations)	No. of	45,612	46,296	48,123	48,661	51,217	53,661	50,800	51,829	52,371	53,407	55,641	57,646	59,292

Power and Water Corporation statistical snapshot

STAFF

Male	536	564	573	580	601	677	697	736	778	778	751	665	678
Female	203	213	213	208	215	242	266	297	311	313	298	317	306
TOTAL PERSONNEL	**739**	**777**	**776**	**788**	**816**	**919**	**963**	**1,033**	**1,089**	**1,091**	**1,049**	**982**	**984**

NOTES

Under structural separation, Power and Water Corporation's major generation assets and generation IPPs were transferred to Territory Generation on 1 July 2014.

[1] 2014 increase in IPP capacity is due to an increase of 56MW at MacArthur River Mine due to the commissioning of a new power station

[2] Electricity Sent Out from PWC is estimated as this data is not metered

[3] Power and Water Corporation's non-IES retail customers were transferred to Jacana Energy on 1 July 2014. Power and Water continues to be the network service provider for these customers.

[4] A decline in swipe and portable customers offset connections growth

Dash (-) Indicates data not applicable or not available

Indigenous Essential Services

Statistical Summary As at 30 June 16		**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
ELECTRICITY														
Generation														
Installed Capacity (including solar)	MW	42	45	48	51	56	60	70	71	74	78	83	74	78
- Installed Capacity - solar	MW	-	-	0.5	0.7	0.7	0.8	0.8	0.8	0.8	1.5	0.6	1.3	0.1
Electricity Generated (including solar)	GWh	79	85	94	95	97	106	112	103	108	115	113	108	115
- Electricity Generated - solar[1]	GWh	-	-	1.0	1.6	1.0	0.8	0.7	0.3	0.2	0.6	0.2	0.2	0.0
Electricity Sent Out (incl solar, incl Purchases from Power and Water & Private Suppliers) - estimated	GWh	-	-	93	93	97	123	129	119	125	134	136	129	137
- Purchases from Power and Water (for IES connected to Power and Water networks) - estimated	GWh	-	-	-	-	-	11	12	9	10	12	11	15	16
- Purchases from Private Suppliers	GWh	7	7	7	8	8	8	8	8	9	9	8	8	9
Distribution (22/11 kV & Below)														
HV Overhead	km	321	341	344	373	349	473	513	579	579	876	909	917	920
HV Underground	km	1	1	1	1	5	5	5	7	7	8	8	7	6
LV Overhead	km	243	248	253	278	278	278	278	325	325	319	322	326	328
LV Underground	km	1	1	1	1	4	3	3	3	3	2	3	4	4
SWER All Voltages	km	87	87	87	87	87	87	87	87	87	121	121	121	121
Sales	MWh	58,023	58,893	60,019	60,574	63,665	104,501	112,030	112,726	119,540	119,250	121,759	120,132	124,727
Customers	No. of	6,717	6,818	7,213	7,373	7,421	7,540	8,116	8,478	8,507	9,179	9,026	8,859	8,975
WATER														
System Capability	ML/day	-	-	-	-	35	75	44	44	67	67	66	66	64
Total Sourced Water	ML	9,970	10,104	9,733	9,250	9,846	9,848	9,792	9,002	9,680	10,306	10,433	11,321	9,773
Length of Mains	km	639	647	649	649	649	652	654	654	654	623	650	655	680
Sales	MWh	-	-	-	-	-	1,666	1,855	1,491	1,916	2,180	2,068	2,325	2,432
Customers	No. of	522	530	542	567	783	1,341	2,175	2,213	2,549	2,563	2,565	2,808	2,930
WASTEWATER														
Volume of Sewage Treated	ML/day	2,636	2,732	3,508	3,552	3,835	3,940	3,917	3,601	2,897	3,337	3,429	3,936	4,194
Length of Sewer Mains	ML	340	346	346	320	303	305	307	303	303	334	335	340	344
Customers (ie. Installations)	No. of	401	407	420	847	899	1,122	1,467	1,793	1,834	2,292	2,398	2,527	2,551

NOTES

[1] 2016 concentrating photovoltaic sites decommissioned to be replaced by Flat Panel Photovoltaic as part of Solar Setup Program

Dash (-) Indicates data not applicable or not available

Electricity numbers - 2014 customer numbers were restated to remove duplicate installs that were originally included.

Financial Performance

Power and Water recognises that developments since structural separation have highlighted a number of issues in relation to financial systems and processes that are being addressed on a progressive basis.

While significant progress has been made in the underlying systems and processes in the year, the 2015-16 financial statements again received a qualified audit opinion, principally in relation to property, plant and equipment. Further detail is provided in the financial statements and remedial actions being taken are discussed in the Director's Report, with a full resolution of all remaining issues anticipated by 30 June 2017.

A summary of performance against 2015-16 Statement of Corporate Intent (SCI) targets is provided on the following pages.

Revenue for the corporation was above budget by 7.4 per cent due to increased water and sewerage revenue of $10.1 million, increased network revenue of $5.5 million, increased income from gifted assets of $13.3 million, increased revenue from the rendering of services of $4.3 million and increased inter group sales of $2.7 million.

These increases were offset by reduced gas revenue of $7.0 million and reduced Community Service Obligations (CSO) receipts of $1.2 million.

Earnings Before Interest and Tax (EBIT) for the corporation were down 28.6 per cent against target, this is primarily due to impairment charges of $38.7 million, principally in relation to make up gas and associated intangible assets.

Higher than anticipated External Service Agreement expenses of $11.0 million and energy and materials of $4.6 million were partially offset by favourable variances in labour costs of $5.3 million and reduced repairs and maintenance expenditure of $2.9 million. Depreciation and amortisation charges increased by $16.2 million as a consequence of additions in the year and transfers from capital work in progress to capital.

As a consequence of the movements noted above the corporation recorded a profit after tax of $3.9 million compared to an SCI target of $9.8 million.

The gearing ratio is adverse to budget due to increased net debt levels and decreased equity. The decreased equity is mainly as a result of the reduction in the revaluation reserve associated with the revaluation of fixed assets of the corporation.

Cash from operating activities is up by $5.7 million, mainly as a result of reduced interest payments of $7.3 million, increased income tax paid of $5.2 million, reduced CSO received of $1.2 million and net funds from customer receipts and supplier payments of $4.9 million.

Capital Expenditure (CAPEX) was 10.7 per cent lower than target, principally in relation to electricity networks.

MINIMUM COST RECOVERY (WATER AND SEWERAGE)

The table below shows 2015-16 costs and revenue for water supply and sewerage services in accordance with the National Water Initiative blueprint for water reform. This blueprint is the principal Council of Australian Governments' water policy agreement, through which governments across Australia have agreed on actions to achieve a more cohesive national approach to the way Australia manages, measures, plans for and prices water.

The minimum boundary for cost recovery, defined by the national framework for water policy reform, requires charges to recover the efficient operational and maintenance, debt servicing and consumption costs.

Both major and minor urban service centres are included and Indigenous communities are excluded.

	Water $000	Sewerage $000	Total $000
Operations, maintenance, administration	74,133	47,172	121,306
Debt servicing	8,906	5,777	14,683
Asset consumption	32,660	18,760	51,420
Minimum viability costs	115,700	71,709	187,409
Total revenue - from trading (excl. CSO)	121,631	68,623	190,254
Surplus/(deficit) (excl. CSO)	5,932	(3,087)	2,845
Surplus/(deficit) (incl. CSO)	12,482	(3,087)	9,395

Power and Water Corporation Statement of Corporate Intent 2015-16

Our overarching strategic direction is defined to meet the challenges and opportunities facing the corporation in delivering utility services and to achieve our vision.

The strategic direction is underpinned by seven key result areas encompassing financial and operational performance, safety, customer service, people, environment and the future.

Power and Water Corporation Statement of Corporate Intent 2015-16

Key Result Area	Goal	Strategy	Key Performance Indicator	2015-16 Target	2015-16 Actual
Safety	Zero harm	1. Implement a management system for the safety of our workers, the general public and assets 2. Enhance safety culture through active leadership	Lost time injuries[1]	<3	9
			Rolling Lost Time Injury Frequency Rate[2]	3	4.5
			Rolling Combined Injury Frequency Rate[3]	5	19.6
People	Maintain an engaged, capable, accountable and diverse workforce	1. Build and retain a capable workforce 2. Build and promote regional and Indigenous capability and opportunities 3. Encourage and promote an engaged workforce and environment 4. Build a workforce of high performance and accountability	Engagement survey result (%)[4]	>70	70
			Engagement survey participation rate (%)	>75	82
			Staff turnover (%)[5]	<20	16.7
			Indigenous employment (headcount)[6]	39	42
Financial Performance	Commercial Sustainability	1. Constrain expenditure growth and improve operating performance within SCI levels 2. Improve financial transparency 3. Ensure debt is at a sustainable and prudent level 4. Maintain and enhance revenue recovery	NPAT ($M)[7]	9.8	3.9
			EBIT ($M)[8]	70.8	50.5
			Return on Total Assets (%)[9]	2.7	2.2
			Gearing Ratio (%)[10]	43.9	57.1
			Cash from operating activities ($M)	87.6	93.3
			Funds from operations to interest (times)[11]	2.8	3.0
			Interest cover (times)[12]	1.2	1.1
			Average water demand (kL per household)[13]	D: 405 A: 430	D: 405 A: 451
Operational Performance	Meet our service standards for delivery of water, wastewater and electricity. Demonstrate least cost and compliant operating practices	1. Demonstrate improved asset management practices 2. Drive continuous improvement in business efficiency 3. Remain focused on legal compliance	CAPEX within SCI (%)	±10	-10.7
			OPEX < SCI (%)[18]	<SCI	2.0
			SAIDI – 12 month rolling average (minutes)[14] - CBD Feeder	18.8	1.6
			- Urban Feeder	136.1	113.0
			- Rural Short Feeder	496.3	339.8
			- Rural Long Feeder	2164.9	610.3
			SAIFI – 12 month rolling average (minutes)[15] - CBD Feeder	0.4	0.0
			- Urban Feeder	2.5	2.0
			- Rural Short Feeder	8.1	4.4
			- Rural Long Feeder	35.1	9.4

Power and Water Corporation Statement of Corporate Intent 2015-16

Key Result Area	Goal	Strategy	Key Performance Indicator	2015-16 Target	2015-16 Actual
Customer Service	Provide safe and reliable utilities services at least cost to our customers	1. Provide customer focused service and timely response to enquiries 2. Align systems and processes to improve business efficiency and customer interaction 3. Continue professional and constructive engagement with stakeholders	Customer Satisfaction Index (%)[16]	80	80
Environment	Performer in Environmental Management	1. Implement a revised Environmental Management System 2. Develop a Corporate Environment Strategy 3. Identify and implement business unit environmental opportunities compatible with the Corporate Environment Policy	Number of outstanding significant environmental compliance issues[17]	0	0
Future	Position ourselves for the future	1. Develop strategies to respond to future business drivers, opportunities and risks	N/A	N/A	N/A

[1] Lost time injuries (LTI)

[2] Ratio of the total number of lost time injuries divided by the total hours worked expressed by per million hours worked. Rolling 12 month average.

[3] Combined injuries (lost time injury and medical treated injury) divided by the total hours worked expressed by per million hours worked. Rolling 12 month average.

[4] The level of favourable engagement for all staff based on the number of survey respondents. Measured annually over the survey period.

[5] Reflective of the number of employees (permanent and fixed term) who have terminated during the period.

[6] Reflective of the number employees identifying as Indigenous employees (permanent and fixed term).

[7] Net Profit After Tax (NPAT)

[8] Earnings Before Interest and Tax (EBIT). The 2015-16 EBIT actual includes impairment charges of $38.7 million.

[9] EBIT / average total assets. Asset values presented in the 2015-16 SCI reflected fair value. .

[10] Debt / (Debt plus Equity).

[11] Funds from operations (FFO) to interest = earnings before interest, tax, depreciation and amortisation (EBITDA) less gifted assets less tax paid / interest expense

[12] Interest cover = EBIT / interest expense.

[13] Average water demand kilolitre per household. D = Darwin, A = Alice Springs. Reduction in average water use is essential to deferring significant investment associated with securing the Darwin region's next water source.

[14] System Average Interruption Duration Index (SAIDI). Twelve month rolling average. Reflects distribution reliability targets approved by the Utilities Commission in the Electricity Standards of Service Code, effective for the regulatory control period 1 July 2014 to 30 June 2019.

[15] System Average Interruption Frequency Index (SAIFI). Twelve month rolling average. Reflects distribution reliability targets approved by the Utilities Commission in the Standards of Service Code, effective for the regulatory control period 1 July 2014 to 30 June 2019.

[16] Percentage of customers that rate their overall satisfaction with the corporation's services as either good or better. Covers major centres (including Darwin rural) based on a random sample of total customer population. In 2016, 89% of residents and 80% of businesses rated their overall satisfaction as good or very good.

[17] Number of outstanding significant environmental compliance issues without endorsed planning in place to rectify over time (endorsed by regulator).

[18] OPEX costs of the corporation were 2.0% favourable to the 2015-16 SCI targets after excluding impairment charges of $38.7 million.

CORPORATE **GOVERNANCE**

Power and Water Corporation Board as at 30 June 2016

CHAIR	Alan Tregilgas
DEPUTY CHAIR	Ken Clarke
DIRECTOR	Richard Griffiths
DIRECTOR	Emeritus Prof MaryAnn Bin-Sallik
DIRECTOR	Mervyn Davies
DIRECTOR	Helen Stanton
DIRECTOR	Ian Kowalick

Executive Management as at 30 June 2016

CHIEF EXECUTIVE	Michael Thomson
EXECUTIVE GENERAL MANAGER STRATEGY AND TRANSFORMATION	Djuna Pollard
GENERAL MANAGER WATER SERVICES	John Pudney
GENERAL MANAGER SYSTEM CONTROL	Malcolm Conway
GENERAL MANAGER POWER NETWORKS	John Greenwood
GENERAL MANAGER GAS UNIT	Antoni Murphy
GENERAL MANAGER REMOTE AND REGIONS	Len Griffiths
CHIEF FINANCIAL OFFICER	Neil Siford
SENIOR EXECUTIVE MANAGER PMO	Sam Day-Johnston
SENIOR EXECUTIVE MANAGER CUSTOMER AND STAKEHOLDER	Mary-Anne Gomatos
SENIOR EXECUTIVE MANAGER BUSINESS TRANSFORMATION	Joanne Norton

Corporate governance principles

While Power and Water Corporation is not required to comply with the Australian Stock Exchange's (ASX) Corporate Governance principles, the corporation seeks to apply these principles as part of its corporate governance framework.

Board of Directors

The Directors of the corporation at any time during or since the end of the financial year are:

Alan Tregilgas
(Chair)
BEc (Hons), MEc

Mr Tregilgas is a public finance specialist with extensive experience in federal, state and local government both in Australia and overseas. This includes working in the Commonwealth Treasury, South Australian and Northern Territory Treasury Departments, as a senior associate with Access Economics (now Deloitte Access Economics); Director (Public Sector) with Standard & Poor's Ratings Group, including a secondment to the International Monetary Fund in Washington DC.

Mr Tregilgas was Utilities Commissioner in the Northern Territory from 1999 to 2009 and an associate member of the Australian Competition and Consumer Commission. During 2012 and 2013, Mr Tregilgas was the NT Under Treasurer, before his appointment to the NT's 'New Corporations Unit' responsible for establishing the two new government owned corporations, Territory Generation and Jacana Energy, following structural separation of the existing Power and Water Corporation.

