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## To the Chair South Australian Water Corporation

### Qualified opinion

I have audited the financial report of the South Australian Water Corporation for the financial year ended 30 June 2024.

In my opinion, except for the possible effects of the matter described in the 'Basis for qualified opinion' section of my report, the accompanying financial report gives a true and fair view of the financial position of the South Australian Water Corporation as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Chief Financial Officer.

### Basis for qualified opinion

#### *Procurement reporting disclosure*

The South Australian Water Corporation was required by the Treasurer's Instructions (Accounting Policy Statements) to include a disclosure reporting the value of procurement with South Australian and non-South Australian businesses for 2023-24.

This requirement uses a framework established by the Treasurer's Instructions (Accounting Policy Statements) and definitions within Treasurer's Instruction 18 *Procurement*.

The South Australian Water Corporation included that disclosure in note 35 to the financial report.

My review of the processes used by the South Australian Water Corporation identified that it did not have an effective process to meet the requirements of the framework which has been established for procurement reporting under the Treasurer's Instructions.

As such, I am not able to obtain sufficient appropriate audit evidence for the amounts disclosed in note 35.

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Water Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

### **Responsibilities of the Chief Executive and the Board for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The Board is responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32(4) of the *Public Corporations Act 1993*, I have audited the financial report of the South Australian Water Corporation for the financial year ended 30 June 2024.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 South Australian Water Corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and the Board about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Blaskett  
**Auditor-General**

22 September 2024

**South Australian Water Corporation  
Annual Financial Statements  
for the year ended 30 June 2024**

**South Australian Water Corporation**  
**Statement of comprehensive income**  
**For the year ended 30 June 2024**

	Notes	2024 \$'000	2023 \$'000
<b>Income</b>			
Revenue from ordinary activities	4	1,552,610	1,424,011
Other income	5	<u>16,076</u>	<u>1,436</u>
<b>Total income</b>		<b><u>1,568,686</u></b>	<b><u>1,425,447</u></b>
<b>Expenses</b>			
Depreciation and amortisation expense	6	<b>(309,110)</b>	(364,717)
Borrowing costs	6	<b>(310,838)</b>	(298,478)
Electricity expense		<b>(72,425)</b>	(71,525)
Services and supplies	6	<b>(203,998)</b>	(209,273)
Operational and service contracts		<b>(273,665)</b>	(240,029)
Employee benefits expense	6	<b>(159,088)</b>	(142,440)
Other expenses	6	<b>(82,677)</b>	(28,157)
<b>Total expenses</b>		<b><u>(1,411,801)</u></b>	<b><u>(1,354,619)</u></b>
<b>Profit before income tax equivalents</b>		<b>156,885</b>	<b>70,828</b>
Income tax equivalent expense	7	<b>(41,087)</b>	(18,774)
<b>Profit after income tax equivalents</b>		<b><u>115,798</u></b>	<b><u>52,054</u></b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Loss on revaluation of infrastructure, plant and equipment assets	32(a)	<b>(931,418)</b>	(1,906,277)
Income tax relating to items of other comprehensive income	7(c)	<b>286,203</b>	579,531
<b>Other comprehensive income for the year, net of tax</b>		<b><u>(645,215)</u></b>	<b><u>(1,326,746)</u></b>
<b>Total comprehensive result</b>		<b><u>(529,417)</u></b>	<b><u>(1,274,692)</u></b>
Total comprehensive result for the year is attributable to:			
The SA Government as owner		<b><u>(529,417)</u></b>	<b><u>(1,274,692)</u></b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**South Australian Water Corporation**  
**Statement of financial position**  
**As at 30 June 2024**

	Notes	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	29	3,543	5,571
Receivables	8	203,261	185,120
Inventories	9	11,497	10,771
Tax receivables	20	8,691	5,951
Finance lease receivable	11	-	1,527
Other current assets	10	20,757	17,012
<b>Total current assets</b>		<b>247,749</b>	<b>225,952</b>
<b>Non-current assets</b>			
Deferred tax assets	12	105,457	95,455
Intangible assets	13	159,691	174,549
Infrastructure, plant and equipment	14	11,063,744	11,616,319
Right-of-use assets	16	143,699	151,945
Other non-current assets	17	2,837	2,391
<b>Total non-current assets</b>		<b>11,475,428</b>	<b>12,040,659</b>
<b>Total assets</b>		<b>11,723,177</b>	<b>12,266,611</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	18	253,010	208,955
Financial liabilities/borrowings	19	51,010	62,982
Provisions	21	34,449	36,629
Other financial liabilities	22	-	289
Other current liabilities	23	27,552	35,975
<b>Total current liabilities</b>		<b>366,021</b>	<b>344,830</b>
<b>Non-current liabilities</b>			
Payables	24	2,003	1,863
Financial liabilities/borrowings	25	7,705,443	7,386,612
Deferred tax liabilities	26	523,960	768,135
Provisions	27	35,786	30,204
Other non-current liabilities	28	307,107	316,378
<b>Total non-current liabilities</b>		<b>8,574,299</b>	<b>8,503,192</b>
<b>Total liabilities</b>		<b>8,940,320</b>	<b>8,848,022</b>
<b>Net assets</b>		<b>2,782,857</b>	<b>3,418,589</b>
<b>EQUITY</b>			
Contributed equity		250,429	249,792
Asset revaluation surplus	32(a)	2,219,755	2,868,715
Retained earnings	32(b)	312,673	300,082
<b>Total equity</b>		<b>2,782,857</b>	<b>3,418,589</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

**South Australian Water Corporation**  
**Statement of changes in equity**  
**For the year ended 30 June 2024**

Notes	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2023</b>	<b>249,792</b>	<b>2,868,715</b>	<b>300,082</b>	<b>3,418,589</b>
Deferred income tax finance lease	-	-	(165)	(165)
<b>Restated total equity at the beginning of the financial year</b>	<b>249,792</b>	<b>2,868,715</b>	<b>299,917</b>	<b>3,418,424</b>
Profit for the year	-	-	115,798	115,798
Transfer to retained profits on (disposal)/transfer from asset revaluation surplus	-	(3,910)	3,910	-
Income tax relating to components of other comprehensive income	-	286,368	-	286,368
Loss on revaluation of infrastructure, plant and equipment assets	-	(931,418)	-	(931,418)
<b>Total comprehensive result for the period</b>	<b>-</b>	<b>(648,960)</b>	<b>119,708</b>	<b>(529,252)</b>
<b>Transactions with the SA Government in their capacity as owners:</b>				
Contributions of equity*	637	-	-	637
Dividends provided for or paid	-	-	(106,952)	(106,952)
	<b>637</b>	<b>-</b>	<b>(106,952)</b>	<b>(106,315)</b>
<b>Balance at 30 June 2024</b>	<b>250,429</b>	<b>2,219,755</b>	<b>312,673</b>	<b>2,782,857</b>

\*In 2023/24, SA Water received the following contributions of equity:

- \$0.583m was received for the Government Employee Housing Scheme Acquisition which was used to facilitate the transfer of buildings between the Department for Infrastructure and Transport and SA Water;
- \$0.054m from the SA Government to partially fund the opening of South Australian reservoirs for recreational use.

In accordance with Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities, these payments have been recognised as contributed equity.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**South Australian Water Corporation**  
**Statement of changes in equity**  
**For the year ended 30 June 2024**  
(continued)

Notes	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 July 2022</b>	<b>238,147</b>	<b>4,207,847</b>	<b>285,466</b>	<b>4,731,460</b>
Deferred income tax finance lease	-	-	(526)	(526)
<b>Restated total equity at the beginning of the financial year</b>	<b>238,147</b>	<b>4,207,847</b>	<b>284,940</b>	<b>4,730,934</b>
Profit for the year	-	-	52,054	52,054
Transfer to retained profits on (disposal)/transfer from asset revaluation surplus	-	(12,912)	12,912	-
Income tax relating to components of other comprehensive income	-	572,400	-	572,400
Income tax relating to non-assessable income from prior year	-	7,657	-	7,657
Loss on revaluation of infrastructure, plant and equipment assets	-	(1,906,277)	-	(1,906,277)
<b>Total comprehensive result for the period</b>	<b>-</b>	<b>(1,339,132)</b>	<b>64,966</b>	<b>(1,274,166)</b>
<b>Transactions with the SA Government in their capacity as owners:</b>				
Contributions of equity*	12,255	-	-	12,255
Transfer of Crown land**	(610)	-	-	(610)
Dividends provided for or paid	-	-	(49,824)	(49,824)
	<b>11,645</b>	<b>-</b>	<b>(49,824)</b>	<b>(38,179)</b>
<b>Balance at 30 June 2023</b>	<b>249,792</b>	<b>2,868,715</b>	<b>300,082</b>	<b>3,418,589</b>

\*In 2022/23, SA Water received the following contributions of equity;

- \$2.60m from the SA Government to partially fund the opening of South Australian reservoirs for recreational use;
- \$4.269m to partially fund key works completed for the Kangaroo Island Desalination Plant;
- \$0.486m was received to fund completion of the Angle Vale Super School Augmentation project;
- \$4.90m was received for the construction of a new Wastewater Treatment Plant and pipeline for Thomas Foods International.

In accordance with Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities, these payments have been recognised as contributed equity.

\*\*SA Water transferred parcels of land at Beetaloo Reservoir to the SA Government under the Crown Land Management Act 2009 (CLMA 2009). This land had been dedicated by the Minister for Environment and Water to SA Water, pursuant to legislative powers vested to the Minister under section 18 of this Act. Upon revocation of dedication under section 19 of the Act the land has reverted to the Minister and is accounted for as a redemption of ownership interest in SA Water.

The above statement of changes in equity should be read in conjunction with the accompanying notes.



**South Australian Water Corporation**  
**Statement of cash flows**  
**For the year ended 30 June 2024**

	2024	2023
Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	1,447,797	1,347,282
Payments to suppliers and employees	(825,941)	(758,934)
Interest received	231	181
Receipts from community service obligations	138,442	141,057
Receipts from contributions	17,237	14,061
Receipts from government grants	1,389	2,135
Borrowing costs paid	(311,017)	(299,774)
Income tax equivalents paid	(17,731)	(17,736)
Income tax equivalents refunded	5,934	33,103
<b>Net cash inflow from operating activities</b>	<b>30 456,341</b>	<b>461,375</b>
<b>Cash flows from investing activities</b>		
Payments for construction and purchase of infrastructure, plant and equipment	(654,087)	(538,658)
Payments for intangible assets	(14,900)	(17,415)
Payment for acquisition of interest in Joint Operation	-	(1,260)
Proceeds from sale of infrastructure, plant and equipment	15,601	5,900
Proceeds from sale of renewable energy certificates	1,105	3,674
<b>Net cash (outflow) from investing activities</b>	<b>(652,281)</b>	<b>(547,759)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,318,600	1,063,200
Repayment of borrowings	(996,890)	(921,274)
Proceeds from equity contributions	637	12,255
Dividends paid	36 (106,952)	(49,824)
Repayments of finance lease liability	(21,483)	(19,578)
<b>Net cash inflow from financing activities</b>	<b>193,912</b>	<b>84,779</b>
<b>Net (decrease) in cash and cash equivalents</b>		
	<b>(2,028)</b>	<b>(1,605)</b>
Cash and cash equivalents at the beginning of the financial year	5,571	7,176
<b>Cash and cash equivalents at end of period</b>	<b>29 3,543</b>	<b>5,571</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## 1 About these Financial Statements

The South Australian Water Corporation ("SA Water" or the "Corporation") was established on 1 July 1995, as a State owned statutory corporation by the South Australian Water Corporation Act 1994, to which the provisions of the Public Corporations Act 1993 apply. SA Water provides retail water supply and sewerage services in accordance with its licence, provided by the Water Industry Act 2012 (the Act) which came into operation on 1 July 2012.

The Corporation has prepared these financial statements in compliance with section 23 of the Public Finance and Audit Act 1987.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with relevant Australian Accounting Standards and comply with the Treasurer's Instructions and Accounting Policy Statements promulgated under provisions of the Public Finance and Audit Act 1987, as well as complying with and Interpretations issued by the Australian Accounting Standards Board and the Corporations (South Australia) Act 2001. South Australian Water Corporation is a for-profit entity for the purpose of preparing the financial statements. Where the Treasurer's Instructions are more prescriptive than the equivalent Australian Accounting Standards, SA Water has applied the Treasurer's Instructions in the application of accounting frameworks.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency/ dollars. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

The Corporation's statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for infrastructure, plant and equipment, derivative financial instruments and renewable energy certificates which are measured on a fair value basis in accordance with the valuation policy applicable.

### Changes in accounting policy

There were no changes in accounting policy during the financial period.

### Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

### Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

### (b) Taxes

SA Water is liable for income tax equivalents, land tax and council rate equivalents, payroll tax, fringe benefits tax, goods and services tax (GST) and emergency services levy.

### Income tax equivalents

From 1 July 2001, the Corporation has operated under the National Tax Equivalent Regime (NTER) pursuant to the Memorandum of Understanding on NTER between the Commonwealth of Australia, the Commissioner of Taxation and all of the States and Territories. The NTER is administered by the Australian Taxation Office.

## 1 About these Financial Statements (continued)

### (b) *Taxes (continued)*

#### *Income tax equivalents (continued)*

Income tax expense is calculated in accordance with AASB 112 *Income Taxes* using the balance sheet liability method. The income tax expense for the period is the tax payable on the current period's taxable income measured at the current national income tax rate adjusted for permanent differences and movements in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled. Current and deferred tax is recognised as an expense in the statement of comprehensive income except where it relates to items that are credited or debited to equity, in which case the deferred tax is also recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

#### Land tax and council rate equivalents

The charge for land tax and council rate equivalents has been calculated by Revenue SA, based on valuations supplied by the Valuer-General.

#### Goods and services tax

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

### (c) *New accounting standards and interpretations not yet effective*

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the period ending 30 June 2024.

None of these are expected to have a material impact on future reporting periods either because of the types of transactions addressed by the pronouncements or because of the extent to which they might impact the Corporation is not expected to be material.

## 2 Financial risk management

### (a) Market risk

Market risk is the risk to the Corporation's earnings that arise from fluctuations in market prices. The Corporation has exposure to fluctuations in interest rates and commodity (electricity) prices.

#### (i) Interest rate risk exposures - financial liabilities

The Corporation's financial liabilities are exposed to interest rate risk. The Corporation constantly analyses its interest rate exposure and consideration is given to potential renewals of existing positions and the use of alternative risk mitigation strategies. To minimise interest rate volatility, the Corporation enters into forward starting loans (FSLs) with the South Australian Financing Authority (SAFA) where it agrees to borrow specified amounts in the future at a pre-determined interest rate. FSLs are non-derivative financial instruments which are outside the scope of AASB 9, and are disclosed as unrecognised fixed rate loan commitments. Refer note 2c.

A key component of the Corporation's interest rate risk management framework is the requirement for a permissible duration range to be maintained, which reflects the average term to maturity of the Corporation's core debt portfolio. SA Water's Treasury Risk Management Policy allows for a permissible duration range of 2.1 - 6.5 years.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date, assuming all other variables are held constant. The movements in post-tax profit and equity for the year are due to higher/lower interest costs from floating rate debt and cash balances. The movement in interest expense is estimated by applying the interest rate movement to the balance of floating rate debt and cash balances outstanding at balance date. There is no exposure to interest rate risk for fixed rate debt at balance date, so it is excluded from the sensitivity analysis.

At 30 June 2024 it has been assumed that a reasonable possible shift in interest rates over the next reporting period could be 1.00% upwards and -1.00% downwards.

	Carrying amount \$'000	Interest rate risk			
		-1.00%		+1.00%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>30 June 2024</b>					
Financial assets					
Cash and cash equivalents	3,543	(25)	(25)	25	25
Financial liabilities					
Short term borrowings	(34,600)	242	242	(242)	(242)
<b>Total increase/(decrease)</b>		<b>217</b>	<b>217</b>	<b>(217)</b>	<b>(217)</b>

	Carrying amount \$'000	Interest rate risk			
		-0.75%		+0.75%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>30 June 2023</b>					
Financial assets					
Cash and cash equivalents	5,571	(29)	(29)	29	29
Financial liabilities					
Short term borrowings	(42,700)	224	224	(224)	(224)
<b>Total increase/(decrease)</b>		<b>195</b>	<b>195</b>	<b>(195)</b>	<b>(195)</b>

## 2 Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Electricity price risk exposures

The Corporation has established a multi-faceted risk management framework incorporating an overarching Energy Price Risk Management Policy to manage its energy price exposure in the wholesale National Electricity Market.

The energy portfolio is managed to mitigate the associated financial risk through activities including demand management, electricity self-generation and financial market hedging.

The Corporation monitors its energy consumption profile and uses permitted electricity derivatives, where the pre-determined risk limits are forecast to be exceeded, to manage its exposure to electricity spot prices on energy purchases.

All derivatives are categorised as financial assets or financial liabilities at fair value through profit and loss and classified as economic hedges in the Statement of Financial Position as the Corporation has elected not to apply hedge accounting under AASB 9 Financial Instruments: Recognition and Measurement.

Permitted electricity derivatives include exchange traded futures and electricity swaps.

The Corporation is prohibited from the selling and early termination of derivative financial instruments.

The following sensitivity analysis is based on electricity price risk exposures in existence at balance date assuming all other variables are held constant. The movements in post-tax profit and equity for the year are due to higher/lower electricity costs associated with electricity purchased at a floating market price.

It has been assumed that a reasonable possible change in the relevant forward prices for wholesale electricity prices over the next reporting period could be 10% upwards and 10% downwards. Sensitivity of 10% is based on industry standards and historical volatilities in the electricity pool prices.

There were no electricity swaps recognised at 30 June 2024 so sensitivity analysis was not applicable.

30 June 2023	Carrying amount \$'000	Electricity Price Risk			
		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>Financial liabilities</b>					
Derivative financial instrument - Electricity swaps	(289)	(20)	(20)	20	20
<b>Total increase/(decrease)</b>		<b>(20)</b>	<b>(20)</b>	<b>20</b>	<b>20</b>

### (b) Credit risk

Credit risk is the risk of financial loss to the Corporation resulting from the failure of a customer or a counterparty to a financial instrument to meet its financial obligations as and when they fall due.

Credit management policies and procedures are in place to ensure there is an appropriate level of due diligence in relation to credit history and financial integrity for financial transactions undertaken by SA Water. In addition, receivable balances are monitored on an ongoing basis and actions to recover outstanding debt are instigated in accordance with the Corporation's collection policies and practices with the result that exposure to bad debts is not significant.

Under the South Australian Water Corporation Act 1994, water rates and charges are secured via a first charge on the property. The Corporation has no significant concentration of credit risk.

All borrowings are directly undertaken by SAFA on behalf of the Corporation. The Corporation does not hold any credit derivatives to offset its credit exposure.

Electricity derivatives are entered into on organised exchanges and with highly rated financial counterparties.

## 2 Financial risk management (continued)

### (c) Liquidity risk

The Corporation has in place a Treasury Risk Management Policy to provide a prudential framework for managing liquidity risk. The policy was reviewed in 2021 and approved by the Treasurer on 28 February 2022. SA Water is required to hold in cash or committed facilities appropriate capacity to meet immediate funding requirements and provide any unforeseen cash flow needs. Liquidity levels are monitored on a daily basis.

#### Contractual maturities

The table below analyses the Corporation's financial liabilities as at the reporting date based on the remaining period to the contractual maturity date. The amounts disclosed are the future contractual undiscounted cash flows. The contractual cash flows for fixed rate and floating rate borrowings include principal, interest, guarantee fees and SAFA margins.

Maturing borrowings are included in the table at their maturity date and are refinanced at prevailing market interest rates. Fixed rate borrowings are interest only with no fixed repayment date for the principal component. Any principal component of fixed rate borrowings that has already been refinanced prior to the reporting date via forward starting loans (FSLs) is excluded from the relevant maturity grouping. The future cash flows relating to FSLs are separately disclosed in the table below as unrecognised fixed rate loan commitments.

At 30 June 2024	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>Non-derivatives</b>					
Non-interest bearing liabilities*	179,282	-	-	-	179,282
Fixed rate borrowings	1,194,517	250,262	3,888,480	2,904,547	8,237,806
Floating rate borrowings	34,933	-	-	-	34,933
Unrecognised fixed rate loan commitments**	38,797	50,165	150,524	1,003,672	1,243,158
Lease liabilities	20,035	12,497	32,407	55,729	120,668
<b>Total non-derivatives</b>	<b>1,467,564</b>	<b>312,924</b>	<b>4,071,411</b>	<b>3,963,948</b>	<b>9,815,847</b>

\* Non-interest bearing liabilities disclosed are financial liabilities at cost and exclude amounts relating to statutory payables such as tax equivalents and commonwealth taxes including fringe benefits tax and PAYG withholding.

\*\*For 30 June 2024, the principal component relating to FSLs that were refinanced prior to reporting date have been excluded from the less than 1 year category, and included in the over 5 years category in which the FSLs will mature.

## 2 Financial risk management (continued)

(c) *Liquidity risk (continued).*

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
<b>At 30 June 2023</b>					
<b>Derivatives</b>					
Electricity swaps	289	-	-	-	289
<b>Total derivatives</b>	<b>289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>289</b>
<b>Non-derivatives</b>					
Non-interest bearing liabilities*	136,017	-	-	-	136,017
Fixed rate borrowings	319,021	1,753,579	3,018,557	2,611,132	7,702,289
Floating rate borrowings	42,937	-	-	-	42,937
Unrecognised fixed rate loan commitments**	20,965	41,053	123,176	956,009	1,141,203
Lease liabilities	25,122	19,753	27,544	67,521	139,940
<b>Total non-derivatives</b>	<b>544,062</b>	<b>1,814,385</b>	<b>3,169,277</b>	<b>3,634,662</b>	<b>9,162,386</b>

\* Non-interest bearing liabilities disclosed are financial liabilities at cost and exclude amounts relating to statutory payables such as tax equivalents and commonwealth taxes including fringe benefits tax and PAYG withholding.

\*\*For 30 June 2023, the principal component relating to FSLs that were refinanced prior to reporting date have been excluded from the less than 1 year category, and included in the over 5 years category in which the FSLs will mature.

## 2 Financial risk management (continued)

### (d) Fair value measurements

The fair value of financial assets and financial liabilities is the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the balance date.

#### (i) Fair value of financial liabilities

The fair value for long term borrowings is estimated by discounting the anticipated future cash flows to their present value based on current market interest rates at the respective balance dates.

The carrying amounts and fair values of long term borrowings at balance date are:

	Carrying amount \$'000	2024 Fair value \$'000	Carrying amount \$'000	2023 Fair value \$'000
Long term borrowings (note 25)	7,618,810	7,180,282	7,289,000	6,805,622

The fair values of all other financial liabilities approximate the carrying values.



### 3 Accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are listed below:

- Contributed assets (refer note 4);
- Renewable energy certificates (refer note 10);
- Configuration or customisation in a cloud computing environment (refer note 13);
- Asset valuation methodology and useful lives of assets (refer note 14);
- Impairment of assets (refer note 14);
- Unbilled water sales (refer note 4);
- Provision for long service leave (refer note 27); and
- Provision for workers compensation (refer note 21 & 27).

#### 4 Revenue from ordinary activities

	2024 \$'000	2023 \$'000
<b>Revenue from contracts with customers</b>		
Water and sewer rates and charges	1,190,162	1,087,901
Recoverable works	85,160	81,159
Fees and charges	63,366	63,449
Contributed assets	55,273	41,762
	1,393,961	1,274,271
<b>Other revenue</b>		
Community service obligations	144,738	136,371
Government grants	11,258	10,689
Rents	2,308	2,420
Miscellaneous	114	62
Interest	222	152
Interest - finance leases	9	46
	158,649	149,740
<b>Total</b>	<b>1,552,610</b>	<b>1,424,011</b>

##### Water and sewer rates and charges

SA Water sets its water and sewerage prices in accordance with a pricing methodology that is guided by the principles outlined in the National Water Initiative and the South Australian Government's statewide pricing policy. Statewide pricing means that most customers pay the same price regardless of where they live or the actual cost of providing the service. Prices are set to ensure that the revenue caps set by the Essential Services Commission of South Australia (ESCOSA) are not exceeded. The water demand and sewerage customer growth inputs are consistent with ESCOSA's regulatory determination.

The revenue for water and sewerage charges is comprised of the following:

##### Water usage charge

This is a volumetric charge based on the number of kilolitres of water that are used by the customer. This is charged to customers for costs associated with pumping, treatment and the filtration of water. The supply of water to the customer is deemed to be a distinct performance obligation under the contract with the customer.

Revenue is recognised over time as water is received and consumed by the customer. The amount of revenue recognised is comprised of water usage billed for the period and an accrual for unbilled usage at 30 June.

The underlying revenue recognition principle is to recognise revenue in the period it is consumed. The period ended 30 June calculation is based on state-wide water supplied, customer billing information, and an assessment and adjustment for non-revenue water (includes water produced and then lost or unaccounted for, such as evaporation, fire fighting and leaks).

#### 4 Revenue from ordinary activities (continued)

*Water and sewer rates and charges (continued)*

##### Water access charge

This is a fixed charge that is billed to customers whose properties have been provided with access to the water supply network (connected or unconnected). This is charged to customers for costs associated with building, maintaining and replacing water mains, pipes, reservoirs and other water infrastructure. Commercial customers receive a fixed charge per annum, plus additional property rate charge per \$1000 that applies to the portion of property value greater than \$10 million. Most other customers receive a fixed charge equivalent to the minimum charge. Commercial property rate charges are updated every year on the basis of the latest Valuer General property values.