Mr Tregilgas joined the Power and Water Board in April 2015.

Ken Clarke
(Deputy Chairman)
BCom (Hons), Grad Dip (Mgt)

Mr Clarke has extensive experience in public finance and governance as a former Under Treasurer in the Northern Territory Government and in Canberra, the United Kingdom and Papua New Guinea. He has held various board appointments with the former NT Power and Water Authority, In Motion Technologies Pty Ltd, Northern Territory University and the Northern Territory Mango Industry Association. He works as a consultant and has board and executive roles in a company developing software and content for the education industry in Australia and overseas. Mr Clarke joined the Power and Water Corporation Board in December 2013.

Richard Griffiths

Mr Griffiths is Chief Executive of Bradlaw Agencies following a career in the armed forces and the insurance sector. Bradlaw Agencies manages national franchises such as Sony, Westinghouse, Simpson, Chef, Dishlex, AEG & Kelvinator. His primary customers are The Good Guys, Harvey Norman, Oasis and Murray Oakley. Mr Griffiths runs the business along with his four children. He is a patron of the Chung Wah Society and a life member of the Warratah Football Club. Mr Griffiths was also a past president of the Carbine Club.

Mr Griffiths joined the Power and Water Board in January 2014.

Emeritus Prof MaryAnn Bin-Sallik

EdD (Harvard), Assoc. Dip. SW (SAIT) RSN, JP

Emeritus Prof Bin-Sallik has built a career in academia after 17 years in the nursing profession in the Northern Territory. She holds a master's degree and doctorate in education from Harvard University and is the author of Aboriginal Women by Degrees, which records the journeys of 13 Indigenous women and their road to achievement. Prof Bin-Sallik's academic career includes a number of senior appointments including the Dean of the College of Indigenous Education and Research at University of South Australia and the Dean of Indigenous Research at Charles Darwin University. Prof Bin-Sallik has served on a number of national committees and councils.

Prof Bin-Sallik joined the Power and Water Board in April 2014.

Mervyn Davies

BEng (Hons), MEngSc, BCom (Econ)

Mr Davies has worked in all areas of electricity distribution and has extensive experience in managing both the financial and technical performance of the business. He has previously held senior management positions at Energy Australia (now Ausgrid), Australia's largest electricity distribution company. Mr Davies operates an engineering consultancy practice, specialising in the engineering and economics of the electricity distribution industry. He currently holds directorships in electricity distribution businesses in Western Australia, Queensland and Tasmania. He holds honours and master's degrees in engineering and a Bachelor of Commerce (Economics). He has previously served as a member of the Power and Water Board.

Mr Davies re-joined the Power and Water Board in April 2014.

Helen Stanton

BE GAICD

Ms Stanton brings strategy, risk and governance expertise to the corporation's board. Her career spans operational, leadership and commissioning roles in the mining industry and more recently as a consultant supporting organisations to formulate strategies for bottom line, sustainable improvements. Ms Stanton is a Non-Executive Director of Mater Health Services North Queensland and Northern Australia Primary Health Limited and a former Non-Executive Director Ergon Energy.

Ms Stanton joined the Power and Water Board in April 2014.

Ian Kowalick

Mr Kowalick has worked extensively at all levels of government and within the resources sector. He was an independent Commissioner of the Murray Darling Basin Commission from February 2007 to December 2009 and has served on the boards of several Commonwealth and State Statutory Corporations. Mr Kowalick was a member of the University of Adelaide Council for 12 years and is Chairman of Arafura Resources Ltd.

Mr Kowalick joined the Power and Water Board in July 2015.

FINANCIAL **STATEMENTS**

Power and Water Corporation for the year ended 30 June 2016

Directors' report

The Directors present their report together with the financial report of the Power and Water Corporation (the Corporation) and of the consolidated entities, being the Corporation and its controlled entity, for the year ended 30 June 2016 and the Auditor's report thereon.

Directors

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

Name	Experience and Special Responsibilities
Mr Alan Tregilgas (Chairman) BEc(Hons 1st Class), Mec	Mr Tregilgas is a public finance specialist. He has been a senior officer with the Commonwealth, South Australian and Northern Territory Treasury Departments, a senior associate with Access Economics (now Deloitte Access Economics), and spent time seconded to the International Monetary Fund in Washington DC. Mr Tregilgas also has extensive experience analysing the finances of a wide range of government-owned business enterprises from shareholder, creditor and regulatory perspectives accumulated during his Treasury Department tenures, as Director (Public Sector) with Standard & Poor's Ratings Group for four years in the 1990s and while undertaking the part-time role of Utilities Commissioner in the Northern Territory from 1999 to 2009. During 2012 and 2013, Mr Tregilgas was the NT Under Treasurer, and during 2013 and 2014 he was head of the NT's 'New Corporations Unit' involved with the structural separation of the Power and Water Corporation. Mr Tregilgas joined the Power and Water Corporation Board in April 2015.
Mr Ken Clarke (Deputy Chairman) BCom(Hons), Grad Dip (Mgt)	Mr Clarke has had an extensive career in public administration, with particular experience in public finance and governance. A former Under Treasurer in the Northern Territory Government, he also has experience working in Canberra as well as in the United Kingdom and Papua New Guinea. He has had various Board appointments, including Energex Limited, the NT Power and Water Authority, In Motion Technologies Pty Ltd, Northern Territory University and the Northern Territory Mango Industry Association. He works as a consultant and has Board and executive roles in a company developing software and content for the education industry in Australia and overseas. Mr Clarke joined the Power and Water Corporation Board in December 2013.
Mr Richard Griffiths	Mr Griffiths arrived in Darwin in 1959 with RAAF working in Darwin and Tindal. From 1965 to 1967, he worked as a disposals officer for the Department of Transport and Works, after which he worked as a life insurance agent for MLC until 1974. In 1975, Mr Griffiths opened the Bradlaw Agencies which manages national franchises such as Sony, Westinghouse, Simpson, Chef, Dishlex, AEG & Kelvinator. His primary customers are The Good Guys, Harvey Norman, Oasis and Murray Oakley. Mr Griffiths is the CEO of the company and runs the business along with his four children. He is a patron of the Chung Wah Society and a life member of the Warratah Football Club. Mr Griffiths was also a past president of the Carbine Club. Mr Griffiths joined the Power and Water Corporation Board in January 2014.
Emeritus Prof MaryAnn Bin-Sallik EdD (Harvard), Assoc. Dip. SW (SAIT) RSN, JP	Emeritus Prof Bin-Sallik was the Dean of Indigenous Research at Charles Darwin University until she retired in 2008. She was also the Dean of the College of Indigenous Education and research at University of South Australia prior to returning to Darwin in 2001. She has both her masters degree and doctorate in education from Harvard University. She graduated from general nursing at the Darwin Hospital and spent 17 years in the nursing profession in the Northern Territory before moving into higher education. She has served on a number of national committees and councils. An active researcher, her book Aboriginal Women by Degrees, was published by UQP in 2000 and records the journeys of 13 Indigenous women on their road to achievement. Prof Bin-Sallik joined the Power and Water Corporation Board in April 2014.
Mr Mervyn Davies BEng (Elec - Power & Control)(Hons 1st class), MEngSc, BCom(Econ)	Mr Davies has worked in all areas of electricity distribution and has extensive experience in managing both the financial and technical performance of the business. He has previously held senior management positions at Energy Australia (now Ausgrid), Australia's largest electricity distribution company. Since leaving Energy Australia, Mr Davies has established and operated an engineering consultancy practice, specialising in the engineering and economics of the electricity distribution industry. He currently holds directorships in electricity distribution businesses in Western Australia, Queensland and Tasmania. He holds honours and masters degrees in engineering and a Bachelor of Commerce (Economics). Mr Davies left the Power and Water Corporation Board in March 2013 and rejoined in April 2014.

Power and Water Corporation for the year ended 30 June 2016

Directors' report

Ms Helen Stanton BE GAICD	Ms Stanton brings strategy, risk and governance expertise to the Corporation's board. Her career spans operational, leadership and commissioning roles in the mining industry and more recently as a consultant supporting organisations to formulate strategies for bottom line, sustainable improvements. Ms Stanton is a Non Executive Director of Mater Health Services North Queensland and Northern Australia Primary Health Limited. During 2015 Ms Stanton resigned as a Non Executive Director of Ergon Energy, where she was chair of the Operational Risk Committee and a member of the Regulatory Committee. Ms Stanton joined the Power and Water Corporation Board in April 2014 and chairs the Audit and Risk Committee and the Water and Sewerage Committee.
Mr Ian Kowalick BSc (Hons), B.Ec, AM	Mr Kowalick brings to this directorship consulting experience across all levels of government and within the resources sector. He chaired a working group that examined options for the future of Adelaide's water supply and was an Independent Commissioner of the Murray Darling Basin Commission from February 2007 to December 2009. Mr Kowalick has also been on the boards of several Commonwealth and State Statutory Corporations and for 12 years was a member of the University of Adelaide Council, including three years as chair of the Finance Committee. Mr Kowalick was also one of three founding directors of Arafura Resources Ltd., a Western Australian listed Public Company. Mr Kowalick joined the Power and Water Corporation Board in July 2015.
Ms Djuna Pollard BBus, GradDipAppFin, MAICD	Ms Pollard was the Acting Chief Executive of Power and Water for the period 28 July 2015 to 20 November 2015. Ms Pollard is a long-term Territorian who joined Power and Water in 2000. Since then Ms Pollard has worked in a number of areas including Finance, Retail and Strategy, Economics and Regulation. Ms Pollard's strong working knowledge of economic regulation will hold the organisation in good stead as the current network regulatory regime transitions to the Australian Energy Regulator and we continue to implement the Territory Government's utilities market reform program. Prior to joining Power and Water, Ms Pollard spent six years at the NT Treasury in the areas of budget management and financial reporting. Her formal qualifications include a Bachelor of Business in Finance and Economics, and post-graduate studies in Finance and Investment. Ms Pollard is also a member of the Australian Institute of Company Directors. Ms Pollard resigned from the Power and Water Corporation Board on 13 November 2015.
Mr John Baskerville	Mr Baskerville has extensive operational and technical experience relevant to the Corporation. After managing the Ben Hammond workshops for the NT Electricity Commission, he led the establishment of the Power and Water Authority (PAWA) in Alice Springs in 1984. During his 25 years in Central Australia, he served 22 years as the Chief Minister's regional Executive Director. This role required leadership across several key agencies including PAWA, the Department of Transport and Works and the Department of Chief Minister with a strategic focus on the regions. More recently, Mr Baskerville played a pivotal role in the 'Alice in 10' initiative, which led to the development of the Alice Springs Convention Centre and Desert Knowledge Australia. Mr Baskerville joined the Power and Water Corporation Board in March 2013 and resigned in July 2015.

Power and Water Corporation for the year ended 30 June 2016

Directors' report

Review of Operations

Summarised financial information

	Consolidated	
	June 2016 $ Million	Restated[1] June 2015 $ Million
Revenue	724.9	719.6
Total revenue	724.9	719.6
Expenditure	(502.5)	(521.1)
Impairment write off	(38.7)	(10.5)
Total expenditure	(541.2)	(531.6)
EBITDA	183.7	188.0
Depreciation and amortisation	(175.1)	(160.8)
EBIT	8.6	27.2
Interest expense	(45.1)	(46.9)
Net loss before income tax	(36.5)	(19.8)
Income tax expense	(1.7)	(10.4)
Net loss after income tax	**(38.2)**	**(30.1)**
EBITDA before impairment adjustments		
EBITDA	183.7	188.0
Impairment adjustments added back	38.7	10.5
Underlying EBITDA[2]	**222.3**	**198.5**
Total assets	2,901.2	3,323.7
Total liabilities	(1,592.5)	(1,695.3)
Total equity	**1,308.7**	**1,628.4**

[1] The comparative figures have been restated in respect of fixed assets and treatment of capital grants on consolidation. See note 31 for further details.

[2] EBITDA excluding significant items is non-IFRS (International Financial Reporting Standards) information. Management has provided an analysis of significant items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported (i.e. IFRS) information to assist readers to better understand the financial performance of the underlying operating business. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report.

Principal activities

In the year, the consolidated entity recorded a net loss after tax of $38.2 million (2015 restated: loss of $30.1 million) with the Corporation recording a pre-tax profit of $5.6 million (2015: profit of $34.4 million) and the Corporation's subsidiary Indigenous Essential Services Pty Limited (IES) recording a loss of $40.4 million (2015 restated: loss of $45.6 million). On a consolidated basis underlying EBITDA, before impairment adjustments, increased from $198.5 million to $222.3 million.

The principal activities of Power and Water Corporation and its wholly owned subsidiary, IES are the distribution of electricity and the provision of water and sewerage services to the people of the Northern Territory and gas supply to third parties.

There were no significant changes in the nature of the activities conducted by the Corporation or its subsidiary during the financial year.

Review of operations

The consolidated entity recorded a net loss after tax for 2015-16 of $38.2 million, this compares with a restated net loss after tax of $30.1 million in the previous year, an increase in net loss of $8.1 million. The consolidated loss is driven by the loss in IES of $40.4 million (2015 restated: $45.6 million). Underlying EBITDA, (before the impact of impairment costs) increased from $198.5 million to $222.3 million. The significant movements in the profit and loss for 2015-16 are:

- A reduction in other revenue of $18.0 million, mainly a result of a reduction in gifted assets of $7.7 million, a reduction in Transitional Service Agreement (TSA) revenue from Jacana Energy of $7.7 million and decreased Community Service Obligation (CSO) revenue of $2.6 million.
- An increase in depreciation of $14.3 million as a result of the impact on depreciation from additions during the year and transfers from capital work in progress to capital.
- An impairment write off primarily consisting of the impairment of make up gas in 2015-16 of $31.9 million and the impairment of the Bonaparte Gas Pipeline intangible asset of $5.2 million compared to an impairment of make up gas in 2014-15 of $9.6 million. Impairment is a non-cash accounting entry resulting from the application of Australian Accounting Standards AASB 136 'Impairment of Assets'.

Power and Water Corporation for the year ended 30 June 2016

Directors' report

The following paragraphs discuss the full year result in more detail:

Revenue

The consolidated total revenue has increased from $719.6 million to $724.9 million, a increase of $5.3 million. The major movements in revenue can be explained as follows:

- Revenue from sale of goods increased by $20.0 million, mainly as a result of an increase of 5% in water charges from 1 January 2015.
- Revenue from the rendering of services increased by $3.4 million, mainly as a result of an increase of 12% in network charges.
- Other income reduced by $18.0 million, mainly due to decreased TSA revenue from Jacana Energy ($7.7 million), reduced CSO revenue ($2.6 million) and a reduction in gifted assets received ($7.7 million).

Expenses

Overall consolidated expenditure increased from $739.3 million to $761.4 million, an increase of $22.1 million, although before impairment, depreciation and interest charges costs reduced by $18 million, from $521.1 million to $502.5 million. The major movements are explained as follows:

- Energy costs decreased by $12.7 million, mainly as a result of decreased diesel prices and decreased diesel consumption.
- Repairs and maintenance expenditure decreased by $7.8 million, due to savings in repairs and maintenance costs of $5.1 million and the reclassification of certain IES expenses to the value of $2.5 million to other expenses.
- Employee expenses increased by $9.8 million as a result of Enterprise Bargaining Agreement (EBA) increases and additional increases associated with normal staff progression.
- Costs relating to external service agreements decreased by $7.9 million, primarily due to the finalisation of a number of internal projects including the structural separation from Territory Generation and Jacana Energy.