Revenue is recognised over time as customers require access to their water service connection.

##### Sewerage access charge

A performance obligation exists to enable customers to have access to SA Water's sewerage infrastructure. Revenue is recognised over time as customers require access to the sewerage services. All customers are billed quarterly with the last bill of the year being for the period ended 30 June. Revenue is recognised as the performance obligation is satisfied.

Properties that have been provided with access to the sewerage network (connected or unconnected) pay this charge. This is a charge that is billed to the customer quarterly for the removal and treatment of sewage. Charges are associated with building, maintaining and replacing sewer pipes, sewerage pump stations, sewerage treatment plants and other sewerage infrastructure.

Sewerage charges are updated every year on the basis of the latest Valuer-General property values. The number of cents charged per \$1,000 of property value is varied to ensure alignment with the regulatory revenue allowance. Therefore, SA Water does not incur revenue gains or losses from changes in property values.

##### Community service obligations (CSOs)

The Corporation is required under its charter to provide a number of non-commercial services to the community on behalf of the Government. The Government provides SA Water with funding to compensate for these non-commercial activities. The main CSOs relate to under recovery of country water and sewerage services (due to the requirement for statewide pricing) and the provision of water and sewerage concessions to certain properties e.g. charities, churches, public schools and remote communities.

## 4 Revenue from ordinary activities (continued)

### Contributed assets

Contributed assets principally arise from:

(i) Mains extensions contributions:

Customers or Developers who make a contribution where a service or connection has been requested that will require construction of a new main.

A performance obligation exists to construct infrastructure for customers based on the cash contributions that are received by SA Water. This performance obligation is satisfied at a point in time and revenue is recognised when the constructed assets are practically completed. When the customer initially makes the payment the amount received is recognised as a contract liability.

(ii) Gifted assets:

Developers who make contributions where they construct water and sewer infrastructure and transfer them to SA Water for nil consideration. This contribution at initial recognition is recognised at the fair value of these assets based upon an estimate of the Greenfield's replacement cost as at the date of acceptance. Contributed asset revenue is recognised when the Corporation issues a certificate of practical completion to the developer and the ownership of the constructed assets is transferred to SA Water.

(iii) Miscellaneous capital contributions:

The Corporation constructs the infrastructure at the developer's request.

The performance obligation is satisfied over time and revenue recognised at key milestones during the construction of the asset.

(iv) Augmentation cash contributions:

When an individual development forms part of a larger area where further development will occur, rather than only consider what upgrade work is required for the individual development, an augmentation charge can be established to recover the overarching infrastructure investments required to serve the total area to be developed.

An augmentation charge may also be applied where there are a number of existing properties not currently connected to a service offered by SA Water.

The performance obligation is satisfied at a point in time when the customer has access to water and sewerage services.

The administration fees associated with the processing of an application are treated as a distinct performance obligation. Revenue is recognised at a point in time when payment is received from the customer.

### Recoverable works

SA Water is requested by local councils and other government departments to undertake capital works and make alterations to the water and sewerage network in accordance with contract specifications. The performance obligation for these contracts is satisfied over time as the work is undertaken.

SA Water provides a comprehensive range of water and sewerage services including sampling, analysis, advice and research. The performance obligation for these contracts is satisfied at a point in time. Revenue is recognised as customers are billed, which is after testing has been undertaken and the results have been reported to the customer.

#### 4 Revenue from ordinary activities (continued)

##### Fees and charges

This includes ancillary services that are associated with the provision of water and sewerage services. These services include the connection of the customer to the water and sewerage network. A performance obligation exists for SA Water to connect customers to the water and sewerage network. As the service provided requires the construction of an asset, revenue is recognised over time as the constructed assets are practically completed. In accordance with the contract with the customer, payment must be received before works can be undertaken. When the customer initially makes the payment, the amount received is recognised as a contract liability. For other fees and charges the performance obligation is satisfied and revenue recognised at a point in time once the service has been provided by SA Water.

A performance obligation also exists to provide customers access to dispose of hazardous waste through SA Water infrastructure. The amount charged is based on volume of waste that is disposed. Revenue recognition occurs as services are provided.

##### Government grants

In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, grants from the Government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions to the grant.

Government grants relating to construction of infrastructure, plant and equipment are initially recognised as unearned revenue (current and non-current liability) and then transferred to income over the periods, and in the proportions, in which depreciation on those assets is charged.

##### Disaggregation of revenue from contracts with customers

In accordance with AASB 15, revenue has been disaggregated based on the provision of water and wastewater services to customers.

<b>30 June 2024</b>	<b>Water \$'000</b>	<b>Wastewater \$'000</b>	<b>Total \$'000</b>
<b>Revenue from contracts with customers</b>			
Water and sewer rates and charges	827,865	362,297	1,190,162
Recoverable works	75,706	9,454	85,160
Fees and charges	35,852	27,514	63,366
Contributed assets	29,626	25,647	55,273
<b>Total revenue from contracts with customers</b>	<b>969,049</b>	<b>424,912</b>	<b>1,393,961</b>
<b>30 June 2023</b>	<b>Water \$'000</b>	<b>Wastewater \$'000</b>	<b>Total \$'000</b>
<b>Revenue from contracts with customers</b>			
Water and sewer rates and charges	746,325	341,576	1,087,901
Recoverable works	71,105	10,054	81,159
Fees and charges	38,731	24,718	63,449
Contributed assets	18,444	23,318	41,762
<b>Total revenue from contracts with customers</b>	<b>874,605</b>	<b>399,666</b>	<b>1,274,271</b>

## 5 Other income

	2024	2023
	\$'000	\$'000
Net gain on disposal of infrastructure, plant and equipment	13,878	914
Gain on derecognition of right-of-use asset*	-	22
Reversal of prior year infrastructure, plant and equipment revaluation decrement**	2,061	500
Net gain on disposal of renewable energy certificates	137	-
<b>Total</b>	<b>16,076</b>	<b>1,436</b>

The gain or loss on disposal of non-current assets is recognised at the date that control of the asset passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and net proceeds from the sale. Upon disposal or derecognition, any asset revaluation surplus relating to a particular asset being sold is transferred to retained earnings.

\* During the 2023 financial year a sublease was entered into which resulted in a gain being recognised on derecognition of that portion of the building that had been recognised as a right-of-use asset.

\*\* Reversal of prior year revaluation decrement relates to land and buildings asset classes.

## 6 Expenses

	Notes	2024 \$'000	2023 \$'000
<b>Depreciation and amortisation</b>			
Infrastructure, plant and equipment	14	270,396	321,643
Intangible assets	13	23,837	23,147
Right-of-use assets	16	14,877	19,927
<b>Total depreciation and amortisation</b>		<b>309,110</b>	<b>364,717</b>
<b>Borrowing costs</b>			
Interest paid/payable on short term and long term borrowings		305,761	292,136
Interest expense on lease liabilities		5,077	6,342
<b>Total borrowing costs</b>		<b>310,838</b>	<b>298,478</b>
<b>Services &amp; supplies</b>			
External fees and charges		62,137	56,925
Cost of goods/services provided		33,834	31,169
Materials and chemicals		31,540	35,043
Licences		25,702	32,345
Other services and supplies		19,313	23,419
Accommodation		10,927	10,896
Operational taxes		10,126	8,762
Plant, equipment and vehicles		7,920	9,343
Short-term leases		2,397	1,157
Consultancy costs		102	214
<b>Total services &amp; supplies</b>		<b>203,998</b>	<b>209,273</b>
<b>Employee benefits</b>			
Salaries and wages		118,265	111,194
Superannuation contribution		19,183	16,327
Annual leave		14,761	11,301
Long service leave		5,804	3,337
Workers compensation		1,075	281
<b>Total employee benefits</b>		<b>159,088</b>	<b>142,440</b>
<b>Other expenses</b>			
Infrastructure, plant and equipment revaluation decrement		49,504	24,698
Write-off in value of infrastructure, plant and capital WIP		29,502	2,462
Write-off in value of intangible capital WIP		2,731	409
Net loss from electricity derivatives at fair value through P&L		802	289
Net bad and doubtful debts		138	299
<b>Total other expenses</b>		<b>82,677</b>	<b>28,157</b>
<b>Consultancy costs</b>			
\$10,000 and above (Number 2024: #2; 2023: #5)		102	214
		<b>102</b>	<b>214</b>

## 6 Expenses (continued)

### Superannuation

The amount charged to the statement of comprehensive income represents the contributions made by the Corporation to the superannuation plan in respect of employment services of current staff. The contributions are made to the state government superannuation scheme and several non-state government superannuation schemes. With relation to the state government superannuation scheme, the Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

### Depreciation

Leased infrastructure, plant and equipment are depreciated over the term of the lease. For Build-Own-Operate-Transfer (BOOT) arrangements, as ownership of the underlying asset is transferred to the Corporation at the end of the lease term, depreciation is calculated over the useful life of the underlying asset. Owned infrastructure, plant and equipment and other assets are depreciated using the straight line method over their estimated useful lives ranging from 2 to 170 years. The useful lives of assets are reviewed annually and have been assessed as follows:

<u>Class of assets</u>	<u>Useful life (years)</u>
- Water and sewer	7 - 170 years
- Renewable energy assets	4 - 25 years
- Right-of-use infrastructure assets	20 - 50 years
- Buildings	50 years
- Plant and equipment	3 - 15 years
- Other	2 - 50 years

The method of depreciation has regard to the underlying nature of the assets and their expected use in operations of the Corporation. Work in progress is not depreciated until assets are completed and have been commissioned for operation.

### Borrowing costs

Borrowing costs include interest expense, government guarantee fees, SAFA margins and finance lease charges.

In accordance with AASB 123 *Borrowing Costs*, borrowing costs attributable to the acquisition or construction of infrastructure, plant and equipment are capitalised after considering materiality. The Corporation has not capitalised borrowing costs in the year as the proportion related to the acquisition and construction of infrastructure was assessed as not material.

The Corporation's Treasury Risk Management Policy and Energy Price Risk Management Policy provide a prudential framework for the management of the Corporation's financial risks including interest rate risk, foreign exchange price risk and commodity price (e.g. electricity) risk. Within the parameters of these policies, SA Water utilises derivative financial instruments for foreign exchange and commodity price risk to implement appropriate financial risk mitigation strategies. Interest rate risk arising from borrowings is managed in accordance with the debt management strategies outlined in note 2(a)(i).

### Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured to fair value.

Any changes in the fair value of derivatives are recognised immediately as an adjustment to other income or other expenses in the Statement of Comprehensive Income.

Electricity derivatives are remeasured to fair value with reference to published market prices and quotations.



## 6 Expenses (continued)

### Leases

At inception of a contract, the Corporation considers whether a contract is, or contains a lease in accordance with AASB 16 Leases. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Corporation assesses whether the contract meets three key requirements which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation.
- The Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Corporation has the right to direct the use of the identified asset throughout the period of use. This will arise where the Corporation has the right to direct 'how and for what purpose' the asset is used.

At lease commencement date, the Corporation recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability and any initial direct costs incurred by the Corporation. When the Corporation incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

The lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the incremental borrowing rate. The lease payment is allocated between interest expense and a reduction in the lease liability, with the interest expense calculated using the incremental borrowing rate published by the Department of Treasury and Finance (Refer Note 19 and 25).

The right-of-use asset is adjusted for remeasurement of lease liabilities and derecognition associated with the recognition of a finance lease for subleases. The right-of-use asset is also assessed for impairment when such indicators exist (Refer Note 16).

### Short term and low-value leases

In accordance with AASB 16 Leases and Treasurer's Instructions (Accounting Policy Statements) the Corporation must apply the recognition exemption for short-term leases and leases for which the underlying asset is of low value. The recognition exemption for short-term leases is applied by class of underlying asset to which the right-of-use relates. In accordance with AASB 16 a short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less. The recognition exemption of low-value assets has been applied where the underlying asset value is less than \$15,000. In accordance with AASB 16 the lease payments associated with these types of leases are recognised as an expense over the term of the lease.