Capital expenditure

Capital expenditure totalled $196.4 million for the year to 30 June 2016. Major project spending in 2015-16 included:

Location	Description	June 2016 $ Million
Darwin	Replace City 66/11kV Zone Substation	3.3
	Replace Strangways Zone Substation	5.8
	Rebuild the CIPS-Hudson Creek 132kV Transmission Line - Elizabeth	3.9
	Replace Casuarina Zone Substation 66kV Outdoor Switchyard	13.6
	CBD Transmission Main Bagot Rd To Woolner Rd	4.9
Leanyer	Zone Substation & 66kV Line	4.0
Howard East	Borefield - Increased Emergency Supply Capability & Redundancy	5.6
Palmerston	Palmerston South Elevated Tank	8.7

Cash position

The consolidated entity's cash balance at the end of June 2016 was $83.8 million. This is an increase of $58.7 million when compared to $25.1 million as at 30 June 2015. This balance includes $26.8 million held by the Corporation's wholly owned subsidiary, IES. Free cash outflows after capital expenditure of $196.4 million was $59.3 million, which was partially offset by an equity injection from the Northern Territory Government of $40.0 million and a net increase in borrowings of $78.0 million.

As at 30 June 2016, IES owed the Corporation $14.3 million (2015: $12.1 million) (see note 7).

Property, plant and equipment

The consolidated entity has a project underway that will improve the level of detailed evidence behind the fixed assets values. Whilst significant improvements have been made in the robustness of the inputs and assumptions in the valuation model, at this stage of the improvement program, which will only be completed by 30 June 2017, only net values of property, plant and equipment are available. The application of this more robust approach when combined with the revised inputs and assumptions resulted in a reduction against the prior year of $453.0 million in the carrying value of the fixed assets of the Corporation, which are stated at fair value less accumulated depreciation. The detailed fixed asset approach is set out in note 11 to the financial statements. The fixed assets of IES continue to be carried at depreciated replacement cost.

The fixed assets of Power and Water Corporation are stated at fair value, in accordance with the fair value requirements of the Australian Accounting Standards, with the core operational assets of Power Networks and Water and Sewerage business units using the income approach. Consistent with the accounting standards the income approach has a 'purchaser of the business' perspective and is based on the net present value of the forecast cash flows of these businesses applying anticipated market conditions.

The Directors are confident that the values of fixed assets included in the financial statements are materially correct and represent a true and fair view in accordance with the requirements of the Australian Accounting Standards. The Directors' note to the readers of the financial statements that the income approach differs to a depreciated replacement cost basis of valuation which is based on the cost of replacing the assets of these businesses in their depreciated state.

Power and Water Corporation for the year ended 30 June 2016

Directors' report

The last depreciated replacement cost valuation the Directors obtained was in 2013 which indicated that the depreciated replacement cost of the core operational assets of Power Networks and Water and Sewerage business units at that date was substantially higher than the value determined using the income approach. In addition the income approach is not the basis of valuation that would be used by an independent economic regulator for price determination and by analysts for other public policy purposes.

Restatement of prior year balances and profit and loss account

Indigenous Essential Services Pty Limited fixed assets

On 1 July 2014, the Corporation's subsidiary, IES, changed the measurement basis for property, plant and equipment from the historical cost method to the fair value method using the depreciated replacement cost method, effective for the financial year ended 30 June 2015. This change in measurement applied to all classes of property, plant and equipment except for intangible assets and capital work in progress which is amortised at cost. The change to fair value increased the value of IES 's property, plant and equipment by $411.6 million which was reflected in the consolidated financial statements for the year ended 30 June 2015.

In addition to the above, there were additional items of property, plant and equipment at 1 July 2014 with a fair value of $242 million which were not included in the $722 million value reported in the consolidated financial statements for the year ended 30 June 2015 due to uncertainty as to their existence at the time of the financial statements being signed by the Directors of IES. IES has since been able to verify the existence of items of property, plant and equipment with a fair value of $164 million at 1 July 2014 and a net book value of $151 million at 30 June 2015 after depreciation expense has been included in the restated balance as at 30 June 2015.

Treatment of capital grants on consolidation

Through a first principles review of the treatment of capital grants on consolidation under AASB 1004 and AASB 120 it became apparent that in the 2014-15 financial statements the consolidation adjustment required in relation to IES capital grants had not been calculated in accordance with the requirements of the accounting standard and that consolidated revenue and therefore the profit and loss account was overstated by $23.2 million. In addition, further investigation into the treatment of grants on consolidation revealed an error in the calculation of a standing journal to bring the treatment of government gifted assets in the consolidated financial statements in line with the requirements of AASB 120. This resulted in a further overstatement of consolidated revenue and profit and loss of $8.1 million. The correction of these items resulted in a reduction of prior year revenue and consolidated profits of $31.3 million and an increase in capital grant deferred revenue liability in the balance sheet of $31.3 million.

Impairment

Makeup Gas: the current gas contracts relating to the sale and purchase of gas result in the Corporation having to pay for gas that will only be sold in future financial years. These payments are classified as intangible assets and disclosed under 'Make up Gas' in notes 12(a) and 12(b). The net present value of the cash flows of the Gas Supply Unit under AASB 136 'Impairment of Assets' framework does not however support the continued recognition of this asset. Therefore the Corporation has written down the value by $31.9 million to $nil as at 30 June 2016 in accordance with the requirements of Australian Accounting standards. Furthermore, following the same analysis, the associated Bonaparte Gas Pipeline intangible asset has also been written down by $5.2 million to $nil as at 30 June 2016.

There have been no triggering events during the 2015-16 financial year which then would require further analysis for an impairment write-down of fixed assets.

Gas contracts

The Corporation has long term contracts in place to procure gas and associated transport charges. Gas is the predominant fuel used to generate electricity in the Northern Territory, and therefore the supply of gas is critical to the Northern Territory's power networks' reliability. The Corporation has several different arrangements to sell the gas it procures and this requires continuous focus.

The fixed price nature of the long term gas contracts, combined with the volatility in the market price of gas, and the uncertainty in relation to both pricing and volume from as yet unsecured sales contracts is a risk to the Corporation's ability to sell the gas at a price higher than the cost to procure the gas. Consequently, the Corporation's Directors and Management continue to monitor on an ongoing basis the position of the Corporation's gas contracts. The Corporation's gas sales strategy is designed with the intention of ensuring all costs are covered by revenue and any risks are appropriately mitigated. The combination of these various elements of the gas sale strategy have been considered by the Directors at the reporting date and in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', it has been resolved that at 30 June 2016 there is no onerous contract.

Dividends

It was resolved by the Board to not declare a dividend for 2015-16. No other dividend was declared or paid in 2015-16.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The accounting standards require directors to make disclosures about the existence and the nature of material uncertainties that lead to significant doubts about going concern.

Power and Water Corporation for the year ended 30 June 2016

Directors' report

The Corporation has carried out an assessment of the going concern assumption. This includes assessing:
- funding sources
- compliance with debt covenants
- the continuity of key customers and suppliers
- the impact current economic conditions
- forward forecasts and budgets
- forward cash flow projections

Over the last three years, the Corporation has reported underlying profits before tax (prior to impairment charges) and is forecast to continue to achieve profits over the next four years as reported in the Statement of Corporate Intent 2016-2017 (SCI). Except for the 2014-2015 financial year, the Corporation's current assets have exceeded its current liabilities and forecasts are that this will continue to be the case in the future.

Based on the above assessment performed, there are no material uncertainties that may cast significant doubt about the Corporation's ability to continue as a going concern. The Corporation continues to work towards being commercially sustainable and until this is achieved, remains reliant on the continued support of its sole shareholder, the Northern Territory Government.

Future developments

The Corporation will continue to pursue its vision of being a best practice, commercially focused and customer centric multi utility respected in the community for its contribution to the Northern Territory economy and its pursuit of the long term interests of its customers.

Environmental regulation

The consolidated entity's operations are subject to significant statutory responsibilities under both Commonwealth and Northern Territory legislation. The Corporation received one regulatory notice for a minor legislative non-conformance during the year. No known regulatory breaches have occurred in the subsidiary. The consolidated entity continues to pursue compliance with its statutory obligations and improve processes to meet its responsibilities in this area.

Subsequent events

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

Indemnification and insurance of directors and officers

Indemnification
The Northern Territory Government has indemnified the Directors of the Corporation from and against all liabilities incurred or arising out of conduct as a Director of the Corporation, acting in good faith in compliance with any direction or request made by the shareholding Minister or the portfolio Minister to the Corporation or the Board of the Corporation pursuant to the *Government Owned Corporations Act 2014.*

Insurance premiums
The following insurance policies were purchased to cover the Directors and Officers of the entities in the consolidated group. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.
- Group Personal Accident Insurance
- Professional Indemnity Insurance
- Directors' and Officers' Liability

Rounding off

Amounts in the financial report have been rounded to the nearest thousand dollars ($'000), unless otherwise stated.

Dated at Darwin this 30th day of September 2016

Mr Alan Tregilgas
Director and Chairman

Directors’ Declaration

The Directors declare that:

(a) in the Director's opinion, the attached financial statements and notes of the Corporation and the consolidated entity are in accordance with the *Government Owned Corporations Act 2014*, including:

 (i) giving a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2016 and of their performance for the year ended on that date; and

 (ii) compliance with Accounting Standards in Australia and giving a true and fair view of the financial position and performance of the Corporation and the consolidated entity; and

(b) in the Director's opinion, there are reasonable grounds to believe that the Corporation and the consolidated entity will be able to pay its debts as and when they become due and payable; and

(c) in the Director's opinion, the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 2(a) to the financial statements.

Dated at Darwin this 30th day of September 2016

Mr Alan Tregilgas
Director and Chairman

Auditor-General

Independent Auditor's Report to the Board of Directors

Power and Water Corporation

I have audited the accompanying financial report of Power and Water Corporation ("the Corporation"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Corporation and the consolidated entity comprising the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Government Owned Corporation Act*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

Consolidated entity balances relating to property, plant and equipment

As at 1 July 2014, the Corporation changed its accounting policy in relation to the measurement of its property, plant and equipment from historical cost to fair value. The Corporation commissioned independent valuations to provide a fair value which has resulted in the value of property, plant and equipment reported in the statement of financial position increasing by $533,034,000 to $2,257,470,000 for the Corporation and increasing by $944,637,000 to $2,934,384,000 for the Consolidated Entity as at 1 July 2014. The valuation for the Corporation was performed using the income approach and the valuation for the subsidiary, Indigenous Essential Services Pty Ltd, was performed using depreciated optimised replacement cost. A number of material issues were identified in relation to the valuation process, which were not resolved in the year ended 30 June 2015.

In the current year, the Corporation has commissioned an independent valuation to provide a fair value which has resulted in the value of property, plant and equipment reported in the statement of financial position decreasing by $459,264,000 for both the Corporation and the consolidated entity as at 30 June 2016. Sufficient appropriate audit evidence was unable to be obtained in relation to the valuation of the subsidiary's property, plant and equipment as at 30 June 2016. The value of the subsidiary's property, plant and equipment as at 30 June 2016 represents a material proportion of the balance reported in the consolidated statement of financial position, consequently I am unable to obtain sufficient appropriate audit evidence to support the valuation of the consolidated entity's property, plant and equipment balance as reported in the statement of financial position as at 30 June 2015 and 30 June 2016.

Consolidated entity and Corporation balances relating to property, plant and equipment

In applying the valuation to the fixed asset register in the year ended 30 June 2015, the standard asset hierarchy and related asset categories were updated in the financial management system to align with the asset management system. This process resulted in significant data integrity issues with the fixed asset register for accounting purposes and for tax purposes. The fixed asset register as at 30 June 2015 and as at 30 June 2016 was unable to be reconciled to the general ledger. As a result, I was unable to obtain sufficient appropriate audit evidence to support the validity, completeness, existence, accuracy and classification of property, plant and equipment assets and the asset revaluation reserve in the statement of financial position as at 30 June 2015 and 30 June 2016 and depreciation expense, asset impairment and net loss on disposal of property, plant and equipment (included in Other Expenses) for the years ended 30 June 2015 and 30 June 2016 for both the Corporation and the consolidated entity.

Provision for onerous gas contracts

Evidence provided in relation to two gas purchase contracts held by the Corporation indicates that these contracts may be considered as onerous as the expected economic costs of these contracts may outweigh the expected benefits to be derived. Classifying these contracts as onerous in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, would result in the recognition of a provision (liability) within the statement of financial position equivalent to the estimated future losses together with a corresponding expense in the statement of profit or loss and other comprehensive income. The Corporation has been unable to reliably quantify the value, if any, by which the expected economic costs of these contracts may outweigh the expected benefits to be derived and consequently has not recognised a provision. The Corporation has disclosed the gas contracts as contingent liabilities in the notes to the financial statement.

In relation to the two gas purchase contracts referred to above, I have not been able to obtain sufficient appropriate audit evidence in order to determine the value, if any, by which the economic costs of these contracts are projected to exceed the benefits, as derived over the remainder of the life of the contracts.

Income tax expense and related tax balances

Because of the matters described in the paragraphs above, and their potential impact on the calculation of income tax balances, I was unable to determine whether any adjustments might have been found necessary in respect of the recorded or unrecorded deferred tax assets, deferred tax liabilities and current tax liabilities reported in the Corporation's and the consolidated entity's statement of financial position or the income tax equivalent expense reported within the statement of profit or loss and other comprehensive income.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs:

a) the financial report gives a true and fair view of the financial position of the Corporation and consolidated entity, as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the *Government Owned Corporations Act*; and

b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Julie Crisp
Auditor-General for the Northern Territory
Darwin, Northern Territory

30 September 2016

Power and Water Corporation for the year ended 30 June 2016

Consolidated statement of profit or loss and other comprehensive income

		Consolidated		Corporation	
	Note	**June 2016 $'000**	**Restated June 2015 $'000**	**June 2016 $'000**	**June 2015 $'000**
Continuing Operations					
Revenue from sale of goods	3 (a)	498,664	478,676	459,261	447,258
Revenue from rendering of services and government grants	3 (a)	153,250	149,867	72,950	70,705
Finance revenue	3 (a)	805	900	647	520
Other income	3 (b)	72,149	90,123	69,793	88,345
Inter-Group sales		-	-	19,292	16,738
Total revenue and income		724,869	719,566	621,943	623,566
Energy and materials		(218,677)	(231,425)	(189,890)	(198,856)
Repairs and maintenance expense	3 (f)	(79,001)	(86,763)	(62,364)	(64,876)
Employee benefits expense	3 (e)	(98,085)	(88,280)	(83,699)	(75,798)
External service agreements		(36,764)	(44,701)	(23,256)	(29,012)
Impairment of non-current assets	29	(38,654)	(10,499)	(38,654)	(10,499)
Other expenses	3 (g)	(70,000)	(69,902)	(56,331)	(61,312)
		(541,182)	(531,571)	(454,194)	(440,354)
Earnings before interest, tax, depreciation and amortisation		183,687	187,995	167,749	183,212
Depreciation and amortisation expenses	3 (d)	(175,111)	(160,830)	(117,217)	(102,070)
Finance costs	3 (c)	(45,070)	(46,940)	(44,897)	(46,790)
Profit/(loss) before tax		**(36,494)**	**(19,775)**	**5,635**	**34,353**
Income tax equivalent benefit/(expense)	4 (a)	(1,695)	(10,354)	(1,695)	(10,354)
Profit/(loss) for the year		**(38,189)**	**(30,129)**	**3,940**	**23,999**
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation surplus/(deficit)	20	(321,485)	948,385	(321,485)	373,124
Other comprehensive income/(expense) for the year, net of tax		(321,485)	948,385	(321,485)	373,124
Total comprehensive income/(expense) for the year		**(359,674)**	**918,256**	**(317,545)**	**397,123**

The Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Power and Water Corporation as at 30 June 2016

Consolidated statement of financial position

		Consolidated			Corporation	
	Note	June 2016 $'000	Restated June 2015 $'000	June 2014 $'000	June 2016 $'000	June 2015 $'000
CURRENT ASSETS						
Cash and cash equivalents	6 (a)	83,817	25,113	93,825	56,984	11,483
Trade and other receivables	7	94,001	130,437	108,212	102,578	141,961
Prepayments		2,382	1,971	2,795	2,021	1,599
Intangible assets	12 (a), (b)	1,253	2,166	1,455	1,253	2,166
Inventories	8	25,759	25,088	45,331	20,903	18,779
Total current assets		**207,211**	**184,775**	**251,618**	**183,738**	**175,988**
NON-CURRENT ASSETS						
Trade and other receivables		-	-	7	-	-
Investments	9	3	3	3	3	3
Property, plant and equipment	11	2,656,541	3,078,183	2,326,504	1,867,452	2,257,471
Intangible assets	12 (a), (b)	12,472	43,846	58,084	12,471	43,844
Deferred tax assets	4 (b)	24,989	16,878	20,366	24,989	16,878
Total non-current assets		**2,694,004**	**3,138,909**	**2,404,964**	**1,904,915**	**2,318,195**
Total assets		**2,901,215**	**3,323,684**	**2,656,582**	**2,088,653**	**2,494,183**
CURRENT LIABILITIES						
Trade and other payables	13	75,094	153,860	84,441	64,489	138,677
Borrowings	14	15,000	82,541	22,359	15,000	82,541
Current tax liabilities	4 (c)	9,189	1,849	7,480	9,189	1,849
Provisions	16	35,799	34,106	62,311	35,799	34,106
Government grants	17	65,849	54,777	21,160	-	-
Finance lease liabilities	15	782	383	807	13	13
Total current liabilities		**201,712**	**327,516**	**198,558**	**124,490**	**257,187**
NON-CURRENT LIABILITIES						
Borrowings	14	1,097,805	951,805	1,314,346	1,097,805	951,805
Deferred tax liabilities	4 (b)	19,531	163,227	100	19,531	163,227
Provisions	16	6,234	5,427	5,589	6,234	5,427
Government grants	17	255,851	237,752	267,929	-	-
Other		4,673	3,058	-	4,673	3,058
Finance lease liabilities	15	6,733	6,549	6,978	211	223
Total non-current liabilities		**1,390,827**	**1,367,818**	**1,594,942**	**1,128,454**	**1,123,741**
Total liabilities		**1,592,540**	**1,695,334**	**1,793,500**	**1,252,944**	**1,380,927**
Net assets		**1,308,676**	**1,628,350**	**863,082**	**835,710**	**1,113,255**
EQUITY						
Contributed equity	18	38,617	(1,383)	152,582	38,617	(1,383)
Retained earnings	19	643,159	681,348	710,500	745,454	741,514
Asset Revaluation Reserve	20	626,900	948,385	-	51,639	373,124
Total equity		**1,308,676**	**1,628,350**	**863,082**	**835,710**	**1,113,255**

The Consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Power and Water Corporation for the year ended 30 June 2016

Consolidated statement of changes in equity

		Consolidated		Corporation	
	Note	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
CONTRIBUTED EQUITY					
Balance at beginning of year		(1,383)	152,582	(1,383)	152,582
Loans re-assigned on structural separation		-	170,000	-	170,000
Equity contributions from the Northern Territory Government		40,000	-	40,000	-
Transfer of assets and liabilities to new entities		-	(323,965)	-	(323,965)
Balance at end of year	18	38,617	(1,383)	38,617	(1,383)
Retained Earnings					
Balance at beginning of year		681,348	710,505	741,514	716,536
Net profit/(loss) for the year		(38,189)	(30,129)	3,940	24,000
Recognise revaluation position on disposal of assets		-	972	-	978
Balance at end of year	19	643,159	681,348	745,454	741,514
Asset Revaluation Reserve					
Balance at beginning of year		948,385	-	373,124	-
Increase/(decrease) in asset valuation		(459,264)	1,108,295	(459,264)	533,034
Less deferred tax effect recognised in deferred tax liabilities		137,779	(159,910)	137,779	(159,910)
Balance at end of year	20	626,900	948,385	51,639	373,124
TOTAL EQUITY		**1,308,676**	**1,628,350**	**835,710**	**1,113,255**
Total equity attributable to owners of the parent		**1,308,676**	**1,628,350**	**835,710**	**1,113,255**

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

Power and Water Corporation for the year ended 30 June 2016

Consolidated statement of cash flows

		Consolidated		Corporation	
			Restated		
	Note	June 2016 $'000	June 2015 $'000	June 2016 $'000	June 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		691,303	539,427	648,694	491,964
Payments to suppliers and employees		(619,125)	(441,016)	(515,472)	(329,840)
Income tax paid	4 (c)	(8,382)	(13,749)	(8,382)	(13,749)
Community Service Obligations received		12,957	15,600	12,957	15,600
Receipt of Government grants		104,929	77,736	-	-
Interest received		830	1,003	683	590
Interest paid		(45,396)	(49,457)	(45,223)	(49,307)
Net cash generated by operating activities	6 (b)	**137,116**	**129,543**	**93,257**	**115,258**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment and intangibles		(196,401)	(191,767)	(166,201)	(164,378)
Net cash used in investing activities		**(196,401)**	**(191,767)**	**(166,201)**	**(164,378)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from equity injection	18	40,000	0	40,000	-
Repayment of borrowings		(83,012)	(23,547)	(82,554)	(22,373)
Proceeds from borrowings		161,000	70,000	161,000	70,000
Dividends paid	5	-	(12,940)	-	(12,940)
Cash transfer on structural separation		-	(40,001)	-	(40,001)
Net cash provided by/(used in) financing activities		**117,988**	**(6,488)**	**118,446**	**(5,314)**
Net increase/(decrease) in cash and cash equivalents		**58,704**	**(68,712)**	**45,501**	**(54,434)**
Cash and cash equivalents at beginning of year		**25,113**	**93,825**	**11,483**	**65,917**
Cash and cash equivalents at end of year	6 (a)	**83,817**	**25,113**	**56,984**	**11,483**

The Consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

1 Corporate information

Power and Water Corporation (the Corporation) is a government owned corporation domiciled in Australia. The consolidated financial report of the Corporation for the year ended 30 June 2016 comprises the Corporation and its controlled entity, Indigenous Essential Services Pty Limited.

2 Statement of significant accounting policies

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

(a) Statement of compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with Accounting Standards and Interpretations and the *Government Owned Corporations Act 2014*, and comply with other requirements of the law. The *Government Owned Corporations Act 2014* requires the financial statements of the Corporation and the consolidated entity to comply with the requirements of the *Corporations Act 2001*.

The financial statements comprise the financial statements of the Corporation and the consolidated financial statements of the consolidated entity. For the purposes of preparing the consolidated financial statements, the Corporation is a for-profit entity therefore any accounting policy difference arising from Indigenous Essential Services Pty Limited (a non-profit entity) are adjusted on consolidation.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Corporation and the consolidated entity comply with International Financial Reporting Standards (IFRS).

The financial report was authorised for issue by the Directors on 30 September 2016.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost except for certain property, plant and equipment and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the consolidated entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted at market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its controlled entity as at 30 June each year (the consolidated entity). A list of controlled entities appears in note 10 to the financial statements. Control is achieved when the Corporation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Corporation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

- the size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Corporation, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a controlled entity begins when the Corporation obtains control over the controlled entity and ceases when the Corporation loses control of the controlled entity. Specifically, income and expenses of a controlled entity acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control the controlled entity.

When necessary, adjustments are made to the financial statements of a controlled entity to bring their accounting policies into line with the consolidated entity's accounting policies.

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

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

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised (net of discounts and allowances) when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of goods to the customer. Sale of goods includes estimates for unbilled consumption of electricity and water as at reporting date. For further information on unbilled consumption, refer to note (v) below.

Rendering of sewerage services

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

Community service obligation revenue

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

Investment revenue

Distributions from investments are recognised as revenue when control of the right to receive consideration has been attained.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

Contribution of assets

Contributions of assets and contributions to assist in the acquisition of assets from non-government developers or customers in respect of extensions or modifications to the service delivery network, are accounted for as follows:

- developer or customer contributions of non-current assets are recognised as revenue and an asset, based on valuations, when the Corporation gains control of the contribution; and
- developer or customer contributions of cash are recognised as revenue to the extent that the extensions or modifications are complete with the balance recognised as deferred income.

(e) Government grants

Government grants are assistance by the government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the consolidated entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to them and the grants will be received.

Government grants, where the primary condition is that the consolidated entity should purchase, construct or otherwise acquire non-current assets, are either presented by deducting the grant in arriving at the carrying amount of the asset resulting in reduced future depreciation charge, or the grant is recognised in the profit or loss over the life of a depreciable asset as a reduced depreciation expense. Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which they become receivable.

Government assistance which does not have conditions attached specifically relating to the operating activities of the consolidated entity is recognised in accordance with the accounting policies above.

(f) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amounts can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as unearned revenue. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

(g) Goods and services tax

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

Receivables and creditors are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time (greater than 24 months) to get ready for their intended use or sale.

To the extent that the funds are borrowed generally and used for the purpose of obtaining or constructing a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditure on that asset. The average carrying amount of the asset during the period, including borrowing costs previously capitalised, is used as the basis for determining expenditures to which the capitalisation rate is applied in that period.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Income tax equivalents

The Corporation is required to make income tax equivalent payments to the Northern Territory Government based on taxable income. It is not liable to pay Commonwealth tax that would be payable if it were not a Government Owned Corporation.

Income tax equivalent payments are made pursuant to section 33(3) of the *Government Owned Corporations Act 2014* and are based on rulings set out in the National Tax Equivalent Regime's manual. The National Tax Equivalent Regime manual gives rise to obligations which reflect in all material respects those obligations for taxation which would be imposed by the *Income Tax Assessment Act 1936* and *1997*.

Indigenous Essential Services Pty Limited is not subject to taxation as it is a not-for-profit entity and therefore exempt under section 24 of the *Income Tax Assessment Act.*

Current tax

Current tax is calculated by reference to the amount of the income taxes payable or recoverable in respect of the taxable profit or taxable loss for the period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible.

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

Deferred tax

The consolidated entity adopts the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases of those items. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

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

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

Current and deferred tax

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items recognised in other comprehensive income, in which case the current and deferred tax are also recognised in other comprehensive income. Income taxes relating to these items are recognised directly in other comprehensive income.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks.

(k) Financial instruments

Financial assets and liabilities are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Receivables that have fixed or determinate payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less any impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the consolidated entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past 90 days, as well as the observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the estimated future cash flows.

The carrying amount of the receivables are reduced by the impairment loss through the use of an allowance account. When receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

Derecognition of financial assets

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the consolidated entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the consolidated entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the consolidated entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the consolidated entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The consolidated entity derecognises financial liabilities when, and only when, the consolidated entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value. Costs are assigned to inventory based on the weighted-average purchase cost of bringing each item to its present location and condition. Net realisable value represents the amounts expected to be realised from the use of the inventory.

(m) Leased assets

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Assets held under finance leases are initially recognised as assets of the consolidated entity at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Consolidated entity's policy on borrowing costs.

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

Operating leases

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

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

(n) Property, plant and equipment

Freehold land, buildings, plant and infrastructure assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Freehold land, buildings, plant and infrastructure are originally stated at cost less accumulated depreciation (apart from freehold land as this is not depreciated) and any accumulated impairment losses. Such cost includes, for qualifying assets, borrowing costs capitalised in accordance with the consolidated entity's accounting policy. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the consolidated entity. Ongoing repairs and maintenance is expensed as incurred.

Any revaluation increase arising on the revaluation of such land, buildings, plant and infrastructure assets is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land, buildings, plant and infrastructure assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

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

Subsequent to initial recognition, all assets are held at fair value and are revalued in accordance with AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximises relevant observable inputs and minimises unobservable inputs.

The market approach uses prices and other relevant information generated by market transactions involving identical or similar assets. The income approach is a technique that converts future cash flow amounts (or income and expenses) to a single current discounted amount.

The cost approach (i.e. depreciated replacement cost) reflects the amount that would be required currently to replace the service capacity of an asset, adjusted for obsolescence. The replacement cost is the minimum that it would cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent new asset with the same economic benefits, allowing for any differences in the quantity and quality of output and in operating costs.

Non-specialised assets with short useful lives (such as minor office equipment) are measured at depreciated historical cost, as a surrogate for fair value. Work in progress is measured at cost.

Each class of property, plant and equipment held at fair value is to be subject to revaluation at least every five years or with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement for that class of asset previously recognised as a loss in the operating result, the increment is recognised as a gain.

Revaluation decrements are recognised immediately as losses, except that they are debited directly to the revaluation surplus to the extent that a credit exists in the revaluation surplus in respect of the same class of asset.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

Depreciation on revalued buildings, plant and infrastructure assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued building, plant and infrastructure asset, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and capital works in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(o) Intangible assets

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The amortisation of useful lives used for each class of intangibles are as follows:

	June 2016	June 2015
Purchased Software	1-21 years	1-21 years
Make-up gas	n/a	22 years
Renewable Energy Certificates	indefinite	indefinite

Purchased software

All purchased software items have limited useful lives and are amortised using the straight-line method over their estimated useful lives. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Make-up gas

The Corporation has entered into a Take-or-Pay Gas Purchase Agreement that came into effect during the 2010-2011 financial year. Make-up gas paid for under the terms of the contract but not physically taken is recorded as an intangible asset. The residual value of the make-up gas asset equals the asset's carrying amount.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

Renewable Energy Certificates

The Renewable Energy Certificate Scheme operates under Federal Government legislation which requires energy retailers to source a target proportion of their electricity purchases from renewable sources. The Corporation generates and purchases Green Certificates in order to comply with the relevant legislation. Obligations to surrender certificates based on targets are of accrual nature and are disclosed in the statement of financial position as current liabilities. Rights held, are of the nature of intangible assets and are disclosed in the statement of financial position as current assets. The assets and liabilities held under each scheme are acquitted throughout the year. Assets remaining after the acquittal process are expected to be realised within twelve months after the date of acquittal.

An intangible asset is derecognised on disposal, or when no further future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is recognised.

(p) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Wages and Salaries

A provision for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. These liabilities are measured at the amounts expected to be paid when the liabilities are settled including related on-costs.

Annual Leave

The provision for annual leave is recognised in the provision for employee benefits and is measured at the amount expected to be paid when the liabilities are settled including any related on-costs.

Long-term employee benefits

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Commonwealth Government Bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. Any actuarial gains or losses are recognised in the statement of profit or loss and other comprehensive income.

Superannuation plans

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

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

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

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

Termination benefits

Termination benefits are recognised as an expense when the Corporation is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

(q) Provisions

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

The amount recognised as a provision is the best estimate of the considerations required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain and the amount of the receivable can be measured reliably.

(r) Dividends

A provision for dividends payable is recognised in the reporting period that it is declared. The Northern Territory Government's dividend policy requires the Corporation to provide for a dividend payable, generally at a rate of 50% of net profit after income tax less the effect of any recoverable amounts test impairment write-downs/write-backs. See note 5 for further information.