## 7 Income tax expense

(a) *Income tax expense*

	2024	2023
	\$'000	\$'000
Current tax on profits for the year	9,037	6,262
Deferred tax	32,050	12,508
Amounts under provided in prior years	-	4
	<b>41,087</b>	<b>18,774</b>

Deferred income tax included in income tax expense comprises:

Increase in deferred tax assets (note 12)	(8,055)	(4,923)
Increase in deferred tax liabilities (note 26)	40,105	17,432
	<b>32,050</b>	<b>12,509</b>

(b) *Numerical reconciliation of income tax expense to prima facie tax payable*

	2024	2023
	\$'000	\$'000
Profit from continuing operations before income tax expense	156,885	70,828
Tax at the Australian tax rate of 30.0% (2023: 30.0%)	47,066	21,248
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
ADP intangible asset amortisation	510	510
Government grants	(2,626)	(2,619)
Provision for employee benefits	(8)	(70)
Gain on sale of land	(3,855)	(299)
	<b>41,087</b>	<b>18,770</b>
Amounts under provided in prior years	-	4
<b>Income tax expense</b>	<b>41,087</b>	<b>18,774</b>

(c) *Income tax relating to items of other comprehensive income*

	2024	2023
	\$'000	\$'000
Loss on revaluation of infrastructure, plant and equipment (note 26 & 12)	(286,368)	(572,400)
Non-assessable income from prior year	-	(7,657)
Leased infrastructure assets (note 26)	165	526
	<b>(286,203)</b>	<b>(579,531)</b>

## 8 Current assets - Trade and other receivables

	2024 \$'000	2023 \$'000
<u>Receivables</u>		
Rates receivable (water and sewer)	135,226	121,536
Sundry debtors*	48,798	44,859
Impairment loss on receivables (note 8(a))	(310)	(174)
	183,714	166,221
 <u>Other receivables</u>		
Community service obligations	19,547	18,899
	203,261	185,120

\*Sundry debtors includes trade waste revenue, Australian Water Quality Centre revenue & other miscellaneous fees and charges.

Receivables for rates and charges and sundry debtors are normally settled within 21 days. These are recognised in the accounts as amounts due. Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised based on a review of outstanding amounts at balance date.

### (a) Impaired trade receivables

The Corporation recognises an allowance for impairment loss on receivables from the initial recognition of trade receivables using the simplified approach permitted by AASB 9. Under the simplified approach lifetime expected credit losses have been recognised using historical write-off experience.

An allowance for impairment loss on receivables has also been recognised based on an assessment of expected credit losses where a debtor has experienced a known credit event.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the Corporation, the Company has gone into liquidation or the Corporation is unable to recover the water and sewer charges from the sale of the customers property in accordance with the South Australian Water Corporation Act 1994.

Movements in the allowance for impairment loss on receivables are as follows:

	2024 \$'000	2023 \$'000
<b>Opening balance at 1 July</b>	<b>174</b>	<b>119</b>
Increase in the allowance	234	76
Amounts written off	(1)	(244)
Amounts reversed	(97)	223
<b>Closing balance at 30 June</b>	<b>310</b>	<b>174</b>

SA Water has elected not to adopt a provision matrix methodology for measuring expected credit losses under AASB 9 due to the immateriality of exposure to credit risk. The information relating to the ageing analysis for rates and sundry receivables is shown below:

## 8 Current assets - Trade and other receivables (continued)

(a) *Impaired trade receivables (continued)*

	2024 \$'000	2023 \$'000
At 30 June the ageing of rates receivable is as follows:		
Not past due	88,848	89,451
Past due 22 - 60 days	18,845	14,500
Past due 61 - 90 days	8,986	2,688
Past due 91 - 120 days	672	870
Past due > 120 days	17,875	14,027
	135,226	121,536

	2024 \$'000	2023 \$'000
At 30 June the ageing of sundry debtors is as follows:		
Not past due	40,269	39,875
Past due 31 - 60 days	7,674	4,461
Past due 61 - 90 days	176	184
Past due 91 - 120 days	211	16
Past due > 120 days	468	323
	48,798	44,859

Balances for other receivables relates to Community Service Obligations and do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

(b) *Fair value and credit risk*

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Corporation and the credit quality of the Corporation's receivables.

## 9 Current assets - Inventories

	2024 \$'000	2023 \$'000
Raw materials and stores	11,339	10,840
Allowance for obsolete stock	(139)	(215)
Work in progress	297	146
	11,497	10,771

Inventories are valued at cost. The cost of goods and services, if any, manufactured by SA Water are on a full absorption cost basis.

Inventories are held for purposes of maintenance and construction and not for resale.

## 10 Current assets - Other current assets

	2024 \$'000	2023 \$'000
Interest receivable	25	25
Prepayments	15,379	13,822
Renewable Energy Certificates*	5,032	3,148
Australian carbon credits	321	17
	<b>20,757</b>	<b>17,012</b>

\*SA Water generates and purchases Renewable Energy Certificates (RECs) from renewable sources such as solar, biogas and hydro, to meet legislated obligations in relation to Australia's Renewable Energy Target scheme. Unused RECs accumulated as at 30 June are recorded at their fair value and are expected to be utilised in satisfying the Corporation's future Renewable Energy target obligations or sold where surplus RECs have been created.

## 11 Finance lease receivable

The following is a maturity analysis of the current and non-current finance lease receivable which is required under AASB 16 Leases:

	2024 \$'000	2023 \$'000
Undiscounted finance lease payments receivable		
Less than 1 year	-	1,536
Less unearned finance income	-	(9)
Total finance lease receivables	-	1,527
Current finance lease receivable	-	1,527
Non-current finance lease receivable	-	-
<b>Total finance lease receivable</b>	<b>-</b>	<b>1,527</b>

The Corporation subleased two floors of its office building located in Adelaide CBD. One floor was subleased to the South Australian Tourism Commission and another floor to the Department for Trade, Tourism and Investment. These subleases ended on 2 March 2024. As the remaining term of each of the subleases aligned to the head lease they were classified as a finance lease. The payments received for the subleases was allocated between a reduction in the lease receivable and interest received. There were no subleases entered into at 30 June 2024.

None of the finance lease receivable at the end of the reporting period is past due and taking into consideration the historical default experience and current economic conditions it is considered not to be impaired.

## 12 Non-current assets - Deferred tax assets

	2024	2023
Notes	\$'000	\$'000
<b>The balance comprises temporary differences attributable to:</b>		
Doubtful debts	54	13
Obsolete stock	42	65
Infrastructure, plant and equipment	41,591	28,947
Pooled assets	46	60
Payables	1,823	1,759
Audit fee payable	155	150
Government grants	10,272	10,435
Employee benefits	13,842	12,856
Deferred lease incentives	173	173
Lease liability - right-of-use assets	(14,010)	(11,146)
Unearned customer contributions	136	59
Unearned income	2,513	4,917
Provisions	5,358	5,537
Lease make good provision	(60)	-
Provision for workers compensation	203	171
Derivative financial instruments	-	87
	<b>62,138</b>	<b>54,083</b>
 <i>Amounts recognised directly in equity:</i>		
Unearned customer contributions	2,335	2,335
Revaluation of Infrastructure, plant and equipment	32 (136)	(290)
Lease liability - Initial adoption of AASB 16	36,236	36,236
Leased infrastructure assets	(1,061)	(1,061)
Lease make good provision	494	494
Deferred lease incentives	(173)	(173)
Doubtful debts - Initial adoption of AASB 9	39	39
	<b>37,734</b>	<b>37,580</b>
 <i>Recognition of leases - AASB 16</i>		
Recognition of new leases	5,605	3,785
Lease liability remeasurement	10	7
Amounts (over) provided in prior years	(30)	-
	<b>5,585</b>	<b>3,792</b>
 <b>Total deferred tax assets</b>	<b>105,457</b>	<b>95,455</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Movements:</b>		
Opening balance at 1 July	95,455	88,953
Charged to the statement of comprehensive income (note 7(a))	8,055	4,923
Charged to equity (note 32(a))	154	52
Recognition of new leases - AASB 16	1,820	988
Lease liability remeasurement	3	7
Amounts (over)/under provided in prior years	(30)	532
<b>Closing balance at 30 June</b>	<b>105,457</b>	<b>95,455</b>
 Deferred tax assets expected to be recovered within 12 months	<b>28,514</b>	<b>21,773</b>
Deferred tax assets expected to be recovered after more than 12 months	<b>76,943</b>	<b>73,682</b>
	<b>105,457</b>	<b>95,455</b>

### 13 Non-current assets - Intangible assets

	Work in progress \$'000	Easements \$'000	Prescription rights \$'000	Computer software \$'000	ADP intangible \$'000	Purchased water rights \$'000	Total \$'000
<b>Year ended 30 June 2024</b>							
Opening net book amount	36,909	6,737	4,500	34,171	51,073	41,159	174,549
Additions*	10,744	39	-	18,912	-	966	30,661
Amortisation charge	-	-	-	(22,137)	(1,700)	-	(23,837)
Transfers	(18,951)	-	-	-	-	-	(18,951)
Asset write-down	(2,731)	-	-	-	-	-	(2,731)
<b>Closing net book amount</b>	<b>25,971</b>	<b>6,776</b>	<b>4,500</b>	<b>30,946</b>	<b>49,373</b>	<b>42,125</b>	<b>159,691</b>
<b>At 30 June 2024</b>							
Cost	25,971	6,776	4,500	314,326	70,982	42,125	464,680
Accumulated amortisation	-	-	-	(283,380)	(21,609)	-	(304,989)
<b>Net book amount</b>	<b>25,971</b>	<b>6,776</b>	<b>4,500</b>	<b>30,946</b>	<b>49,373</b>	<b>42,125</b>	<b>159,691</b>

\*Additions include transfers from work in progress.

### 13 Non-current assets - Intangible assets (continued)

	Work in progress \$'000	Easements \$'000	Prescription rights \$'000	Computer Software \$'000	ADP intangible \$'000	Purchased water rights \$'000	Total \$'000
<b>Year ended 30 June 2023</b>							
Opening net book amount	27,311	6,647	4,500	46,903	52,773	41,159	179,293
Additions*	18,812	90	-	8,715	-	-	27,617
Transfers	(8,805)	-	-	-	-	-	(8,805)
Amortisation charge	-	-	-	(21,447)	(1,700)	-	(23,147)
Asset write-down	(409)	-	-	-	-	-	(409)
<b>Closing net book amount</b>	<b>36,909</b>	<b>6,737</b>	<b>4,500</b>	<b>34,171</b>	<b>51,073</b>	<b>41,159</b>	<b>174,549</b>
<b>At 30 June 2023</b>							
Cost	36,909	6,737	4,500	298,435	70,982	41,159	458,722
Accumulated amortisation	-	-	-	(264,264)	(19,909)	-	(284,173)
<b>Net book amount</b>	<b>36,909</b>	<b>6,737</b>	<b>4,500</b>	<b>34,171</b>	<b>51,073</b>	<b>41,159</b>	<b>174,549</b>

\*Additions include transfers from work in progress.



### 13 Non-current assets - Intangible assets (continued)

#### Issued water licences

The South Australian Government has issued water licences to the Corporation upon adoption of the relevant Water Allocation Plan for the water resource given effect by the *Landscape South Australia Act 2019*. Some of these licences have conditions attached which restrict the use of the allocations endorsed thereon. All licences are held to underpin the water security of SA Water customers. These licences are held by the Corporation in accordance with Department of Treasury & Finance (DTF) Accounting Policy Statement on Intangible assets.

In accordance with the requirements of Treasurer's Instructions (Accounting Policy Statements) covering valuation of intangible assets, the water rights are valued at cost. The water rights have an indefinite useful life and as such are not subject to amortisation.

The Corporation holds River Murray licences to underpin the metropolitan Adelaide, associated country areas and our River Murray Country towns customers.

Rights other than those relating to the River Murray are:

- Various South East region licences;
- Various Murray Mallee area licences;
- Various Eyre Peninsula region licences;
- McLaren Vale licence for the Aldinga wastewater treatment plant;
- Northern Adelaide Plains licence for the Bolivar wastewater treatment plant;
- Western Mount Lofty Ranges licences; and
- Far North region licences.

#### Purchased water rights

The Corporation owns a series of tradable water rights that it has purchased from the Southern Murray Darling Basin water trading markets. The rights are perpetual and title is held by the Corporation under the relevant legislation in the jurisdiction of issue (as water access entitlements onto licences issued by the South Australian Government under the *Landscape South Australia Act 2019 (SA)*, as water shares issued by the Victorian Government under the *Water Act 1989 (VIC)*, and as unit shares issued by the New South Wales Government under the *Water Management Act 2000 (NSW)*). The allocations made to these water rights are held in South Australia or are able to be transferred into South Australia from within the Southern Murray Darling Basin, subject to statutory trading rules.

During normal River Murray flow conditions the South Australian purchased River Murray licences must be held to meet the requirements of the Section 6 direction of the *Public Corporation Act 1993*. This direction was gazetted on 11 June 2020 and requires that;

"SA Water must provide the full environmental watering volume required in eligible years under clause S-IV(ii) of Schedule 1 of the Implementation Plan for Augmentation of the Adelaide Desalination Plant (100 gigalitres per annum), National Partnership Agreement on Water for the Future (up to 12 gigalitres), prior to trading to third parties any unused allocations obtained on account of water access entitlements on its South Australian River Murray licences."

In accordance with the requirements of Treasurer's Instructions (Accounting Policy Statements) covering valuation of intangible assets, the water rights are valued at cost. The water rights have an indefinite useful life and as such are not subject to amortisation.

### 13 Non-current assets - Intangible assets (continued)

#### Easements

In accordance with the *Treasurer's Instructions (Accounting Policy Statements)* and AASB 138 *Intangible Assets*, easements have been classified as an intangible asset and valued at cost. Easements gifted to the Corporation are not valued.