(s) Impairment of tangible and intangible assets

At the end of each reporting period the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

See note 29 for details of the assessment for impairment of tangible and intangible assets.

(t) Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. In addition to this, the comparative figures have been restated in respect of fixed assets and treatment of capital grants on consolidation. Refer to note 31 for further details.

(u) Application of new and revised Accounting Standards

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current yea

In the current year, the consolidated entity has applied the amendment to AASB 1031 issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

Standard or Interpretation	***Nature of Change to Accounting Policy***
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'.	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

The application of this amendment does not have any material impact on the disclosures or the amounts recognised in the consolidated entity's financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below. The consolidated entity does not intend to adopt any of theses pronouncements before their effective dates.

Standard or Interpretation	**Effective annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers'. AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'. AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-3 'Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associates or Joint Venture'. AASB 2015-10 'Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2018	30 June 2019
AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards - Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

Standard or Interpretation	Effective annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2016-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

There are no new or revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

The following new Standards and Interpretations are not applicable for the consolidated entity but are relevant for the period:

AASB 14 'Regulatory Deferral Accounts' and AASB 2014-1 'Amendments to Australian Accounting Standards - Part D: 'Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts' is not applicable to the consolidated entity as the consolidated entity is not a first-time adopter of Australian Accounting Standards.

AASB 2014-6 'Amendments to Australian Accounting Standards - Agriculture: Bearer Plants' as the consolidated entity does not operate within the Agriculture industry.

AASB 1056 'Superannuation Entities' is not applicable to the consolidated entity as the consolidated entity is not a superannuation entity.

AASB 2015-6 'Amendments to Australian Accounting Standards - Extending Related Party Disclosures of Not-for-Profit Public Sector' (AASB 13) as the consolidated entity is a for-profit entity.

AASB 2015-7 'Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector' as the consolidated entity is a for-profit entity.

AASB 2016-4 'Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities' (AASB 136)

AASB 2016-5 'Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions'

(v) Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer below for a discussion of critical accounting judgments and key sources of estimation uncertainty.

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (see below), that management have made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Power and Water Corporation for the year ended 30 June 2016

Notes to the financial statements

Qualifying assets

Under AASB 123 'Borrowing Costs', borrowing costs associated with qualifying assets must be capitalised. The definition of a qualifying asset for this purpose is any asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The consolidated entity has determined that assets taking longer than 24 months to construct will be deemed qualifying assets and as such, borrowing costs associated with these assets will be capitalised.

Discount rate to be used in determining the provision for onerous contracts

Under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', for contracts that are onerous the present obligation under the contract shall be recognised and measured as a provision. The definition of an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs of a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Significant judgement is required when selecting the discount rate that shall be applied in determining the carrying amount of the provision. The consolidated entity has determined that any provision cashflow workings shall be discounted using the long term bond yield rate of 1.98%.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Fair value measurements and valuation processes

A number of the consolidated entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In estimating the fair value of an asset or a liability, the consolidated entity uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the consolidated entity engages third party qualified consultants to perform the valuation.

The Board of Directors of the Company have established an Financial Improvement Program Steering Committee (FIPSC) which is comprised of members from the Audit and Risk Management Committee, Chief Financial Officer, key staff and advisors. As part of the Assets Rectification sub-project in FIP, the FIPSC, with the assistance of independent qualified consultants were charged with determining the appropriate valuation techniques and inputs for fair value measurements.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 11.

Impairment write-back

An entity must assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity must estimate the recoverable amount of that asset. The recoverable amount of an asset is the higher of fair value less cost to sell and the value in use of an asset. The consolidated entity has determined that the recoverable amount is represented by fair value less cost to sell.

Impairment write-off

Determining whether an asset is impaired requires analysis of internal and external indicators. If such indication exists, the asset's carrying amount is tested against the asset's recoverable amount. The recoverable amount of an asset is the higher of fair value less cost to sell and the value in use of an asset. The consolidated entity has determined that the recoverable amount is represented by fair value less cost to sell.

Unbilled revenue

As per accounting standard AASB 118 'Revenue', revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. Therefore, the consolidated entity estimates the amount of electricity and water consumed at reporting date but that is yet to be billed. For further information on revenue recognition, refer to note 2 (d) above.

Useful lives of property, plant and equipment

As described in note 2 (n) above, the consolidated entity reviews the estimated useful lives of property, plant and equipment at the end of each reporting period and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

During the current year, an extensive exercise to review the useful lives of property, plant and equipment commenced and will be completed during the year ending 30 June 2017. The financial effect of any changes, if any, to the useful lives of any of property, plant and equipment will be reflected in the financial statements for the year ending 30 June 2017.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
	June 2016 $'000	**Restated June 2015 $'000**	**June 2016 $'000**	**June 2015 $'000**
3 Revenue and expenses				
(a) Revenue				
Sale of goods	498,664	478,676	459,261	447,258
Rendering of services and government grants	153,250	149,867	72,950	70,705
Finance revenue	805	900	647	520
	652,720	**629,444**	**532,858**	**518,484**
Rendering of services and government grants				
IES capital government grants	16,670	15,493	-	-
IES recurrent government grants	60,570	60,898	-	-
Services rendered	76,011	73,476	72,950	70,705
	153,250	**149,867**	**72,950**	**70,705**
(b) Other income				
Community Service Obligations:				
Uniform tariffs	6,550	8,354	6,550	8,354
Other	6,407	7,247	6,407	7,247
	12,957	**15,600**	**12,957**	**15,600**
Developer, customer and other capital contributions:				
Gifted assets	30,259	37,984	30,110	37,984
Other	7,037	5,179	7,037	5,179
	37,296	**43,163**	**37,147**	**43,163**
Recoverable works	5,279	4,859	3,472	3,436
Temporary service provision	5,625	15,258	5,625	15,258
Other revenue	10,992	11,242	10,591	10,888
Total other income	**72,149**	**90,123**	**69,793**	**88,345**
(c) Finance costs				
Interest Expense - Other	431	434	258	283
Interest Expense - Government	56,720	60,348	56,720	60,348
	57,151	60,782	56,977	60,632
Less: Capitalised finance costs	(12,080)	(13,842)	(12,080)	(13,842)
	45,070	**46,940**	**44,897**	**46,790**

The weighted average capitalisation rate on funds borrowed generally is 4.96% per annum (2015: 5.44%)

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

		Consolidated		Corporation	
		June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
3	**Revenue and expenses (cont'd)**				
(d)	**Depreciation and amortisation expense**				
	Depreciation				
	Buildings	11,070	7,037	6,304	2,325
	Plant and equipment	142,834	138,875	90,412	85,459
	Total depreciation	**153,904**	**145,913**	**96,717**	**87,785**
	Amortisation				
	Intangible assets	20,494	14,304	20,493	14,278
	Finance leases	713	614	7	7
	Total amortisation	**21,207**	**14,918**	**20,500**	**14,285**
	Total depreciation and amortisation expense	**175,111**	**160,830**	**117,217**	**102,070**
(e)	**Employee benefits expense**				
	Personnel direct	142,695	132,439	124,290	116,481
	Contract and apprentice labour	9,869	9,003	8,222	7,447
		152,564	141,443	132,513	123,929
	Less: capital and maintenance labour recovery	(54,479)	(53,163)	(48,814)	(48,131)
		98,085	**88,280**	**83,699**	**75,798**

Consolidated direct personnel expenses include superannuation costs of $12.9 million (2015: $11.4 million).

(f)	**Repairs and maintenance expense**				
	Materials	48,960	55,443	34,823	36,623
	Labour	30,041	31,320	27,541	28,253
		79,001	**86,763**	**62,364**	**64,876**
(g)	**Other expenses**				
	Impairment of trade receivables	1,062	2,996	251	2,889
	Freight	1,545	1,500	384	508
	Grants and subsidies	1,430	3,798	1,429	3,798
	Information technology and communications expense	8,947	8,999	7,948	8,279
	Insurance costs	3,156	2,700	3,138	2,667
	Laboratory fees and environmental compliance	3,620	3,812	2,973	3,048
	Motor vehicle	7,464	7,520	6,382	6,481
	Net loss on disposal of property, plant and equipment	5,852	4,861	2,404	3,093
	Other expenses	14,247	12,602	10,097	10,838
	Property costs	18,821	17,151	18,453	16,857
	Training	2,056	2,370	2,033	2,252
	Travel and accommodation	1,799	1,593	838	604
		70,000	**69,902**	**56,331**	**61,312**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

		Consolidated		Corporation	
			Restated		
		June 2016 $'000	June 2015 $'000	June 2016 $'000	June 2015 $'000
4	**Income tax equivalent expense**				
	The major components of income tax expense are:				
(a)	**Income tax recognised in profit or loss**				
	Current income tax				
	Current income tax charge	15,524	8,111	15,524	8,111
	Deferred income tax				
	Relating to origination and reversal of temporary differences	(13,829)	2,243	(13,829)	2,243
	Income tax expense reported in profit or loss	**1,695**	**10,354**	**1,695**	**10,354**
	Numerical reconciliation between tax expense and pre-tax net profit				
	Profit/(loss) before income tax from continuing operations	(36,494)	(19,775)	5,635	34,353
	At the consolidated entities' statutory income tax rate of 30% (2015: 30%)	(10,948)	(5,932)	1,690	10,305
	Expenditure not allowable for income tax purposes	12,643	16,286	5	49
	Income tax expense/(benefits) on pre-tax profit/(loss)	**1,695**	**10,354**	**1,695**	**10,354**
(b)	**Deferred income tax**				
	Deferred income tax at 30 June relates to the following:				
	Deferred tax liabilities				
	Property, plant and equipment	19,436	163,134	19,436	163,134
	Prepayments	95	93	95	93
	Gross deferred income tax liabilities	**19,531**	**163,227**	**19,531**	**163,227**
	Movements:				
	Opening balance at 1 July	163,226	100	163,226	100
	Over/(under) provision from prior years	(197)	-	(197)	-
	Credited/(charged) to profit or loss	(5,719)	(616)	(5,719)	(616)
	DTL on Structural Separation recognised directly in Contributed Equity	-	3,833	-	3,833
	DTL on revaluation recognised directly against ARR	(137,779)	159,910	(137,779)	159,910
	Closing balance at 30 June	**19,531**	**163,227**	**19,531**	**163,227**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
		Restated		
	June 2016 $'000	June 2015 $'000	June 2016 $'000	June 2015 $'000
4 Income tax equivalent expense (cont'd)				
Deferred tax assets				
Employee provisions	12,426	11,652	12,426	11,652
Unearned revenue	28	46	28	46
Allowance for doubtful debts	1,217	1,314	1,217	1,314
Obsolete stock provision	315	295	315	295
Carbon and renewable energy provision	-	42	-	42
Make up gas impairment	10,641	2,865	10,641	2,865
Accrued expenses	362	664	362	664
Gross deferred income tax assets	**24,989**	**16,878**	**24,989**	**16,878**
Movements:				
Opening balance at 1 July	16,878	20,366	16,878	20,366
Under/(over) provision from prior years	-	6	-	6
Credited/(charged) to profit or loss	8,111	(2,859)	8,111	(2,859)
DTA on Structural Separation recognised directly in Contributed Equity	-	(635)	-	(635)
Closing balance at 30 June	**24,989**	**16,878**	**24,989**	**16,878**
Net deferred tax assets and deferred tax liabilities	**5,458**	**(146,349)**	**5,458**	**(146,349)**
Deferred tax income/(expense)	**(13,829)**	**2,243**	**(13,829)**	**2,243**
(c) Income tax payable/(receivable)				
Opening balance at 1 July	1,849	7,480	1,849	7,480
Income tax paid	(8,382)	(13,749)	(8,382)	(13,749)
Current year income tax expense	15,524	8,111	15,524	8,111
Under/(over) provision from prior years	198	7	198	7
Closing balance at 30 June	**9,189**	**1,849**	**9,189**	**1,849**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
5 Dividends				
Declared during the year:				
Dividends on ordinary shares:	-	-	-	-
	-	-	-	-

Final dividend declared in 2016 $nil (2015: $nil)

It was resolved by the Board to not declare a dividend for 2015-16.

A payment of $12.9 million was made in 2014-15 for the dividend declared in 2013-14.

6 Cash and cash equivalents

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position as follows:

	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
Cash assets	83,817	25,113	56,984	11,483

(b) Reconciliation of net profit after tax to net cash flows

	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
Net profit/(loss)	(38,189)	(30,129)	3,940	23,999
Adjustments for:				
Depreciation and amortisation	175,111	160,830	117,217	102,070
Impairment writedown	38,654	10,499	38,654	10,499
Contributed assets provided free of charge	(30,259)	(37,984)	(30,110)	(37,984)
Net (profit)/loss on disposal of property, plant and equipment	5,852	4,861	2,404	3,093
Changes in assets and liabilities:				
(Increase)/decrease in inventories	(671)	270	(2,123)	(790)
(Increase)/decrease in trade and other receivables	36,436	(102,796)	39,383	(105,300)
(Increase)/decrease in current intangible assets	913	(885)	913	(885)
(Increase)/decrease in prepayments	(410)	687	(423)	1,029
(Decrease)/increase in net deferred tax payable	(14,028)	2,236	(14,028)	2,236
(Decrease)/increase in current tax liabilities	7,340	(5,631)	7,340	(5,631)
(Decrease)/increase in trade and other payables	(75,304)	138,355	(72,411)	137,218
(Decrease)/increase in government grants	29,170	3,523	-	-
(Decrease)/increase in provisions (ex dividend)	2,500	(14,294)	2,500	(14,294)
Net cash flows from operating activities	**137,116**	**129,543**	**93,257**	**115,258**

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

During the financial year the consolidated entity acquired property, plant and equipment with an aggregate fair value of $30.3 million (2015: $38.0 million) by means of gifts. These acquisitions are not reflected in the statement of cash flows. See note 2(d) for further discussion on contributed assets.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
	June 2016	Restated June 2015	June 2016	June 2015
	$'000	$'000	$'000	$'000
7 Trade and other receivables				
Current				
Service receivables	53,714	32,744	47,223	32,286
Allowance for doubtful debts	(4,868)	(4,382)	(4,057)	(4,382)
Unbilled consumption	33,455	38,822	33,455	38,934
	82,301	**67,183**	**76,620**	**66,837**
Other receivables	11,700	34,149	11,658	33,874
Receivables arising on separation	-	29,105	-	29,105
Loans and advances to controlled entities	-	-	14,300	12,144
Total current receivables	**94,001**	**130,437**	**102,578**	**141,961**

(a) Service receivables

Receivables at 30 June 2016 are non-interest bearing. The consolidated entity has undertaken a review of the collectability of all receivables that are over 90 days outstanding and has recognised a provision for doubtful debts for all receivables that are considered not recoverable.

Receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the consolidated entity has not recognised a provision for doubtful debts because there has not been a significant change on credit quality and the amounts are still considered recoverable.

The Corporation does not offset the risk of these overdue balances with collateral or financial instruments due to the historical success of recovering these amounts. The average age of these receivables is 38 days (2015: 43 days).

There is no single customer that makes up more than 5% of the balance of receivables.

Ageing of past due but not impaired service receivables:				
30 - 60 days	1,597	1,763	1,436	1,763
60 - 90 days	893	498	812	498
90 + days	4,139	1,953	1,325	1,953
Total	**6,629**	**4,214**	**3,573**	**4,214**
Ageing of impaired service receivables:				
0 - 30 days	635	-	635	-
30 - 60 days	88	-	88	-
60 - 90 days	396	-	396	-
90 + days	3,750	4,382	2,939	4,382
Impairment	**4,868**	**4,382**	**4,057**	**4,382**
Movement in the allowance for doubtful debts:				
Balance at beginning of year	4,382	2,994	4,382	2,994
Impairment losses recognised on receivables	1,062	2,488	251	2,488
Amounts written off as uncollectible	(1,026)	(1,825)	(1,026)	(1,825)
Written off debts subsequently collected	450	725	450	725
Balance at end of year	**4,868**	**4,382**	**4,057**	**4,382**

(b) Receivables arising on separation

This receivable represents the financial receivables between the Corporation, Territory Generation and Jacana Energy that arose as a result of the separation of Power and Water Corporation into three separate Government Owned Corporations in 2014-15.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

		Consolidated		Corporation	
		June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
8	**Inventories**				
	Materials and stores	20,003	17,837	20,003	17,837
	Fuel stocks	5,221	6,907	365	598
	Gas stocks	82	82	82	82
	Tokens	453	262	453	262
	Total inventories	**25,759**	**25,088**	**20,903**	**18,779**

The cost of inventories recognised as an expense during the year in respect of continuing operations was $3.1 million (2015: $4.1 million).

9	**Investments**				
	2,500 $1 unlisted units, in Amadeus Gas Trust beneficially held by the Corporation	3	3	3	3

The Corporation also holds 5 (2015: 5) ordinary shares of $1 each in NT Gas Pty Limited.

		June 2016 $	June 2015 $	June 2016 $	June 2015 $
10	**Investment in subsidiaries**				
	Indigenous Essential Services Pty Limited	-	-	10	10
	Total investment in subsidiaries	**-**	**-**	**10**	**10**

Details of the consolidated entity's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation and operation	Equity Interest June 2016	Equity Interest June 2015
BGP Tenure Holdings Pty Limited	Australia	50%	50%
Indigenous Essential Services Pty Limited	Australia	100%	100%

The parent entity within the consolidated entity is Power and Water Corporation. The ultimate Australian parent entity is the Northern Territory Government which at 30 June 2016 owned 100% (2015: 100%) of the issued ordinary shares of Power and Water Corporation. This share is held by the Shareholding Minister on behalf of the Northern Territory.

Principal activities of the subsidiaries

Indigenous Essential Services Pty Limited

The principal activities of Indigenous Essential Services Pty Limited as a not-for-profit entity were to provide electricity, water and sewerage services to remote Indigenous communities in the Northern Territory.

BGP Tenure Holdings Pty Limited

BGP Tenure Holdings Pty Ltd was established in February 2008 to hold land tenure interests for the Power and Water Corporation in the Bonaparte Gas Pipeline project in the Northern Territory. Their central office is based in Sydney.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The Corporation owns 50% of the shares in BGP Tenure Holdings Pty Limited with the remaining 50% held by non-controlling interests. The relevant activities of the BGP Tenure Holdings Pty Limited are determined by the board of directors of BGP Tenure Holdings Pty Limited. The board of directors of BGP Tenure Holdings Pty Limited consists of two members, of which the Corporation holds one of the positions.

BGP Tenure Holdings Pty Ltd is a non-trading entity and as such did not make a profit for the year ended 30 June 2016 (2015: $Nil).

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

10 Investment in subsidiaries (cont'd)

Summarised financial information in respect of BGP Tenure Holdings Pty Limited that have non-controlling interests is set out below.

	June 2016 $	June 2015 $
Non-current assets	100	100
Equity	100	100
Equity attributable to the Corporation		
- Corporation	50	50
- Non-controlling interests	50	50

Change in the consolidated entity's ownership interest in a subsidiary

There have been no changes in the ownership interests held by the consolidated entity in any of its subsidiaries during the year ended 30 June 2016 (2015: Nil).

Financial support

The Corporation has guaranteed financial support to its subsidiary, Indigenous Essential Services Pty Limited effective from 28 October 2015 until such time as Indigenous Essential Services Pty Limited ceases to be a wholly owned subsidiary of the Corporation. The Corporation will provide financial support to Indigenous Essential Services Pty Limited so as to ensure that it has sufficient funds to meet its financial obligations to pay its debts as and when they become due and payable. The Corporation has also undertaken that it will not take any action which may result in Indigenous Essential Services Pty Limited being unable to preform those financial obligations, including that the Corporation will not call upon any loans owed to it by Indigenous Essential Services Pty Limited unless there are sufficient excess funds available to do so.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

11 Property, plant and equipment

June 2016	Land $'000	Buildings $'000	Plant and Equipment $'000	Finance Leased Land at Cost $'000	Work in Progress $'000	Total Property, Plant and Equipment $'000
Consolidated						
Written down value	**94,266**	**178,522**	**2,130,609**	**8,341**	**244,803**	**2,656,541**
Corporation						
Written down value	**94,195**	**106,342**	**1,457,646**	**253**	**209,017**	**1,867,452**

June 2015 Restated	Land $'000	Buildings $'000	Plant and Equipment $'000	Finance Leased Land at Cost $'000	Work in Progress $'000	Total Property, Plant and Equipment $'000
Consolidated						
Written down value	**94,266**	**144,079**	**2,491,528**	**7,961**	**340,349**	**3,078,183**
Corporation						
Written down value	**94,195**	**78,595**	**1,774,680**	**260**	**309,740**	**2,257,471**

Movement in carrying amounts

June 2016	Land $'000	Buildings $'000	Plant and Equipment $'000	Finance Leased Land at Cost $'000	Work in Progress $'000	Total Property, Plant and Equipment $'000
Year End June 2016						
Consolidated						
Opening Balance	94,266	144,079	2,491,528	7,961	340,349	3,078,183
Transfer/Adjustments	(250)	(5,619)	(4,430)	-	-	(10,299)
Additions	250	-	30,464	1,158	189,842	221,714
Depreciation	-	(11,070)	(142,834)	(713)		(154,617)
Transfer From WIP	-	53,034	225,068	-	(285,389)	(7,287)
Disposals	-	(852)	(10,972)	(65)	-	(11,889)
Revaluation	-	(1,050)	(458,214)	-	-	(459,264)
Closing balance	**94,266**	**178,522**	**2,130,609**	**8,341**	**244,803**	**2,656,541**
Corporation						
Opening Balance	94,195	78,595	1,774,680	260	309,740	2,257,471
Transfer/Adjustments	(250)	(5,788)	(4,419)	-	-	(10,457)
Additions	250	-	30,315	-	161,202	191,767
Depreciation	-	(6,304)	(90,412)	(7)	-	(96,724)
Transfer From WIP	-	41,742	212,896	-	(261,925)	(7,287)
Disposals	-	(852)	(7,200)	-	-	(8,054)
Revaluation	-	(1,050)	(458,214)	-	-	(459,264)
Closing balance	**94,195**	**106,342**	**1,457,646**	**253**	**209,017**	**1,867,452**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

11 Property, plant and equipment (cont'd)

Depreciation has been calculated based on the estimated useful lives used for each class of asset as follows:

Property Plant and Equipment	June 2016	June 2015
Plant and equipment	2-100 years	1-100 years
Buildings	15-94 years	3-93 years
Infrastructure	2-100 years	n/a
Civil equipment	3-70 years	n/a
Office equipment	3-60 years	n/a

Depreciation and amortisation of assets related to finance leases have been calculated based on the estimated useful lives used for each class of asset (being the shorter of the lease term and their useful lives) as follows:

Property Plant and Equipment situated on finance leased land	June 2016	June 2015
Plant and equipment	8 to 40 years	8 to 40 years
Buildings	1 to 40 years	1 to 40 years
Infrastructure	8 to 40 years	n/a
Finance leases	12 to 40 years	12 to 40 years

Reinstatement of plant and equipment as at 30 June 2015

As noted in the consolidated entity's financial statements for the year ended 30 June 2015, the consolidated entity changed the measurement basis for property, plant and equipment from historical cost to fair value effective from 1 July 2014. As part of the valuation process for Indigenous Essential Services Pty Limited, a number of assets with a fair value of $242 million were identified that were not included in the asset register as at that date. These assets were excluded from the value of the assets recorded in the 2014-15 financial statements for Indigenous Essential Services Pty Limited and the consolidated entity until the assessment of these assets could be completed.

Following that assessment, a number of assets with a net written down value of $164 million have been verified and included in the restated balances for the year ended 30 June 2015. Refer to note 31 for further details and the effect of the restatement of the 2015 comparatives.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

11 Property, plant and equipment (cont'd)

Fair value measurement of property, plant and equipment (excluding finance leased assets and capital works in progress)

The following valuation techniques are used for the Corporation (1):

Asset class		Valuation policy
Land and buildings	Specialised land	Market approach
	Non-specialised land	Market approach
	Office buildings	Market approach
Infrastructure systems	Water and sewerage	Income approach
	Electricity generation	Income approach
	Electricity distribution and transmission	Income approach
	Gas supply (2)	Income approach
Plant and equipment (3)	Non-specialised plant and equipment	Historical cost

(1) Excludes the assets of Indigenous Essential Services Pty Limited in which assets are measured using the Depreciated Replacement Cost approach for infrastructure systems assets.

(2) Gas supply assets are comprised of the McArthur River Gas Pipeline and the Palm Valley Interconnect Pipeline

(3) Non-specialised assets such as minor items of office equipment are held at historic cost.

The fair value of the freehold land and buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of infrastructure system assets was determined using the Income approach. This reflects the cost a market participant would be willing to pay in buying an asset. The Income approach converts future amounts (eg. Cashflows or income and expenses) to a single current (ie. discounted) amount. When the Income approach is used, the fair value measurement reflects current market expectations about those future amounts.

The fair value of non-specialised plant and equipment were determined using historical cost as these are minor asset items such as office equipment with short lives (3-5 years.)

As at 30 June 2016

The Corporation's assets are stated at the revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation losses. As at 30 June 2016, the Corporation engaged an independent consulting firm to undertake an assessment of the Fair Value of selected fixed assets of the Corporation as at 30 June 2016 ("Valuation Date"). These assets were Power Networks, Water and Sewerage, Gas, and Remote Generation.

The valuation technique applied for Gas Supply and Remote Generation assets changed from Depreciated Replacement Cost approach to the Income approach during the 2015-16 financial year.

In addition, the Corporation's controlled not-for-profit entity, Indigenous Essential Services Pty Limited applied depreciated replacement cost valuation methodology to its property, plant and equipment. Independent valuers, GHD, were engaged to undertake a review of the asset base and factors that formed a material part of the asset valuation calculations for the financial year ending 30 June 2016. Following this review, GHD's opinion was that none of these factors have materially changed and therefore there is no impact to the value of the asset base as at 30 June 2016.

As at 30 June 2015

As noted above, the Corporation changed the measurement basis for property, plant and equipment from historical cost to fair value effective 1 July 2014. The change in the measurement basis to fair value increased the value of the Corporation's assets by $373.8 million which was reflected in the movement in the asset revaluation reserve. Refer to note 20. The initial valuation was completed using the depreciated replacement cost method however this was changed to the income approach method for selected assets being electrical networks, water and sewerage assets.

Indigenous Essential Services Pty Limited changed the measurement basis from historical cost to fair value using the depreciated replacement cost method. A valuation was completed in 2012-13 with a valuation date of 1 July 2014 which was reflected in the 2014-15 financial statements.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

11 Property, plant and equipment (cont'd)

Details of the consolidated entity's land, buildings, infrastructure and plant and equipment and information about their fair value hierarchy as at the end of the reporting are as follows:

Consolidated entity	Level 2 $'000	Level 3 $'000	Fair value as at 30 June 2016 $'000
Freehold land	94,266	-	94,266
Buildings	38,346	140,176	178,522
Plant and equipment (including infrastructure assets)	-	2,130,609	2,130,609
Finance leased assets	-	8,341	8,341
Work in progress	-	244,803	244,803
Total	132,612	2,523,929	2,656,541

Corporation	Level 2 $'000	Level 3 $'000	Fair value as at 30 June 2016 $'000
Freehold land	94,195	-	94,195
Buildings	38,346	67,996	106,342
Plant and equipment (including infrastructure assets)	-	1,457,646	1,457,646
Finance leased assets	-	253	253
Work in progress	-	209,017	209,017
Total	132,541	1,734,912	1,867,452

There were no transfers of assets between Level 1 and Level 2 during the year.

Level 2 inputs are inputs other than quoted market prices that are observable for the asset or liability either directly or indirectly. Valuation techniques are described above.

Level 3 inputs are unobservable inputs for the asset or liability. Valuation techniques are described above.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

12 (a) Intangibles

June 2016	Note	Other Intangible Assets $'000	Renewable Energy Certificates $'000	Make up Gas $'000	Total $'000
Consolidated					
Fair value		77,864	1,253	-	79,117
Accumulated amortisation		(65,392)	-	-	(65,392)
Written down value		**12,472**	**1,253**	**-**	**13,725**
Corporation					
Fair value		77,751	1,253	-	79,004
Accumulated amortisation		(65,280)	-	-	(65,280)
Written down value		**12,471**	**1,253**	**-**	**13,724**
Movement in carrying amounts					
Year ended 30 June 2016					
Consolidated					
Opening balance		30,886	2,166	12,959	46,011
Additions		-	-	18,982	18,982
Amortisation		(20,494)	-	-	(20,494)
Transfer from WIP		7,287	-	-	7,287
Disposals		-	(913)	-	(913)
Impairment - specific assets	29	(5,207)	-	(31,941)	(37,148)
Closing balance		**12,472**	**1,253**	**-**	**13,725**
Year ended 30 June 2016					
Corporation					
Opening balance		30,884	2,166	12,959	46,009
Additions		-	-	18,982	18,982
Amortisation		(20,493)	-	-	(20,493)
Transfer from WIP		7,287	-	-	7,287
Disposals		-	(913)	-	(913)
Impairment - specific assets	29	(5,207)	-	(31,941)	(37,148)
Closing balance		**12,471**	**1,253**	**-**	**13,723**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

12 (a) Intangibles (cont'd)

June 2015 Restated	Note	Other Intangible Assets $'000	Renewable Energy Certificates $'000	Make up Gas $'000	Total $'000
Consolidated					
Fair value		82,107	2,166	12,959	97,232
Accumulated amortisation		(51,221)	-	-	(51,221)
Written down value		**30,886**	**2,166**	**12,959**	**46,011**
Corporation					
Fair value		82,213	2,166	12,959	97,338
Accumulated amortisation		(51,329)	-	-	(51,329)
Written down value		**30,884**	**2,166**	**12,959**	**46,009**

Movement in carrying amounts

	Note	Other Intangible Assets $'000	Renewable Energy Certificates $'000	Make up Gas $'000	Total $'000
Year ended 30 June 2015 Restated					
Consolidation					
Opening balance		40,492	1,455	17,592	59,539
Transfer/adjustments		(297)	-	-	(297)
Additions		-	786	4,920	5,706
Amortisation		(14,303)	-	-	(14,303)
Transfer from WIP		4,994	-	-	4,994
Disposals		-	(75)	-	(75)
Impairment - specific assets	29	-	-	(9,553)	(9,553)
Closing balance		**30,886**	**2,166**	**12,959**	**46,011**
Year ended 30 June 2015					
Corporation					
Opening balance		40,470	1,455	17,592	59,517
Transfer/adjustments		(302)	-	-	(302)
Additions		-	786	4,920	5,706
Amortisation		(14,278)	-	-	(14,278)
Transfer from WIP		4,994	-	-	4,994
Disposals		-	(75)	-	(75)
Impairment - specific assets	29	-	-	(9,553)	(9,553)
Closing balance		**30,884**	**2,166**	**12,959**	**46,009**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
12 (b) Intangible Assets				
Current				
Renewable energy certificates	1,253	2,166	1,253	2,166
	1,253	**2,166**	**1,253**	**2,166**
Non-current				
Other intangible assets	12,472	30,887	12,471	30,885
Make up gas	-	12,959	-	12,959
	12,472	**43,846**	**12,471**	**43,844**
13 Trade and other payables				
Service creditors	49,387	62,057	41,830	49,643
(i) Payables arising on separation	-	58,462	-	58,462
Other creditors and accruals	25,707	33,342	22,660	30,573
	75,094	**153,860**	**64,489**	**138,677**

The policy of the consolidated entity is to settle trade payables within 30 days. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

(i) Payables arising on separation
As a result of the separation of Power and Water Corporation into three separate Government Owned Corporations in 2014-15, this payable represents the financial payable between the Corporation, Territory Generation and Jacana Energy.