#### Application software

Application software is valued at cost as per AASB 138. The useful life is reviewed annually and has been assessed at 5 years. The software is amortised using the straight-line method.

#### Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Corporation with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are generally recognised as operating expenses when the services are received.

Where some of the costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the recognition criteria for an intangible asset, these costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

#### Work in progress

In the 2023/24 financial year work in progress relating to intangible assets has been reclassified from work in progress water & sewerage cash generating unit (CGU) (note 14) to work in progress intangible assets (note 13). Prior year comparatives have also been reclassified.

Costs incurred on incomplete intangible assets that are being progressively acquired are recognised as work in progress at the reporting date. These assets are transferred to completed intangible assets when the assets are fully acquired and are operational or available for use. Work in progress intangible assets are recognised at cost.

#### ADP intangible asset

An intangible asset exists in relation to the network connection agreement between SA Water and SA Power Networks. The agreement grants the Corporation the legal right to connect to the SA Power Networks substation constructed at Port Stanvac and thus acquire electricity for the Adelaide Desalination Plant (ADP) at the rates specified in the agreement.

In accordance with AASB 138, this right was recognised in 2012/13 as an intangible asset and is measured at the construction cost of the SA Power Networks' substation.

The useful life is based on the average useful life of the ADP assets belonging to SA Water upon which the intangible asset is dependent as per AASB 138. As with other non-current assets, the useful life of the intangible asset is assessed annually and is currently 41.75 years. The ADP intangible asset is amortised using the straight-line method.

## 14 Non-current assets - Infrastructure, plant and equipment

	Work in progress Water & Sewerage \$'000	Work in progress Renewable energy \$'000	Land \$'000	Renewable energy \$'000	Plant and equipment \$'000	System infrastructure assets \$'000	Other property, plant and equipment \$'000	Total \$'000
<b>Year ended 30 June 2024</b>								
Opening net book amount	860,994	-	378,905	272,579	31,392	10,014,021	58,428	11,616,319
Additions*	690,353	1,231	1,513	-	6,551	379,051	10,704	1,089,403
Transfers	(359,967)	-	-	-	-	-	-	(359,967)
Depreciation charge	-	-	-	(13,014)	(3,987)	(237,296)	(16,099)	(270,396)
Asset write-down	(28,351)	-	-	-	-	(1,151)	-	(29,502)
Disposals	-	-	(1,408)	-	(393)	(1,451)	-	(3,252)
Revaluation increase/(decrease)	-	-	35,884	(47,251)	-	(967,494)	-	(978,861)
<b>Closing net book amount</b>	<b>1,163,029</b>	<b>1,231</b>	<b>414,894</b>	<b>212,314</b>	<b>33,563</b>	<b>9,185,680</b>	<b>53,033</b>	<b>11,063,744</b>
<b>At 30 June 2024</b>								
Cost or fair value	1,163,029	1,231	414,894	235,652	76,831	16,695,313	384,801	18,971,751
Accumulated depreciation	-	-	-	(23,338)	(43,268)	(7,509,633)	(331,768)	(7,908,007)
<b>Net book amount</b>	<b>1,163,029</b>	<b>1,231</b>	<b>414,894</b>	<b>212,314</b>	<b>33,563</b>	<b>9,185,680</b>	<b>53,033</b>	<b>11,063,744</b>

\*Additions include transfers from work in progress.

**14 Non-current assets - Infrastructure, plant and equipment (continued)**

	Work in progress Water & Sewerage \$'000	Work in progress Renewable energy \$'000	Land \$'000	Renewable energy \$'000	Plant and equipment \$'000	System Infrastructure assets \$'000	Other property, plant and equipment \$'000	Total \$'000
<b>Year ended 30 June 2023</b>								
Opening net book amount	631,589	87,955	377,266	219,191	29,641	11,887,523	72,053	13,305,218
Additions*	539,559	3,555	1,673	85,740	6,035	327,362	6,553	970,477
Transfers	(307,692)	(91,510)	-	-	-	-	-	(399,202)
Depreciation charge	-	-	-	(10,252)	(3,834)	(287,379)	(20,178)	(321,643)
Asset write-down	(2,462)	-	-	-	-	-	-	(2,462)
Disposals	-	-	(5,145)	-	(450)	-	-	(5,595)
Revaluation increase/(decrease)	-	-	5,111	(22,100)	-	(1,913,485)	-	(1,930,474)
<b>Closing net book amount</b>	<b>860,994</b>	<b>-</b>	<b>378,905</b>	<b>272,579</b>	<b>31,392</b>	<b>10,014,021</b>	<b>58,428</b>	<b>11,616,319</b>
<b>At 30 June 2023</b>								
Cost or fair value	860,994	-	378,905	288,130	72,307	18,095,895	379,462	20,075,693
Accumulated depreciation	-	-	-	(15,551)	(40,915)	(8,081,874)	(321,034)	(8,459,374)
<b>Net book amount</b>	<b>860,994</b>	<b>-</b>	<b>378,905</b>	<b>272,579</b>	<b>31,392</b>	<b>10,014,021</b>	<b>58,428</b>	<b>11,616,319</b>

\*Additions include transfers from work in progress.

## 14 Non-current assets - Infrastructure, plant and equipment (continued)

### *Infrastructure, plant and equipment*

#### (a) *Carrying amounts that would have been recognised*

If revalued assets were stated on the historical cost basis less accumulated depreciation, the amounts would be as follows:

	Land \$'000	Renewable energy assets \$'000	System infrastructure assets \$'000	Other property, plant and equipment \$'000	Total \$'000
<b>Revalued assets based on cost model</b>					
Cost	58,882	356,834	9,192,808	309,512	9,918,036
Accumulated depreciation	-	(35,068)	(3,300,188)	(262,174)	(3,597,430)
<b>At 30 June 2024 net carrying amount</b>	<b>58,882</b>	<b>321,766</b>	<b>5,892,620</b>	<b>47,338</b>	<b>6,320,606</b>

#### **Revalued assets based on cost model**

Cost	56,942	356,875	8,856,224	304,137	9,574,178
Accumulated depreciation	-	(18,976)	(3,126,786)	(252,299)	(3,398,061)
<b>At 30 June 2023 net carrying amount</b>	<b>56,942</b>	<b>337,899</b>	<b>5,729,438</b>	<b>51,838</b>	<b>6,176,117</b>

### *Acquisition*

Items of infrastructure, plant and equipment are initially recorded at cost in accordance with AASB 116 *Property, Plant and Equipment*, and are depreciated as outlined in expenses (note 6). Assets acquired under BOOT agreements are brought to account when commissioned as right-of-use assets, ownership is transferred to SA Water once the lease expires.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Where system infrastructure assets are handed over by developers free of charge, they are initially recognised at fair value using the cost approach based on an estimate of the Greenfield's replacement cost as at the date of acceptance.

### *Valuations*

The Corporation has adopted the revaluation method for measuring and reporting infrastructure assets and renewable energy assets in the statement of financial position in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*. Refer note 15 for disclosures regarding fair value level hierarchy.

The application of the income approach means the assets are valued using a discounted cash flow methodology which is based on the discounted value of the future cash flows expected to be generated from the use of SA Water's assets under the environment in which the Corporation operates as a for profit entity. Future cashflows generated from the use of these assets are considered the primary factor that a market participant would consider when pricing these assets. An independent valuation is required periodically and was last performed in June 2023 by KPMG Financial Advisory Services (Australia) Pty Ltd.

Revaluations undertaken during each reporting period are effective from 30 June. Depreciation for the year is based on the carrying value of assets prior to revaluation.

## 14 Non-current assets - Infrastructure, plant and equipment (continued)

### Infrastructure, plant and equipment (continued) System infrastructure assets

Includes all the Corporation's network assets, its treatment plants for both water and sewerage, storage related assets and buildings and depots. These assets deliver water, sewerage and recycled water to and from the customer through its integrated network of assets. The network of assets are assessed as an integrated network because of the interdependent nature of their operations.

The income approach has been adopted by SA Water to determine the fair value of system infrastructure assets, as there is generally no active market for assets of such a specialised nature. As a for-profit entity, any expected transaction price for the Corporation's assets would be based on the income that the assets derive.

The income approach calculates the future net cashflows from the whole of the integrated network of system infrastructure assets held by the Corporation, which are discounted to their present value.

The Corporation aligns its approach in determining the future cash flows with the methodology applied by the Essential Services Commission of South Australia (ESCOSA). In addition to the cash flows for regulated assets under this approach, the Corporation's fair value calculations also include estimated cash flows from non-regulated assets excluding non-regulated renewable energy assets.

The fair value of system infrastructure assets is determined by calculating the total value of all SA Water assets that contribute to the generation of future cashflows and then deducting asset classes that have been valued using the market or cost approach.

### Renewable energy assets

Includes all renewable energy assets that were delivered as part of the Corporation's Zero-Cost Energy Future program (ZCEF). The Corporation has installed solar panels and battery storage on some of its existing land and facilities, to offset its electricity needs and reduce operating costs. Any excess electricity is sold back to the wholesale energy market. As there is an accessible active market for the sale of this electricity, these renewable energy assets have been classified as a separate cash generating unit from that of the corporation's sewerage and water cash generating unit.

The income approach has been adopted by SA Water to determine the fair value of renewable energy assets. Estimated cashflows for renewable energy assets are based on independently modelled electricity market and renewable energy certificate pricing estimates applied to the generation profiles and capacities of assets installed under the program. The revenues forecast include benefits from energy generation, renewable certificate production and savings on network charges.

### Land

Land is independently valued using the market approach by the State Valuer-General. The Valuer-General uses site values of generically similar allotments to arrive at a unit rate used to assign a value to individual parcels. Rates depend on whether the site is residential, industrial or commercial.

Land is valued separately from any structures or improvements residing on it. It is acquired and held principally for continued use. Land has an unlimited useful life and is not a depreciable asset.

### Plant and equipment

Includes operating plant and machinery, vehicles and office equipment. These are valued at cost which is deemed to be fair value.

Costs associated with this class include construction cost or purchase price, installation costs and attributable labour.

### Other property, plant and equipment

Includes telemetry, leasehold improvements and assets that do not fall into the above categories.

## 14 Non-current assets - Infrastructure, plant and equipment (continued)

### *Infrastructure, plant and equipment (continued)*

### *Other property, plant and equipment (continued)*

Until 2018/19 assets in this class were recognised at fair value under the cost approach using a directors valuation based on the Producer Price Index for 'Road and Bridge Construction in South Australia' (ABS Index 3101). Assets acquired since then are valued at cost which is deemed to be fair value.

### Work in progress

Work in progress is split out between the Corporation's water and sewerage CGU and the renewable energy CGU. The CGUs include their respective capital projects that are currently under construction.

The Corporation's work in progress is recognised at cost which is deemed to be fair value at 30 June 2024.

In the 2023/24 financial year work in progress relating to intangible assets has been reclassified from work in progress water & sewerage CGU (note 14) to work in progress intangible assets (note 13). Prior year comparatives have also been reclassified.

## 14 Non-current assets - Infrastructure, plant and equipment (continued)

### *Infrastructure, plant and equipment (continued)* Fair value model

A discounted cash flow model is used to determine fair value for all assets classes valued under the income approach. Determining fair value under this approach is highly dependent on the assumptions and inputs used to estimate the future cashflows.

The significant judgement and estimate of assumptions and inputs used in the Corporation's fair value model (primarily level 3 inputs) are tabled below. Each input is detailed in relation to its particular CGU, and whether it relates to water and sewerage or the renewable energy assets (ZCEF).

Input	Impact on fair value measurement	For 30 June 2024 (water and sewerage CGU)	For 30 June 2024 (ZCEF CGU)
Discount rate	Asset value would increase as the discount rate decreases.	Nominal post-tax Weighted Average Cost of Capital (WACC) of 4.63% (2023: 4.60%).	Nominal post-tax Weighted Average Cost of Capital (WACC) of 5.31% (2023: 5.24%).
Perpetual growth rate	Asset value would increase as the perpetual growth rate increases.	2.58% (2023: 2.50%)	N/A
CPI rate	Asset value would increase as CPI increases.	2024/25 is based on the 2024/25 State Budget Outcome approved CPI increase. 2025/26 and 2026/27 is based upon RBA inflation forecast and 2027/28 onwards utilises a glide path to a long term rate of 2.50%	2024/25 is based on the 2024/25 State Budget Outcome approved CPI increase. 2025/26 and 2026/27 is based upon RBA inflation forecast and 2027/28 onwards utilises a glide path to a long term rate of 2.50%
Period of discounting	Asset value would increase as period of discounting increases.	5 years (with an estimate of terminal value).	27 years (with a defined future point of 2051, in line with the cash-flow period for ZCEF)
<b>Cash inflows:</b>			
Service and usage revenue	Asset value would increase if future revenue increases.	Estimates of future revenues were based the SA Water Regulatory Determination 2024 and expected revenue over succeeding regulatory periods.	N/A
Other non-regulated revenue	Asset value would increase if non-regulated revenue increases.	Non-regulated revenue is based on forward estimates. Investment and interest income is excluded.	Revenue is based on independently modelled electricity market and renewable energy certificate pricing estimates applied to generation profiles and capacities of respective assets.
<b>Cash outflows:</b>			
Operating expenditure	Asset value would increase as operating expenditure decreases.	Operating expenditure is based on the 2024/25 State Budget Outcome.	Operating expenditure is based on the operating estimates and maintenance profiles of the ZCEF assets.
Capital expenditure	Asset value would increase as capital expenditure decreases.	Capital expenditure is based on the 2024/25 State Budget Outcome.	Capital expenditure is based on the 2024/25 State Budget Outcome.



## 14 Non-current assets - Infrastructure, plant and equipment (continued)

*Infrastructure, plant and equipment (continued)*  
*Fair value model (continued)*

Sensitivity analysis (Water and sewerage)

<b>(i) Discount rate</b>	<b>Rate applied %</b>	<b>If higher +0.1%</b>	<b>If lower -0.1%</b>
Nominal post-tax rate	4.63%	4.73%	4.53%
Calculated fair value of infrastructure, plant and equipment ('\$000)	\$11,154,000	\$10,520,900	\$11,852,700
<b>Resulting change ('\$000)</b>		<b>(\$633,100)</b>	<b>\$698,700</b>

<b>(ii) Perpetual nominal growth rate</b>	<b>Rate applied %</b>	<b>If higher +0.1%</b>	<b>If lower -0.1%</b>
Nominal Post tax rate	2.58%	2.68%	2.48%
Calculated fair value of infrastructure, plant and equipment ('\$000)	\$11,154,000	\$11,808,100	\$10,560,800
<b>Resulting change ('\$000)</b>		<b>\$654,100</b>	<b>(\$593,200)</b>

<b>(iii) Sustainable Capital Expenditure</b>	<b>Value applied \$</b>	<b>If higher \$10.0m</b>	<b>If lower \$10.0m</b>
Nominal post-tax value	\$469.7m	\$417.4m	\$397.4m
Calculated fair value of infrastructure, plant and equipment ('\$000)	\$11,154,000	\$10,745,200	\$11,562,800
<b>Resulting change ('\$000)</b>		<b>(\$408,800)</b>	<b>\$408,800</b>

Sensitivity analysis (ZCEF)

<b>(i) Discount rate</b>	<b>Rate applied %</b>	<b>If higher +0.1%</b>	<b>If lower -0.1%</b>
Nominal post-tax rate	5.31%	5.41%	5.21%
Calculated fair value of renewable energy assets ('\$000)	\$213,545	\$211,170	\$215,960
<b>Resulting change ('\$000)</b>		<b>(\$2,375)</b>	<b>\$2,415</b>

<b>(ii) Forecast revenue</b>	<b>Value applied \$</b>	<b>If higher 10% p.a</b>	<b>If lower 10% p.a</b>
Nominal post-tax rate	Varying p.a.		
Calculated fair value of renewable energy assets ('\$000)	\$213,545	\$236,212	\$190,008
<b>Resulting change ('\$000)</b>		<b>\$22,667</b>	<b>(\$23,537)</b>

The sensitivity analysis is being carried out on those variables which have the greatest influence over the discounted cashflow model.

## 14 Non-current assets - Infrastructure, plant and equipment (continued)

### *Infrastructure, plant and equipment (continued)* *Impairment of assets*

AASB 136 *Impairment of Assets* requires for-profit entities, at each reporting date, to undertake an assessment for impairment indicators for its non-current assets including infrastructure, plant and equipment. Where there is an indication of impairment, an impairment test is undertaken for a CGU and the recoverable amount is estimated. SA Water has two CGUs being the water and sewerage CGU and the renewable energy CGU. Recoverable amount is determined as the higher of fair value less cost of disposal and value-in-use.

An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, any impairment loss is offset against the relevant asset revaluation surplus until fully extinguished with any remaining amount expensed in the statement of comprehensive income.

SA Water, in accordance with AASB 136, has sound impairment monitoring processes where management assess whether there are any "impairment Indicators" being present from external and internal sources prior to each reporting date. External and internal sources include but are not limited to market conditions, technology changes or asset obsolescence.

For the year ending 30 June 2024, SA Water has undertaken a discounted cashflow asset valuation to determine fair value using current market data to inform assumptions. There are no further indications, for either the water and sewerage CGU or the renewable energy CGU, that the carrying value is not reflective of fair value or would constitute an impairment indicator against the fair value measurement.

## 15 Fair value measurements

The Corporation measures and recognises the following financial liabilities and non-financial assets at fair value on a recurring basis:

- Other financial liabilities (note 22);
- Land (note 14);
- System infrastructure assets (note 14);
- Plant and equipment (note 14);
- Other property, plant and equipment (note 14); and
- Renewable energy (note 14).

**(a) Fair value measurements**

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Corporation's financial liabilities and non-financial assets measured and recognised at fair value at 30 June 2024.

*(i) Recognised fair value measurements*

30 June 2024	Notes	2024 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurements</b>					
<b>Financial liabilities</b>					
Electricity Swap		-	-	-	-
<b>Total financial liabilities</b>		-	-	-	-
<b>Non-financial assets</b>					
Land	14	414,894	-	414,894	-
System infrastructure assets		9,185,680	-	-	9,185,680
Renewable energy assets		212,314	-	-	212,314
Plant and equipment and other		86,596	-	-	86,596
<b>Total non-financial assets</b>		<b>9,899,484</b>	-	<b>414,894</b>	<b>9,484,590</b>

## 15 Fair value measurements (continued)

(a) *Fair value measurements (continued)*

(i) *Recognised fair value measurements (continued)*

30 June 2023	Notes	2023 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurement</b>					
Financial liabilities					
Electricity Swap		289	289	-	-
<b>Total financial liabilities</b>		<b>289</b>	<b>289</b>	<b>-</b>	<b>-</b>
Non-financial assets					
Land	14	378,905	-	378,905	-
System infrastructure assets		10,014,021	-	-	10,014,021
Renewable energy assets		272,579	-	-	272,579
Plant and equipment and other		89,820	-	-	89,820
<b>Total non-financial assets</b>		<b>10,755,325</b>	<b>-</b>	<b>378,905</b>	<b>10,376,420</b>

There were no transfers between levels for recurring fair value measurements during the period.

The Corporation's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) *Disclosed fair values*

The Corporation has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of cash and cash equivalents, trade receivables, payables and other current liabilities are assumed to approximate their fair values due to their short-term nature.

The fair value of financial instruments that make up the long term borrowings disclosed in note 2(d)(i) have been deemed to be level 2 in the fair value hierarchy. The valuation is based on SAFA bond rates (market observable) which reflects the cost of funds. The carrying amount of short term borrowings approximates its fair value, as the impact of discounting is not significant.

(b) *Valuation techniques used to derive level 3 fair values*

(i) *Recurring fair value measurements*

The valuation techniques used to derive level 3 fair values are described in note 14.

There were no changes in the valuation techniques during the reporting period.

The amounts shown as comparatives for fair value in note 15 are disclosed according to the fair value definitions that apply or applied in each relevant reporting period. When categories of assets are revalued based on the income approach, the gross carrying amount and any existing accumulated depreciation or amortisation are proportionately adjusted to equal the carrying amount of the revalued asset.

## 15 Fair value measurements (continued)

**(b)** *Valuation techniques used to derive level 3 fair values (continued)*

*(ii) Non-recurring fair value measurements*

SA Water has no non-recurring fair value measurements.

*(iii) Valuation inputs and relationships to fair value*

Refer to note 14 for information relating to unobservable inputs and valuation processes.

**(c)** *Fair value measurements using significant unobservable inputs (level 3)*

The recurring fair value measurements for those asset classes using significant unobservable inputs (level 3) is disclosed under note 14.

## 16 Non-current assets - Right-of-use asset

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure assets \$'000	Total \$'000
<b>Year ended 30 June 2024</b>					
Opening balance at 1 July 2023	531	57,400	4,983	89,031	151,945
Additions	-	-	6,066	-	6,066
Lease liability remeasurement	11	-	-	554	565
Depreciation	(23)	(5,597)	(3,530)	(5,727)	(14,877)
<b>Closing net book amount at 30 June 2024</b>	<b>519</b>	<b>51,803</b>	<b>7,519</b>	<b>83,858</b>	<b>143,699</b>

<b>At 30 June 2024</b>					
Cost	623	82,002	24,435	118,306	225,366
Accumulated depreciation	(104)	(30,199)	(16,916)	(34,448)	(81,667)
<b>Net book value</b>	<b>519</b>	<b>51,803</b>	<b>7,519</b>	<b>83,858</b>	<b>143,699</b>

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure assets \$'000	Total \$'000
<b>Year ended 30 June 2023</b>					
Opening balance at 1 July 2022	527	63,163	4,889	98,279	166,858
Additions	-	109	3,184	-	3,293
Lease liability remeasurement	25	(1)	-	1,754	1,778
Derecognition	-	(57)	-	-	(57)
Depreciation	(21)	(5,814)	(3,090)	(11,002)	(19,927)
<b>Closing net book amount at 30 June 2023</b>	<b>531</b>	<b>57,400</b>	<b>4,983</b>	<b>89,031</b>	<b>151,945</b>

<b>At 30 June 2023</b>					
Cost	612	82,002	18,369	117,752	218,735
Accumulated depreciation	(81)	(24,602)	(13,386)	(28,721)	(66,790)
<b>Net book value</b>	<b>531</b>	<b>57,400</b>	<b>4,983</b>	<b>89,031</b>	<b>151,945</b>

The Corporation has entered into a number of leases:

A Memorandum of Lease has been entered into with Adelaide Airport Limited for the use of land for the purpose of storm water capture, management and treatment. The term of the lease is 29 years with monthly rental payments which are increased annually by the higher of 4% and CPI. As at 30 June 2024 there is 24 years left remaining on the lease.

A Memorandum of Administrative Arrangement has been entered into with the Department for Infrastructure and Transport for the lease of its office accommodation in Adelaide CBD. The initial recognition of the right-of-use asset was calculated in accordance with the transitional requirements of AASB 16. The carrying amount of the right-of-use asset for the office in the CBD has been calculated at the commencement date of the lease, but discounted using the incremental borrowing rate at 1 July 2019. The lease is paid monthly and increased annually by a fixed amount of 3%.

SA Water has motor vehicle leases with SAFA. Motor vehicle leases are non-cancellable, with rental payments paid monthly in arrears. Motor vehicle lease terms can range from 1 year up to 5 years and up to 10 years by exception on approval. The lease term can also range in duration from 60,000km up to 100,000km and 200,000km by exception. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

## 16 Non-current assets - Right-of-use asset (continued)

At the commencement date of the lease, where the Corporation is not reasonably certain of exercising any lease extension options, the additional term/s have not been included in the measurement of the right-of-use asset and remaining lease liability.

The Corporation has previously entered into BOOT agreements for a number of infrastructure facilities. These BOOT agreements include the requirement for an ongoing availability tariff, as escalated over time by certain indices, for the term of the agreement. In accordance with AASB 16 lease payments included in the measurement of the lease liability include variable lease payments that depend on an index or a rate.

At 30 June 2024 the remaining lease liability has been remeasured using the indexes applicable at this date.

## 17 Other non-current assets

	2024 \$'000	2023 \$'000
Prepayments	2,837	2,391

## 18 Current liabilities - Payables

	2024 \$'000	2023 \$'000
Interest payable	59,948	60,127
Trade creditors	175,150	135,133
Other creditors	17,912	13,695
	253,010	208,955

Liabilities, whether or not yet billed to the Corporation, are recognised as amounts to be paid in the future for goods and services received, including any related GST. Trade accounts payable are normally settled within 30 days.

## 19 Current liabilities - Financial liabilities/borrowings

	2024 \$'000	2023 \$'000
Lease liabilities	16,410	20,282
Short term borrowings	34,600	42,700
	51,010	62,982

The Corporation has a \$150m short term borrowing facility with SAFA, bearing interest at SAFA's daily cash rate.

### (a) Risk exposures

Information regarding interest rate risk and liquidity risk exposure is set out in note 2.

### (b) Fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 2.

Due to the short term nature of these interest bearing liabilities, their carrying value is assumed to approximate their fair value. Refer to note 2.