	Consolidated		Corporation	
	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
14 Interest bearing borrowings				
Current				
Government loans - unsecured	15,000	82,541	15,000	82,541
	15,000	**82,541**	**15,000**	**82,541**
Non-current				
Government loans - unsecured	1,097,805	951,805	1,097,805	951,805
	1,097,805	**951,805**	**1,097,805**	**951,805**

The government loans in current liabilities comprise the portion of the consolidated entity's borrowings payable within one year, being $15.0 million (2015: $82.5 million).

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

The total bank overdraft facility available at 30 June 2016 is $nil (2015: $50.0 million). The unused bank overdraft facility available at the reporting date is $nil (2015: $50.0 million). Interest on the bank overdraft was charged at a concessional rate of 4%. The bank overdraft was payable on demand. This facility was available until September 2015.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

15 Finance lease liabilities

Leasing arrangements

The consolidated entity leased land for its existing infrastructure assets on Indigenous land in 69 Communities throughout the Northern Territory. The lease terms vary between 12 and 40 years with most of them providing the consolidated entity with lease extension options.

The present value discount factor used for the minimum lease payments was 4.72% at the inception of the leases in 2013. Leases added in 2016 have been calculated using a present value factor of 2.5%.

Finance lease liabilities

	Consolidated			
	Minimum Lease Payments		Present Value of the minimum lease	
	June 2016 $'000	June 2015 $'000	June 2016 $'000	June 2015 $'000
Not later than one year	920	485	782	383
1 to 5 years	3,649	3,258	2,775	2,541
Later than 5 years	8,869	9,041	3,959	4,008
	13,439	12,784	7,515	6,932
less future finance charges	(5,924)	(5,852)	-	-
Total present value of minimum lease payments	**7,515**	**6,932**	**7,515**	**6,932**

Note: the above information is presented at a consolidated entity level only and not at a Corporation level as the portion of finance lease liabilities that relate to the Corporation is immaterial at $0.2 million.

Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
16 Provisions				
Current				
Employee benefits	35,069	33,252	35,069	33,252
Employee related provisions	730	712	730	712
Renewable Energy Certificates	-	142	-	142
	35,799	**34,106**	**35,799**	**34,106**
Non-current				
Employee benefits	6,234	5,427	6,234	5,427
	6,234	**5,427**	**6,234**	**5,427**

Employee benefits and employee related provisions

The provision for employee benefits represents annual leave and long service leave entitlements accrued.

The employee related provisions represents accrued fringe benefits tax and payroll taxes.

Reconciliations

Reconciliations of the carrying amounts for employee related provisions are set out below:

Employee related provisions				
Carrying amount at beginning of year	712	689	712	689
Provisions made during the year	8,443	11,205	8,443	11,205
Payments made during the year	(8,426)	(11,182)	(8,426)	(11,182)
Carrying amount at end of year	**730**	**712**	**730**	**712**

17 Government grants

Operational grants held by the Corporation's subsidiary, Indigenous Essential Services Pty Limited relate to funding received from the Northern Territory's Department of Local Government and Community Services for the provision of power, water and sewerage services to remote indigenous communities.

Capital grants held by the Corporation's subsidiary, Indigenous Essential Services Pty Limited, relate to funding received from the Northern Territory's Department of Local Government and Community Services for the development of power, water and sewerage infrastructure in remote indigenous communities.

Operational grants	5,874	5,672	-	-
Capital grants	315,826	286,857	-	-
	321,700	**292,529**	**-**	**-**
Provided for in the financial statements as:				
Current	65,849	54,777	-	-
Non-current	255,851	237,752	-	-
	321,700	**292,529**	**-**	**-**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
	June 2016 $'000	Restated June 2015 $'000	June 2016 $'000	June 2015 $'000
18 Contributed equity				
Share capital				
1 Share (2015: 1 Share)	-	-	-	-
Equity contribution	40,000	-	40,000	-
Debt to equity swap	322,582	322,582	322,582	322,582
Transfer of assets and liabilities to new entities	(323,965)	(323,965)	(323,965)	(323,965)
Total contributed equity	**38,617**	**(1,383)**	**38,617**	**(1,383)**
Contributed equity at beginning of year	(1,383)	152,582	(1,383)	152,582
Loans re-assigned on structural separation	-	170,000	-	170,000
Equity contributions from the Northern Territory Government	40,000	-	40,000	-
Transfer of assets and liabilities to new entities	-	(323,965)	-	(323,965)
Total contributed equity	**38,617**	**(1,383)**	**38,617**	**(1,383)**

The *Government Owned Corporations Act 2014* requires the Corporation to have share capital to be held by one shareholder only, being the Shareholding Minister, who holds the share on behalf of the Northern Territory Government. The Corporation's constitution specifies the share capital to be one share. No value is assigned to this share.

As a result of structural separation as at 1 July 2014 the Corporation transferred identifiable assets and liabilities to Jacana Energy and Territory Generation with this transfer being accounted for as a distribution from equity. The net effect was a $324.0 million reduction in the net asset position of the Corporation.

In 2014-15 loans with the Northern Territory Treasury Corporation of $170 million were assumed by the Central Holding Authority as part of the structural separation.

The Shareholder contributed $40 million in equity to the Corporation on 8 November 2015 post-structural separation.

	Consolidated June 2016	Consolidated Restated June 2015	Corporation June 2016	Corporation June 2015
19 Retained earnings				
Retained earnings at beginning of year	681,348	710,505	741,514	716,536
Net profit/(loss) for the year	(38,189)	(30,129)	3,940	24,000
Recognise revaluation position on disposal of assets	-	972	-	978
Retained earnings at end of the year	**643,159**	**681,348**	**745,454**	**741,514**

	Consolidated June 2016	Consolidated Restated June 2015	Corporation June 2016	Corporation June 2015
20 Asset revaluation reserve				
Balance at beginning of year	948,385	-	373,124	-
Increase/(decrease) in asset valuation	(459,264)	1,108,295	(459,264)	533,034
Less deferred tax effect recognised in Deferred Tax Liabilities	137,779	(159,910)	137,779	(159,910)
Asset revaluation reserve at end of the year	**626,900**	**948,385**	**51,639**	**373,124**

The asset revaluation reserve arises on the revaluation of property, plant and equipment (assets). When revalued assets are sold, the portion of the asset's revaluation reserve that relates to those assets is transferred directly to retained earnings.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

21 Risk management objectives

(a) Financial risk management objectives and policies

The consolidated entity's principal financial instruments are government loans and cash.

The main purpose of these financial instruments is to raise finance for the consolidated entity's operations. The consolidated entity has various other financial instruments such as trade receivables and trade payables. It is the consolidated entity's policy not to trade in financial instruments. The Board of Directors reviews and agrees policies for managing the consolidated entity's financial risks and these are summarised below.

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

The consolidated entity's overall strategy remains unchanged from 2015.

The main risks arising from the consolidated entity's financial instruments are:

· Market risk	the risk that changes in the market will adversely impact the operations and returns of the Corporation and the consolidated entity
· Interest rate risk	the risk that financing costs will increase and impact prices to customers and returns to the shareholder
· Credit risk	the risk of financial loss if a counterparty to a transaction does not fulfil its financial obligations
· Liquidity risk	the risk of insufficient funds to fulfil the cash flow obligations on a timely basis
· Foreign currency risk	the risk that contract prices will move as a result of adverse movements in foreign exchange rates
· Commodity price risk	the risk that contract prices will move as a result of adverse movements in the market
· Capital risk management	the risk of the consolidated entity structuring its balance sheet inefficiently resulting in suboptimal returns to shareholders
· Operational risk	the inherent risk resulting from internal processes and systems or from external events

(b) Market risk

The Corporation was established under the *Power and Water Corporation Act 2002* and is a NT Government Owned Corporation under the *Government Owned Corporations Act 2014 (GOC Act)*.

In accordance with the GOC Act the Corporation's objectives are to:

- operate at least as efficiently as a comparable business; and
- to maximise the sustainable return to the Northern Territory on its investment in the Corporation and the consolidated entity.

The Corporation and the consolidated entity provides safe and reliable power, water and sewerage services to the people of the Northern Territory and meets its mandated environmental obligations.

There has been no change during the current financial year to the consolidated entity's exposure to market risks or the manner in which these risks are managed and measured.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

21 Risk management objectives (cont'd)

(c) Interest rate risk management

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

The consolidated entity's policy is to manage its interest cost using fixed rate debt.

The following table shows the consolidated entity's debt and interest obligations to the Northern Territory Government and the impact of a change in interest rates:

	Consolidated			Corporation		
Loan term	Fixed and Variable Rate Loans	Average Interest Rate	Increase in annual interest expense if interest rates rise by 1.00%	Fixed and Variable Rate Loans	Average Interest Rate	Increase in annual interest expense if interest rates rise by 1.00%
	$'000	%	$'000	$'000	%	$'000
<1 to 2 years	15,000	6.66%	553	15,000	6.66%	553
2 to 5 years	938,805	4.90%	1,341	938,805	4.90%	1,341
5+ years	159,000	5.70%	73	159,000	5.70%	73
	1,112,805		**1,966**	**1,112,805**		**1,966**

(d) Credit risk management

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

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the consolidated entity's maximum exposure to credit risk.

(e) Liquidity risk management

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

Each year the consolidated entity prepares a Statement of Corporate Intent (SCI) which is tabled with the Shareholding Minister for approval. The SCI is a detailed 4 year projection of the consolidated entity's financial position. The current year actual results are reported against the SCI budget.

The consolidated entity seeks approval from the Shareholding Minister for funding requirements for the forthcoming year on an annual basis based on the SCI. If the consolidated entity is unable to meet SCI targets it is able to apply to the Northern Territory Government for additional loan funding.

(f) Foreign currency risk management

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

The consolidated entity is exposed to foreign currency risk in the normal course of its operations through its procurement contracts. Large contracts are reviewed to determine if any mitigation strategies should be applied to reduce this risk.

Material exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and a foreign currency bank account.

The carrying amount of the consolidated entity's foreign currency denominated monetary liabilities at the reporting date was $nil (2015: $nil).

(g) Commodity price risk

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

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

21 Risk management objectives (cont'd)

(h) Capital risk management

The consolidated entity's and the Corporation's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure in line with Shareholding Minister expectations.

The capital structure of the consolidated entity consists of debt, which includes borrowings disclosed in note 14, cash and cash equivalents and equity attributable to the equity holder of the Corporation, comprising issued capital and retained earnings as disclosed in notes 18 and 19 respectively.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to the shareholder, return capital to the shareholder or sell assets to reduce debt.

Operating cash flows are used to maintain and expand the consolidated entity's assets, as well as to make routine outflows of tax, dividends and servicing of debt.

The consolidated entity's policy is to borrow centrally using facilities provided by Northern Territory Treasury Corporation to meet anticipated funding requirements.

The consolidated entity is not subject to any externally imposed capital requirements.

The consolidated entity's overall strategy remains unchanged from prior years.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Corporation	
	30 June 2016 $'000	30 June 2015 $'000
Debt	1,112,805	1,034,346
Cash and bank balances	(56,984)	(11,483)
Net debt	1,055,821	1,022,863
Equity	835,710	1,113,255
Net debt to equity ratio	126%	92%

- Debt is defined as long-term and short-term borrowings as described in note 14.
- Equity includes all capital and reserves of the Corporation that are managed as capital.

(i) Operational risk

Operational risk refers to the extent that process, system, compliance or fraud matters could impact the financial risk profile. This includes the integrity of information used to make decisions, maintain assets, protect staff and provide business continuity. The Corporation manages operational risk through continuous development and improvement in its guidelines, standards, methodologies and systems.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

22 Financial instruments

Fair values

Net fair values of financial assets and liabilities approximate carrying values except for government loans, which have a fair value of $1,061.4 million (2015: $1,376.6 million).

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

Interest rate risk

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

				Fixed and floating interest maturing in:				
Consolidated	**Weighted average interest rate %**	**Floating interest rate $'000**	**Fixed interest rate $'000**	**1 year or less $'000**	**1 to 5 years $'000**	**more than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
2016								
Financial Assets								
Cash assets	1.46%	83,817	-	83,817	-	-	-	83,817
Receivables		-	-	-	-	-	94,001	94,001
Investments		-	-	-	-	-	3	3
		83,817	**-**	**83,817**	**-**	**-**	**94,003**	**177,821**
Financial Liabilities								
Payables		-	-	-	-	-	75,094	75,094
Government loans	4.96%	-	1,112,805	15,000	938,805	159,000	-	1,112,805
Finance lease liability	4.63%	-	7,515	782	2,775	3,959	-	7,515
		-	**1,120,320**	**15,782**	**941,579**	**162,959**	**75,094**	**1,195,414**
2015								
Financial Assets								
Cash assets	2.18%	25,113	-	25,113	-	-	-	25,113
Receivables		-	-	-	-	-	130,437	130,437
Investments		-	-	-	-	-	3	3
		25,113	**-**	**25,113**	**-**	**-**	**130,440**	**155,553**
Financial Liabilities								
Payables		-	-	-	-	-	153,860	153,860
Government loans	5.44%	-	1,034,346	82,541	792,805	159,000	-	1,034,346
Finance lease liability	4.71%	-	6,932	383	2,717	3,832	-	6,932
		-	**1,041,278**	**82,924**	**795,522**	**162,832**	**153,860**	**1,195,138**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

22 Financial instruments (cont'd)

Corporation	Weighted average interest rate %	Floating interest rate $'000	Fixed interest rate $'000	Fixed and floating interest maturing in: 1 year or less $'000	1 to 5 years $'000	more than 5 years $'000	Non-interest bearing $'000	Total $'000
2016								
Financial Assets								
Cash assets	1.46%	56,984	-	56,984	-	-	-	56,984
Receivables		-	-	-	-	-	102,578	102,578
Investments		-	-	-	-	-	3	3
		56,984	**-**	**56,984**	**-**	**-**	**102,580**	**159,564**
Financial Liabilities								
Payables		-	-	-	-	-	64,489	64,489
Government loans	4.96%	-	1,112,805	15,000	938,805	159,000	-	1,112,805
Finance lease liability	5.07%	-	223	13	44	166	-	223
		-	**1,113,029**	**15,013**	**938,849**	**159,166**	**64,489**	**1,177,518**
2015								
Financial Assets								
Cash assets	2.18%	11,483	-	11,483	-	-	-	11,483
Receivables		-	-	-	-	-	141,961	141,961
Investments		-	-	-	-	-	3	3
		11,483	**-**	**11,483**	**-**	**-**	**141,964**	**153,447**
Financial Liabilities								
Payables		-	-	-	-	-	138,677	138,677
Government loans	5.44%	-	1,034,346	82,541	792,805	159,000	-	1,034,346
Finance lease liability	4.70%	-	237	13	60	163	-	236
		-	**1,034,583**	**82,554**	**792,865**	**159,163**	**138,677**	**1,173,259**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

	Consolidated		Corporation	
	June 2016 $'000	June 2015 $'000	June 2016 $'000	June 2015 $'000
23 Commitments				
Capital expenditure commitments				
Contracted but not provided for and payable within one year:	**36,494**	**64,042**	**23,188**	**57,959**
Lease and hire expenditure commitments (non-cancellable)				
Contracted but not provided for:				
Property, Plant and Equipment	**24,634**	**26,190**	**18,850**	**20,188**
Purchase expenditure commitments				
Contracted but not provided for:				
Gas purchase	3,672,354	3,864,057	3,672,354	3,864,057
Gas transportation	1,333,660	1,321,628	1,333,660	1,321,628
	5,006,014	**5,185,685**	**5,006,014**	**5,185,685**
Payable:				
Within one year	252,701	273,203	233,611	261,117
One year or later and no later than five years	1,160,672	1,107,697	1,160,672	1,107,697
Later than five years	3,653,770	3,895,017	3,653,770	3,895,017
	5,067,143	**5,275,917**	**5,048,053**	**5,263,831**

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

Gas purchase commitments include take-or-pay obligations under a 25-year gas purchase agreement with Eni Australia B.V., the first supply of which commenced in the 2009-10 financial year.