**20 Current liabilities - Tax liabilities/(receivables)**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Provision for current income tax movements during the year were as follows:		
Opening balance at 1 July	<b>(5,951)</b>	4,341
Income tax paid	<b>(17,731)</b>	(17,736)
Income tax refunded	<b>5,934</b>	33,103
Current year's income tax provision (note 7(a))	<b>9,037</b>	6,262
Amounts under/(over) provided in prior years	<b>20</b>	(31,921)
	<b><u>(8,691)</u></b>	<b><u>(5,951)</u></b>

Current tax is calculated by reference to the amount of the income taxes payable or recoverable in respect of the taxable profit for the period. Taxable profit differs from the profit reported in the statement of comprehensive income because items of income or expense are taxable or deductible in other years and items that are never taxable or deductible. Taxable temporary differences are recognised as deferred tax assets and liabilities and items that are non-assessable or deductible are recognised as an adjustment to income tax expense.



## 21 Current liabilities - Provisions

	2024 \$'000	2023 \$'000
Employee benefits	20,674	19,039
Asset decommissioning	7,165	9,210
Lease make good	-	200
Damages and claims	627	360
Workers compensation	1,005	1,015
Other provisions	4,978	6,805
	<b>34,449</b>	<b>36,629</b>

### (a) *Movements in provisions*

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2024 Current	Asset decommissioning \$'000	Lease make good \$'000	Damages and claims \$'000	Workers compensation \$'000	Other \$'000	Total \$'000
Opening balance at 1 July	9,210	200	360	1,015	6,805	17,590
Provisions recognised	1,250	-	(144)	1,570	2,416	5,092
Payments made during year	(1,509)	(200)	(877)	(1,580)	(4,243)	(8,409)
Re-measurement adjustments	-	-	1,288	-	-	1,288
Transfer from/(to) non-current provisions	(1,786)	-	-	-	-	(1,786)
<b>Closing balance at 30 June</b>	<b>7,165</b>	<b>-</b>	<b>627</b>	<b>1,005</b>	<b>4,978</b>	<b>13,775</b>

The Corporation has reclassified prior year amounts for consistency with the current year presentation.

Provisions are recognised when the Corporation has a present obligation 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.

#### Employee benefits

This includes liabilities for annual and long service leave. The annual leave and long service leave liability is expected to be payable within twelve months and is measured at the undiscounted amount for annual leave and the discounted amount for long service leave expected to be paid when the liability is settled.

#### Asset decommissioning

A provision for the disposal and abandonment of assets is recognised when there is a present obligation to undertake further work to decommission surplus assets and ensure they are safe to the public and do not cause harm to the environment.

The estimated costs of site rehabilitation and decommissioning non-current assets are based on past experience and current market prices.

## 21 Current liabilities - Provisions (continued)

### Damages and claims

A provision is recognised for claims against the Corporation relating to property damage, personal injury and civil liability.

The amounts measured and recorded for claims are based on estimates of specified claims and the probability that the Corporation will be required to settle the obligation. Previous claims history and the Crown Solicitor's Office advice is used in the determination of the liability.

SA Water is insured under the South Australian Government's insurance and risk management arrangements with SAFA. Under this agreement between SAFA and SA Water, SAFA will meet the cost of any civil liability claim made against SA Water subject to SA Water's selected deductible.

In addition, insurance arrangements are in place for construction works, travel insurance, and director and officer liabilities.

### Workers compensation

The Corporation is registered with ReturnToWorkSA as a government self-insurer and is responsible for the management and liability of all workers' compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The Corporation's provision is an actuarial estimate of the outstanding liability as at 30 June 2024 provided by KPMG Financial Services Consulting Pty Ltd.

### Other provisions

This includes constructive obligations to rectify safety issues, site remediation, onerous contract loss and other provisions.

## 22 Current liabilities - Other financial liabilities

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Derivative financial instruments - at fair value		
Electricity swaps	-	289

Details of derivative financial instruments are provided in note 2(a)(ii) and note 6.

### 23 Current liabilities - Other current liabilities

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Government grants	10,426	11,248
Unearned income	5,409	13,501
Deposits from customers	3,485	3,244
Contract liabilities	8,232	7,982
	<b>27,552</b>	<b>35,975</b>

Revenue totalling \$6.7m was recognised in 2023/24 that was included in contract liabilities at 1 July 2023. There was no revenue recognised which related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

### 24 Non-current liabilities - Payables

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Employment on-costs	<b>2,003</b>	<b>1,863</b>

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs relate to the balance of long service leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether superannuation on-costs are recognised as a consequence of long service leave liabilities.

### 25 Non-current liabilities - Financial liabilities/borrowings

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities	86,633	97,612
Long term borrowings	7,618,810	7,289,000
	<b>7,705,443</b>	<b>7,386,612</b>

The Corporation has a long term and short term borrowing facility with SAFA. The loans are denominated in Australian dollars and carry both fixed and floating interest rates. The floating interest rates only apply to short term borrowings (refer note 19). The Government provides a guarantee in respect of these borrowings pursuant to the provisions of the *Public Finance and Audit Act 1987*.

SA Water's debt portfolio is managed in line with the requirements outlined in the Treasury Risk Management Policy. The policy is approved by the State Treasurer and the SA Water Board. SA Water's Treasury Risk Management Committee (TRMC) is responsible for the management of the debt portfolio within the requirements of this policy. Under a Client Service Agreement between SAFA and SA Water, SAFA is an attendee of this Committee in an advisory capacity and executes debt transactions on behalf of SA Water.

## 25 Non-current liabilities - Financial liabilities/borrowings (continued)

The movements in the lease liability (current and non-current) relating to the right-of-use asset are set out below:

<b>30 June 2024</b>	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Infrastructure assets \$'000</b>	<b>Total \$'000</b>
Opening balance at 1 July 2023	612	90,631	5,026	21,625	117,894
Interest expense	22	3,006	228	1,821	5,077
Additions	-	-	6,066	-	6,066
Remeasurement	11	-	-	554	565
Lease payments	(24)	(9,092)	(3,685)	(13,758)	(26,559)
<b>Closing net book amount at 30 June 2024</b>	<b>621</b>	<b>84,545</b>	<b>7,635</b>	<b>10,242</b>	<b>103,043</b>

<b>30 June 2023</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Total \$'000</b>
Opening balance at 1 July 2022	588	96,832	4,910	30,072	132,402
Interest expense	22	3,206	97	3,017	6,342
Additions	-	104	3,187	-	3,291
Remeasurement	25	(1)	-	1,754	1,778
Lease payments	(23)	(9,510)	(3,168)	(13,218)	(25,919)
<b>Closing net book amount at 30 June 2023</b>	<b>612</b>	<b>90,631</b>	<b>5,026</b>	<b>21,625</b>	<b>117,894</b>

The lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments) and variable lease payments that depend on an index or rate less any lease incentives.

## 26 Non-current liabilities - Deferred tax liabilities

	2024 \$'000	2023 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Prepayments	1,829	1,755
Lease incentive asset	84	84
Infrastructure, plant and equipment	(19,412)	(63,404)
Right-of-use asset	(20,633)	(17,130)
Finance lease receivable	(1,321)	(863)
	<b>(39,453)</b>	<b>(79,558)</b>
 <i>Amounts recognised directly in equity</i>		
Revaluation of infrastructure, plant and equipment	497,900	784,114
Right-of-use asset - initial adoption of AASB 16	27,449	27,449
Finance lease receivable - initial adoption of AASB 16	1,321	1,321
Leased infrastructure assets	7,357	7,192
Lease incentive asset	(84)	(84)
	<b>533,943</b>	<b>819,992</b>
Recognition of new leases	5,606	3,786
Lease liability remeasurement	(7)	(10)
Amounts under provided in prior years	23,871	23,925
	<b>29,470</b>	<b>27,701</b>
 <b>Total deferred tax liabilities</b>	<b>523,960</b>	<b>768,135</b>
 <b>Movements:</b>		
Opening balance	768,135	1,296,722
Credited to the Statement of Comprehensive Income (note 7)	40,105	17,432
Charged to equity (note 32(a) & 32(b))	(286,049)	(571,822)
Recognition of new leases - AASB 16	1,820	1,013
Lease remeasurement	3	(10)
Amounts (over)/under provided in prior years	(54)	24,800
<b>Closing balance at 30 June</b>	<b>523,960</b>	<b>768,135</b>
Deferred tax liabilities to be settled within 12 months	1,779	2,213
Deferred tax liabilities expected to be settled after more than 12 months	522,181	765,922
	<b>523,960</b>	<b>768,135</b>

## 27 Non-current liabilities - Provisions

	2024 \$'000	2023 \$'000
Employee benefits	25,467	23,813
Workers compensation	3,155	2,501
Asset decommissioning	5,479	2,443
Lease make good	1,447	1,447
Other provisions	238	-
	<b>35,786</b>	<b>30,204</b>

### (a) *Movements in provisions*

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Workers compensation \$'000	Asset decommissioning \$'000	Lease make good \$'000	Other \$'000	Total \$'000
<b>2024 Non-current</b>					
Opening balance at 1 July	2,501	2,443	1,447	-	6,391
Transfer from/(to) current provisions	-	1,786	-	-	1,786
Re-measurement adjustments	654	-	-	-	654
Additional provision recognised	-	1,250	-	238	1,488
<b>Closing balance at 30 June</b>	<b>3,155</b>	<b>5,479</b>	<b>1,447</b>	<b>238</b>	<b>10,319</b>

### Employee benefits

AASB 119 Employee Benefits contains the calculation methodology for long service leave.

The long service leave liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on negotiable government guaranteed securities with terms of maturity that match, as closely as possible.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government Bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government Bonds has increased from 4.14% in 2023 to 4.31% in 2024. The increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$2.28m and employee benefit expense of \$2.28m. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate. The actuarial assessment undertaken has left the salary inflation rate unchanged from the 2023 rate of 3.5%. As a result, there is no net financial effect resulting from changes in the salary inflation rate. The Corporation's long service leave liability for 30 June 2024 was valued by KPMG Financial Services Consulting Pty Ltd.

### Lease make good

The opening balance of the lease make good provision stems from recognising leases in accordance now with AASB 16. It is the expected cost of returning the properties to their original condition.

## 27 Non-current liabilities - Provisions (continued)

(a) *Movements in provisions (continued)*  
Other provisions

This includes a constructive obligation relating to site remediation.

## 28 Non-current liabilities - Other non-current liabilities

	2024 \$'000	2023 \$'000
Government grants	305,213	314,484
Unearned income*	1,894	1,894
	307,107	316,378

\*Adelaide Desalination Plant CSO funding received in advance under the Water for Fodder program.

## 29 Reconciliation of cash

	2024 \$'000	2023 \$'000
Cash and cash equivalents	3,543	5,571

Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the items in the statement of financial position as follows:

Cash on hand and at bank is stated at nominal value. For the purposes of the statement of cash flows, cash includes cash on hand and at bank.

(a) *Fair Value*

Due to the short term nature of cash and cash equivalents, their carrying value is assumed to approximate their fair value.

### 30 Reconciliation of profit after income tax to net cash inflow from operating activities

	2024 \$'000	2023 \$'000
<b>Net profit for the year</b>	<b>115,798</b>	52,054
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	<b>309,110</b>	364,717
Amortisation of government grant revenue from liabilities	<b>(11,258)</b>	(10,689)
Gifted assets	<b>(38,594)</b>	(28,156)
Net (gain) on disposal of infrastructure, plant and equipment	<b>(13,949)</b>	(914)
Net (gain) on disposal of renewable energy certificates	<b>(148)</b>	-
Infrastructure, plant and equipment revaluation decrement reversal	<b>(2,061)</b>	(500)
Infrastructure, plant and equipment revaluation decrement	<b>49,504</b>	24,698
Write-off in value of infrastructure, plant and equipment and capital WIP	<b>29,502</b>	2,871
Write-off in value of intangible capital WIP	<b>2,731</b>	-
Gain on derecognition of right-of-use-asset	-	(22)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in receivables	<b>(16,613)</b>	2,640
(Increase) in inventories	<b>(726)</b>	(673)
(Increase)/decrease in prepayments	<b>(2,003)</b>	165
(Increase) in other operating assets	<b>(3,144)</b>	(4,018)
(Increase) in deferred tax assets	<b>(8,055)</b>	(4,924)
(Increase) in income tax receivable	<b>(2,739)</b>	(5,951)
Decrease in income tax equivalents refunded	<b>5,934</b>	33,103
(Decrease)/increase in trade creditors	<b>(10,164)</b>	15,616
Increase/(decrease) in provision for employee benefits	<b>3,289</b>	(4,196)
Increase/(decrease) in provision for workers compensation	<b>644</b>	(377)
Increase in other operating liabilities	<b>14,563</b>	10,431
(Decrease)/increase in derivative financial liability	<b>(289)</b>	289
Increase in government grants	<b>1,389</b>	2,135
(Decrease)/increase in other provisions	<b>(531)</b>	1,163
Increase in deferred tax liabilities	<b>40,105</b>	17,432
(Decrease) in income tax payable	<b>(5,954)</b>	(5,519)
<b>Net cash inflow from operating activities</b>	<b>456,341</b>	<b>461,375</b>



### 31 Capital risk management

Capital is managed within the parameters outlined in the financial ownership framework for SA Water, which encompasses the Corporation's relationship with its owner in respect of capital structure, community service obligations and dividends.

When managing capital, management's objective is to ensure the Corporation continues as a going concern as well as maintaining optimal returns to the State Government (as sole shareholder).

The gearing ratios based on continuing operations at 30 June 2024 and 30 June 2023 were as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest bearing borrowings (note 19 & 25)	<b>7,756,453</b>	7,449,594
Less: cash and cash equivalents (note 29)	<b>(3,543)</b>	(5,571)
Net debt	<b>7,752,910</b>	7,444,023
<b>Total assets</b>	<b>11,723,177</b>	<b>12,266,611</b>
<b>Gearing ratio</b>	<b>66.1%</b>	<b>60.7%</b>

SA Water is required by the SA Government to adjust its borrowings each year prior to 30 June, to maintain a debt/asset gearing ratio of at least 45%. This commenced from the year ended 30 June 2017, and requires SA Water to make an additional return to the State Government, transacted as a specified dividend, as directed by the Treasurer, of an amount equivalent to the required incremental increase in borrowings.

There was no specified dividend to be paid for the year ended 30 June 2024 or the year ended 30 June 2023, in recognition that SA Water's debt/asset gearing ratio was maintained above the predetermined minimum gearing target of 45%.

## 32 Asset revaluation surplus and retained earnings

### (a) Asset revaluation surplus

	2024 \$'000	2023 \$'000
Revaluation surplus - infrastructure, plant and equipment	<u>2,219,755</u>	<u>2,868,715</u>
	<b>2,219,755</b>	<b>2,868,715</b>

#### Movements:

##### Infrastructure, plant and equipment revaluation surplus

Opening balance at 1 July	2,868,715	4,207,847
Revaluation of infrastructure, plant and equipment*	(931,418)	(1,906,277)
Movements in deferred tax liability (note 26)	286,214	572,348
Transfer to retained profits on disposal	(3,910)	(12,912)
Movements in deferred tax assets (note 12)	154	52
Movements in income tax liability (receivable)	-	7,657
<b>Closing balance at 30 June</b>	<u><b>2,219,755</b></u>	<u><b>2,868,715</b></u>

\*The 2023/24 revaluation decrease (10%) is attributable to the revaluation of system infrastructure assets that includes SA Water's network assets, treatment plants for both water and wastewater, storage related assets and buildings and depots.

\*The 2022/23 revaluation decrease (16%) is attributable to the revaluation of system infrastructure assets that includes SA Water's network assets, treatment plants for both water and wastewater, storage related assets and buildings and depots.

### (b) Retained earnings

Movements in retained earnings were as follows:

Opening balance at 1 July	300,082	285,466
Profit for the year	115,798	52,054
Dividends (note 36)	(106,952)	(49,824)
Transfers from asset revaluation surplus	3,910	12,912
Movement in deferred tax liability (note 26)	(165)	(526)
<b>Closing balance at 30 June</b>	<u><b>312,673</b></u>	<u><b>300,082</b></u>

### (c) Nature and purpose of other asset revaluation surplus

#### (i) Infrastructure plant and equipment revaluation surplus

The infrastructure, plant and equipment revaluation surplus is the cumulative balance of asset revaluation increments and decrements.

### 33 Commitments and contingencies

**(a) Capital commitments**

Capital expenditure contracted for at the balance date but not recognised as liabilities in the financial statements, are committed as follows:

	2024 \$'000	2023* \$'000
Within one year	190,238	258,436
Later than one year but not later than five years	76,892	44,717
Later than five years	<u>110,000</u>	<u>110,000</u>
	<u>377,130</u>	<u>413,153</u>

\* Prior year comparatives have been restated

The capital commitments relate to the Corporation's capital program in delivering water and sewer infrastructure, property, plant & equipment and intangible assets.

**(b) Other expenditure commitments**

Future other expenditure commitments not provided for in the financial statements are committed as follows:

	2024 \$'000	2023* \$'000
Within one year	197,248	200,935
Later than one year but not later than five years	254,362	395,716
Later than five years	<u>139,443</u>	<u>177,347</u>
	<u>591,053</u>	<u>773,998</u>

\* Prior year comparatives have been restated

Other expenditure commitments include commitments pursuant to contracts to:

- Operate, manage and maintain the Adelaide metropolitan water and sewer networks and treatment plants.
- Operate, maintain and provide energy for the Adelaide Desalination Project.
- Other expenditure commitments reported are based on minimum contracted amounts payable at balance date and include an estimate for escalation of charges.

**(c) Other contingencies**

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Corporation has a number of common law claims and civil law claims made against it by various claimants. The estimated maximum exposure facing the Corporation in respect of these claims is \$0.053m.

### 34 Remuneration of auditors

	2024 \$'000	2023 \$'000
Audit fees paid/payable:		
SA Water annual Public Finance and Audit Act audit	486	539
SA Water Regulatory financial statements audit*	30	12
<b>Total</b>	<b>516</b>	<b>551</b>

\* Pursuant to *Water Industry Guideline Number 2* and confirmation from ESCOSA, a full Audit Opinion Certificate on the Corporation's special purpose (regulatory) financial statements is not required. An independent advisory engagement review has been determined to be the appropriate audit assurance to SA Water's Board and Management.

### 35 Expenditure – SA business and non-SA business

The following table includes all expenditure in relation to contracts above \$55,000 (GST inclusive) resulting from a procurement as defined in Treasurer's Instructions 18 - Procurement. Arrangements between public authorities and arrangements with other governments are not included.

	2024 \$'000	Proportion SA and non-SA businesses %
<b>Expenditure is inclusive of non-recoverable GST.</b>		
Total expenditure with South Australian businesses	911,562	95.70
Total expenditure with non-South Australian businesses	41,186	4.30
	<b>952,748</b>	<b>100.00</b>

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to the Corporation, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

TI 18 defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

### 36 Dividends

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividend paid	<u><b>106,952</b></u>	<u><b>49,824</b></u>
	<b>106,952</b>	<b>49,824</b>

Dividends paid and payable are recognised in the reporting period in which the dividends are declared or have been specifically determined and approved by the Treasurer in consultation with the Corporation's Minister.

Dividend paid to the South Australian (SA) Government has been in accordance with the Financial Ownership Framework where the dividend paid is based on the recommendation of the Board and approved by the Treasurer pursuant to section 30 of the Public Corporations Act 1993.

SA Water is required by the SA Government to adjust its borrowings each year prior to 30 June, to maintain a debt/asset gearing ratio of a minimum of 45%. This is transacted as a specified dividend.

There was no specified dividend to be paid for the year ended 30 June 2023 and the year ended 30 June 2024, in recognition that SA Water's debt/asset gearing ratio was maintained above the predetermined minimum gearing target of 45% (refer to note 31).

### 37 Remuneration of employees

	Current employees 2024	Ex-Employees 2024	Current employees 2023	Ex-Employees 2023
<b>The number of employees whose remuneration paid and payables falls within the following bands is:</b>				
\$160,001 - 166,000**	n/a	n/a	28	3
\$166,001 - 186,000	<b>90</b>	<b>2</b>	63	8
\$186,001 - 206,000	<b>48</b>	-	18	3
\$206,001 - 226,000	<b>14</b>	-	9	3
\$226,001 - 246,000	<b>12</b>	<b>1</b>	9	1
\$246,001 - 266,000	<b>8</b>	-	2	2
\$266,001 - 286,000	<b>3</b>	-	3	-
\$286,001 - 306,000	<b>2</b>	-	1	-
\$306,001 - 326,000	<b>1</b>	-	1	-
\$326,001 - 346,000	<b>1</b>	-	1	1
\$346,001 - 366,000	<b>1</b>	-	-	-
\$406,001 - 426,000	-	-	-	-
\$426,001 - 446,000	<b>1</b>	-	3	-
\$446,001 - 466,000	<b>2</b>	<b>1</b>	1	-
\$466,001 - 486,000	<b>1</b>	-	-	-
\$566,001 - 586,000	-	-	1	-
\$586,001 - 606,000	<b>1</b>	-	-	-
<b>Total</b>	<b>185</b>	<b>4</b>	<b>140</b>	<b>21</b>

\*\*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration for 2022-23.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits, and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$38.8m (2023: \$32.0m).

### 37 Remuneration of employees (continued)

	2024	2023
	\$'000	\$'000
<b>Targeted voluntary separation packages (TVSPs)</b>		
<b>Amount paid during the reporting period to separated employees:</b>		
TVSPs	126	-
Annual leave and long service leave paid to those employees	78	-
<b>Net cost to SA Water</b>	<b>204</b>	<b>-</b>

The number of employees who received TVSPs during the reporting period was 1 (2023: Nil).

### 38 Remuneration of directors

The Board of SA Water was established under the *South Australian Water Corporation Act 1994* and consists of up to seven members including the Chief Executive. Note: Although a member of the Board, the Chief Executive does not receive additional remuneration as a Board member. The remuneration of the Chief Executive is included in notes 37 and 39.

Remuneration of Directors (excluding the Chief Executive) is shown in the table below.

	2024	2023
	Number of directors	Number of directors
The number of Directors of the Corporation (excluding the Chief Executive) whose remuneration paid and payable falls within the following bands is:		
\$0 - \$19,999	2	1
\$20,000 - \$39,999	2	-
\$40,000 - \$59,999	3	3
\$60,000 - \$79,999	-	2
\$80,000 - \$99,999	1	-
	<b>8</b>	<b>6</b>

The total remuneration paid and payable for those directors was \$0.30m (2023: \$0.29m) which includes superannuation contributions.

### 39 Related party disclosures

(a) *Directors*

The following persons held the position of director of the Corporation during the financial year:

Mr A.N Holmes  
Ms S.M Filby (ceased on 24 July 2023)  
Ms J.M.H Finlay  
Mr C.J Ford  
Ms F.A Hele (ceased on 2 August 2023)  
Mr D.A Picton  
Mr K.G Williams  
Ms C.C McInerney  
Mr D.A Ryan

(b) *Key management personnel*

Key management personnel compensation for the years ended 30 June 2024 and 2023 is set out below. The key management personnel are the directors of the Corporation (including the Chief Executive) and the Executive Leadership Team who have responsibility for the strategic direction and management of the Corporation.

The Minister for Housing and Urban Development and the Minister for Climate, Environment and Water are also considered a member of the key management personnel of the Corporation by virtue of the Minister's power to control and direct the Corporation pursuant to the *Public Corporations Act 1993*. No remuneration has been included in this note disclosure for the Ministers as they are not directly remunerated by the Corporation.

	Number of key management personnel	Short-term benefits \$'000	Post-employment benefits \$'000	Long-term benefits \$'000	Termination benefits \$'000	Total \$'000
<b>2024*</b>	<b>16</b>	<b>3,557</b>	<b>336</b>	-	-	<b>3,893</b>
<b>2023*</b>	<b>18</b>	<b>3,382</b>	<b>259</b>	-	-	<b>3,641</b>

\*Both 2024 and 2023 include an overlap of the senior leadership team members.

(c) *Transactions with key management personnel and other related parties*

The Corporation did not enter into any related party transactions with key management personnel or their close family members during the reporting period.

### 39 Related party disclosures (continued)

#### (c) *Transactions with key management personnel and other related parties (continued)*

All SA Government entities are related parties, significant transactions with SA Government entities are identifiable throughout this financial report. These include:

- SA Water receives community service obligation funding from the SA Government for the provision of certain non-commercial services (Refer to Note 4)
- Lease payments for vehicles supplied by Fleet SA (Refer to Note 16)
- The majority of accommodation expenses relate to accommodation supplied by the Department for Infrastructure and Transport (Refer to Note 16)
- Payment of a water planning management fee to the Department for Environment and Water (Refer Note 6)
- Borrowing costs include interest and guarantee fees paid to the South Australian Finance Authority (Refer Note 6)
- Short-term and long-term borrowings are received from the South Australian Finance Authority (Refer Note 19 and 25)
- SA Water must pay a dividend to the SA Government in accordance with the Financial Ownership Framework (Refer Note 36)

### 40 Events occurring after the reporting period

There are no known events after balance date that affect these financial statements.



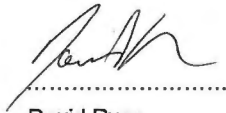
### Certification of the Financial Statements

We certify that the:

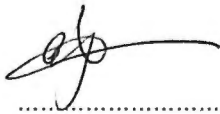
- Financial statements of SA Water Corporation:
  - are in accordance with the accounts and records of the authority; and
  - with the exception of Treasurer's Instructions (Accounting Policy Statements) APS101.K, comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the authority at the end of the financial year and the result of its operations and cash flows for the financial year.
  
- Internal controls employed by SA Water Corporation for the financial year over its financial reporting and its preparation of financial statements have been effective.



.....  
Jacqueline Guerin  
Chief Financial Officer



.....  
David Ryan  
Chief Executive



.....  
Allan Holmes  
Chair

Date 19 September 2024  
.....