Remuneration commitments:

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

	Consolidated		Corporation	
	June 2016 $'000	June 2015 $'000	June 2016 $'000	June 2015 $'000
Within one year	38,187	19,917	16,868	19,917
After one year but not more than five years	28,609	27,300	20,028	27,300
	66,796	**47,217**	**36,896**	**47,217**

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

24 Operating lease arrangements

Operating leases relate primarily to leases of motor vehicles and property.

	Consolidated		Corporation	
	June 2016 $'000	June 2015 $'000	June 2016 $'000	June 2015 $'000
Payments recognised as an expense				
Minimum lease payments:				
- Motor vehicles	5,513	5,367	4,913	4,757
- Property leases	3,608	4,084	3,577	4,026
- Other	236	272	236	272
	9,357	**9,723**	**8,726**	**9,055**

25 Contingent liabilities and contingent assets

Depending on notification from a third party, the Corporation may be responsible for decommissioning and removal of a gas pipeline and Tie-In on the expiration of a Gas Sales Agreement in December 2022. The ultimate outcome and cost cannot be determined with an acceptable degree of reliability at this time.

The Corporation has long term contracts in place to procure gas and associated transport charges. Gas is the predominant fuel used to generate electricity in the Northern Territory, and therefore the supply of gas is critical to the Northern Territory's power networks' reliability. The Corporation has several different arrangements to sell the gas it procures and this requires continuous focus.

The fixed price nature of the long term gas contracts, combined with the volatility in the market price of gas, and the uncertainty in relation to both pricing and volume from as yet unsecured sales contracts is a risk to the Corporation's ability to sell the gas at a price higher than the cost to procure the gas. Consequently, the Corporation's Directors and Management continue to monitor on an ongoing basis the position of the Corporation's gas contracts. The Corporation's gas sales strategy is designed with the intention of ensuring all costs are covered by revenue and any risks are appropriately mitigated. The combination of these various elements of the gas sale strategy have been considered by the Directors at the reporting date and in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', it has been resolved that at 30 June 2016 there is no onerous contract.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

26 Related party transactions

The parent entity within the consolidated entity is Power and Water Corporation. The ultimate Australian parent entity is the Northern Territory Government which at 30 June 2016 owned 100% (2015: 100%) of the issued ordinary shares of Power and Water Corporation. This share is held by the Shareholding Minister on behalf of the Northern Territory.

The consolidated entity has a related party relationship with its parent entity (includes other agencies and departments of the Northern Territory), director related entities and associates. All financial transactions between the consolidated entity and relatec parties are at arm's length terms.

The Corporation undertakes certain transactions for Jacana Energy. The Corporation sold electricity distribution services to the Jacana Energy and Territory Generation.

TSAs between the Corporation and Jacana Energy and Territory Generation were implemented during 2014-15 where the Corporation provided retail, finance, payroll, information, data and security services. During 2015-16 all transactions between Jacana Energy and Territory Generation were at an arm’s length basis in the normal course of business and on commercial terms and conditions.

Trading transactions

Balances and transactions between the Corporation and its controlled entity, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financia year. Due to the large number of transactions it is not practical to list separately related party transactions that occurred between the Corporation and these entities, and therefore, these transactions have been aggregated as shown in the following table:

Related Party		Revenue from related parties	Purchases from related parties (1)	Amounts owed by related parties	Amounts owed to related parties (2)
		$'000	$'000	$'000	$'000
The ultimate parent entity, the Northern Territory Government, including all entities that are associated with the parent entity including Territory Generation and Jacana Energy	June 2016	368,545	91,552	56,810	1,150,388
	June 2015	313,229	113,257	25,222	981,807

(1) For the year ended 30 June 2016, purchases from the Northern Territory Government include interest paid on borrowings of $56.72 million (2015: $60.35 million) refer to note 3(c).

(2) For the year ended 30 June 2016, the amount owed to the Northern Territory Government includes borrowings of $1,112.81 million (2015: $1,034.35 million) refer to note 14.

As at 30 June 2015, the revenue received by the Corporation for services provided under the TSA from Jacana Energy was $4.8 million (2015: $6.16 million) and the total revenue from Territory Generation was $0.8 million (2015: $7.06 million).

The consolidated entity receives grants from the Northern Territory Government in the form of Community Service Obligations and other miscellaneous grants. See notes 2(e), 3(a) and 17 for further details.

In 2014-15 loans with the Northern Territory Treasury Corporation of $170.0 million were assumed by the Central Holding Authority.

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

26 Related party transactions (cont'd)

The Corporation provides electricity, water and sewerage services to its subsidiary, Indigenous Essential Services Pty Limited in the normal course of business and on normal terms and conditions.

To ensure that Indigenous Essential Services Pty Limited is able to pay its debts as and when they fall due, a letter of financial support dated 28 October 2015 was provided by the Corporation to the subsidiary which guarantees support should Indigenous Essential Services Pty Limited not be able to pay its debts as and when they fall due. This letter is valid for the period 28 October 2015 to such time as Indigenous Essential Services Pty Limited ceases to be a wholly owned subsidiary of the Corporation.

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

The profit for the year include the following items of expenses that resulted from transactions, other than compensation with key management personnel or their related entities:

	Consolidated		Corporation	
	June 2016 $	June 2015 $	June 2016 $	June 2015 $
Expense transactions with key management personnel	11,984	76,255	11,349	76,255

For the year ended 30 June 2015, the consolidated entity has made allowance for doubtful debts relating to amounts owed by related parties of $nil (2015: $nil).

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the consolidated entity recognises an allowance for the impairment loss.

27 Auditor's remuneration

	Consolidated		Corporation	
	June 2016 $	June 2015 $	June 2016 $	June 2015 $
Audit services:				
Auditors of the Corporation - NT Auditor-General	358,168	588,536	298,879	496,240

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

28 Director and executive disclosures

Remuneration of key management personnel

Compensation levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. Remuneration packages are usually a fixed remuneration.

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

		Short-term employee benefits Salary & Fees	Post employment benefits Superannuation	Total
		$	$	$
Non-executive directors				
Mr Alan Tregilgas (Chairperson)	June 2016	90,346	8,551	98,897
(Term commenced April 2015)	June 2015	18,669	1,489	20,158
Mr Ken Clarke (Deputy Chairperson)	June 2016	72,230	6,836	79,066
(Term commenced December 2013)	June 2015	86,190	7,960	94,150
Mr Richard Griffiths	June 2016	54,112	5,122	59,234
(Term commenced January 2014)	June 2015	53,967	4,956	58,924
Emeritus Prof MaryAnn Bin-Sallik	June 2016	54,112	5,122	59,234
(Term commenced April 2014)	June 2015	53,967	4,956	58,924
Mr Mervyn Davies	June 2016	54,112	5,122	59,234
(Term recommenced April 2014)	June 2015	53,967	4,956	58,924
Ms Helen Stanton	June 2016	54,112	5,501	59,613
(Term commenced April 2014)	June 2015	53,967	4,956	58,923
Mr Ian Kowalick	June 2016	52,315	4,951	57,266
(Term commenced July 2015)	June 2015	-	-	-
Mr George Roussos	June 2016	-	-	-
(Term commenced December 2013; ended April 2015)	June 2015	46,180	4,387	50,567
Total non-executive directors	**June 2016**	**431,338**	**41,204**	**472,543**
	June 2015	**366,907**	**33,660**	**400,567**

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

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

28 Director and executive disclosures (cont'd)

Executives' remuneration

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

	Consolidated		Corporation	
	June 2016 $	June 2015 $	June 2016 $	June 2015 $
Short-term employee benefits	3,327,109	3,907,763	3,327,109	3,907,763
Other long-term benefits	487,273	376,370	487,273	376,370
Total compensation of key management personnel (excluding non-executive directors)	3,814,382	4,284,133	3,814,382	4,284,133

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

Other transactions with key management personnel

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

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

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

29 Impairment of assets

Note 2(n) details the Corporation's impairment policy with respect to assets.

There have been no triggering events during the 2015-16 financial year which then would require further analysis for an impairment write-down of fixed assets.

In 2014-15, the Corporation reviewed the recoverable amount of discontinued sites and deemed the fair value for the Berrimah Power Station to be $nil resulting in an impairment write-down of $0.9 million.

Intangible assets relating to Gas

The current gas contracts relating to the sale and purchase of gas result in the Corporation having to pay for gas that will only be sold in future financial years. These payments are classified as intangible assets and disclosed under 'Make up Gas' in notes 12(a) and 12(b). The net present value of the cash flows of the Gas Supply Unit under AASB 136 'Impairment of Assets' framework does not however support the continued recognition of this asset. Therefore the Corporation has written down the value by $31.9 million to $nil as at 30 June 2016 in accordance with the requirements of Australian Accounting Standards. Furthermore, following the same analysis, the Bonaparte Gas Pipeline intangible asset has also been written down by $5.2 million to $nil as at 30 June 2016.

In 2014-15, the recoverable amount of the banked gas was determined based on an estimate of the selling price of current contracts in the year that the banked gas will be sold, discounted at the weighted average cost of capital of the Corporation. This calculation resulted in impairment to the carrying value of the banked gas of $9.6 million on the original value of $22.5 million.

30 Events after the reporting period

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

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

31 Restatement of comparatives

Fixed Assets

On 1 July 2014, the Corporation's subsidiary, Indigenous Essential Services Pty Limited changed the measurement basis for property, plant and equipment from the historical cost method to the fair value method using the depreciated replacement cost method, effective for the financial year ended 30 June 2015. This change in measurement applies to all classes of property, plant and equipment except for intangible assets and capital work in progress which is amortised at cost. The change to fair value increased the value of Indigenous Essential Services Pty Limited 's property, plant and equipment by $411 million which was reflected in the consolidated financial statements for the year ended 30 June 2015.

In addition to the above, there were additional items of property, plant and equipment at 1 July 2014 with a fair value of $242 million which were not included in the $722 million value reported in the consolidated financial statements for the year ended 30 June 2015 as their existence was not verified at the time of the financial statements being signed by the Directors of Indigenous Essential Services Pty Limited. Indigenous Essential Services Pty Limited has since been able to verify the existence of items of property, plant and equipment with a fair value of $164 million at 1 July 2014 and a net book value of $152 million at 30 June 2015 after depreciation expense. Indigenous Essential Services Pty Limited is continuing to investigate the remaining items of property, plant and equipment with a fair value of $79 million at 1 July 2014 and anticipates this to be concluded prior to 30 June 2017.

Treatment of capital grants on consolidation

Through a first principles review of the treatment of capital grants on consolidation under AASB 1004 and AASB 120, it became apparent that in the 2014-15 financial statements that the consolidation adjustment required in relation to Indigenous Essential Services Pty Limited capital grants had not been calculated in accordance with the requirements of the relevant accounting standards and that consolidated revenue and therefore the profit and loss account was overstated by $23 million. In addition, further investigation into the treatment of grants on consolidation revealed an error in the calculation of a standing journal to bring the treatment of government gifted assets in the consolidated financial statements in line with the requirements of AASB 120. This resulted in an understatement of depreciation and overstatement of profit and loss of $8 million. The correction of these items resulted in a reduction of prior year consolidated profits of $31 million, a reduction of prior year fixed assets of $8 million and an increase in capital grant deferred revenue liability in the balance sheet of $23 million.

As a result of the above, the financial statements for the comparative year have been restated as follows:

	Consolidated entity		
	Restated June 2015 $'000	**Original June 2015 $'000**	**Variance $'000**
(a) Statement of financial position			
Assets			
Total current assets	184,775	184,775	-
Property, plant and equipment	3,078,183	2,934,385	143,798
Total non-current assets	3,138,909	2,995,111	143,798
Total assets	3,323,684	3,179,886	143,798
Liabilities			
Total current liabilities	327,516	327,516	-
Government grants	237,752	214,528	(23,224)
Total non-current liabilities	1,367,818	1,344,594	(23,224)
Total liabilities	1,695,334	1,672,110	(23,224)
Net assets	1,628,350	1,507,776	120,574
Equity			
Contributed equity	(1,383)	(1,383)	-
Retained earnings	681,348	724,432	(43,084)
Asset revaluation reserve	948,385	784,727	163,658
Total equity	1,628,350	1,507,776	120,574

Power and Water Corporation for the year ended 30 June 2016

Notes to the Financial Statements

31 Restatement of comparatives (cont'd)

(b) Statement of changes in equity

	Consolidated entity		
	Restated June 2015 $'000	Original June 2015 $'000	Variance June 2015 $'000
Contributed equity			
Balance at beginning of year	152,582	152,582	-
Loans re-assigned on structural separation	170,000	170,000	-
Equity contributions from the Northern Territory Government	-	-	-
Transfer of assets and liabilities to new entities	(323,965)	(323,965)	-
Balance at end of year	(1,383)	(1,383)	-
Retained Earnings			
Balance at beginning of year	710,505	710,505	-
Net profit/(loss) for the year	(30,129)	12,955	(43,084)
Recognise revaluation position on disposal of assets	972	972	-
Balance at end of year	681,348	724,432	(43,084)
Asset Revaluation Reserve			
Balance at beginning of year	-	-	-
Increase/(decrease) in asset valuation	1,108,295	944,637	163,658
Less deferred tax effect recognised in deferred tax liabilities	(159,910)	(159,910)	-
Balance at end of year	948,385	784,727	163,658
TOTAL EQUITY	**1,628,350**	**1,507,776**	**120,574**

(c) Statement of profit or loss and other comprehensive income

Total revenue and income	719,566	742,791	(23,225)
Depreciation and amortisation expenses	(160,830)	(140,971)	(19,859)
Profit/(loss) before tax	(19,775)	23,309	(43,084)
Income tax equivalent benefit/(expense)	(10,354)	(10,354)	-
Profit/(loss) for the year	**(30,129)**	**12,955**	**(43,084)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus/(deficit)	948,385	784,727	163,658
Other comprehensive income/(expense) for the year, net of tax	948,385	784,727	163,658
Total comprehensive income/(expense) for the year	**918,256**	**797,682**	**120,574**

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