INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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To the Chair
South Australian Water Corporation

Opinion

I have audited the financial report of South Australian Water Corporation for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Water Corporation as at 30 June 2022, 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Chief Financial Officer.

Basis for opinion

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 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 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 the 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 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 are 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* section 32(4) of the *Public Corporation's Act 1993*, I have audited the financial report of South Australian Water Corporation for the financial year ended 30 June 2022.

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 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 Richardson
Auditor-General

20 September 2022

South Australian Water Corporation
Annual Financial Statements
for the year ended 30 June 2022

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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;
  - — comply with relevant Treasurer's instructions;
  - — 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 over its financial reporting and its preparation of the financial statements have been effective throughout the financial year.

J Guerin
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Jacqueline Guerin
Chief Financial Officer

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David Ryan
Chief Executive

....
Allan Holmes
Chair

Date ...16/9/2022...

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	Notes	2022 $'000	2021* $'000
Income			
Revenue from ordinary activities	4	**1,355,499**	1,344,710
Other income	5	**7,048**	8,942
Total income		**1,362,547**	**1,353,652**
Expenses			
Depreciation and amortisation expense	6	**(368,405)**	(353,588)
Borrowing costs	6	**(286,185)**	(298,749)
Electricity expense		**(73,475)**	(52,392)
Services and supplies	6	**(178,463)**	(183,454)
Operational and service contracts		**(232,495)**	(208,756)
Employee benefits expense	6	**(141,431)**	(140,411)
Other expenses	6	**(34,038)**	(23,559)
Total expenses		**(1,314,492)**	**(1,260,909)**
Profit before income tax equivalents		**48,055**	**92,743**
Income tax expense	7	**(11,742)**	(23,794)
Profit after income tax equivalents		**36,313**	**68,949**
Other comprehensive income			
Items that will not be reclassified to net result			
(Loss)/gain on revaluation of infrastructure, plant and equipment assets	29(a)	**(526,385)**	439,079
Income tax relating to items of other comprehensive income	7(c)	**148,143**	(130,202)
Other comprehensive income for the year, net of tax		**(378,242)**	**308,877**
Total comprehensive result		**(341,929)**	377,826
Total comprehensive result for the year is attributable to:			
The SA Government as owner		**(341,929)**	377,826

* Restated. Refer to Note 1 for detailed information on restatement of comparatives

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 2022

	Notes	2022 $'000	2021* $'000
ASSETS			
Current assets			
Cash and cash equivalents	26	**7,176**	3,870
Receivables	8	**187,818**	193,889
Inventories	9	**10,098**	9,978
Other current assets	10	**17,998**	13,858
Total current assets		**223,090**	**221,595**
Non-current assets			
Finance lease receivable		**1,469**	3,579
Deferred tax assets	11	**88,953**	84,658
Intangible assets	12	**151,982**	171,372
Infrastructure, plant and equipment	13	**13,332,529**	13,742,757
Right-of-use assets	15	**166,858**	171,176
Other non-current assets	16	**1,226**	1,351
Total non-current assets		**13,743,017**	**14,174,893**
Total assets		**13,966,107**	**14,396,488**
LIABILITIES			
Current liabilities			
Payables	17	**185,712**	197,667
Financial liabilities/borrowings	18	**49,554**	45,618
Tax liabilities	19	**4,341**	2,454
Provisions	20	**35,590**	37,679
Other current liabilities	21	**27,302**	21,628
Total current liabilities		**302,499**	**305,046**
Non-current liabilities			
Payables		**2,478**	2,579
Financial liabilities/borrowings	22	**7,272,622**	7,167,527
Deferred tax liabilities	23	**1,296,722**	1,460,694
Provisions	24	**34,651**	36,247
Other non-current liabilities	25	**325,675**	334,952
Total non-current liabilities		**8,932,148**	**9,001,999**
Total liabilities		**9,234,647**	**9,307,045**
Net assets		**4,731,460**	**5,089,443**
EQUITY			
Contributed equity		**238,147**	224,319
Asset revaluation surplus	29(a)	**4,207,847**	4,597,921
Retained earnings	29(b)	**285,466**	267,203
Total equity		**4,731,460**	**5,089,443**

* Restated. Refer to Note 1 for detailed information on restatement of comparatives

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

	Notes	Contributed equity $'000	Asset revaluation surplus $'000	Retained* earnings $'000	Total $'000
Balance at 1 July 2021		**224,319**	**4,597,921**	**267,203**	**5,089,443**
Deferred income tax finance lease	7(c)	-	-	(2,412)	(2,412)
Restated total equity at the beginning of the financial year		**224,319**	**4,597,921**	**264,791**	**5,087,031**
Profit for the year		-	-	36,313	36,313
Transfer to retained profits on (disposal)/transfer from asset revaluation surplus	29	-	(14,244)	14,244	-
Income tax relating to components of other comprehensive income	7(c)	-	150,555	-	150,555
Gain/(loss) on revaluation on infrastructure, plant and equipment assets		-	(526,385)	-	(526,385)
Total comprehensive result for the period		**-**	**(390,074)**	**50,557**	**(339,517)**
Transactions with the SA Government in their capacity as owners:					
Contributions of equity**		17,627	-	-	17,627
Transfer of Crown land***		(3,799)	-	-	(3,799)
Dividends provided for or paid	33	-	-	(29,882)	(29,882)
		13,828	**-**	**(29,882)**	**(16,054)**
Balance at 30 June 2022		**238,147**	**4,207,847**	**285,466**	**4,731,460**

* Restated. Refer to Note 1 for detailed information on restatement of comparatives

**In 2021/22, SA Water received the following contributions of equity:
- $2.471m from the SA Government to partially fund the opening of South Australian reservoirs for recreational use;
- $13.243m to partially fund key works completed for the Kangaroo Island Desalination Plant;
- $1.205m was received to fund completion of the Angle Vale Super School Augmentation project;
- $0.708m was received from the Government Building Energy Fund to support the Glenelg Wastewater Treatment Plant Trade Waste Storage System and Energy Demand Management Phase 2 projects.

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.

	Notes	Contributed equity $'000	Asset revaluation surplus $'000	Retained* earnings $'000	Total $'000
Balance at 1 July 2020		**213,372**	**4,299,115**	**281,949**	**4,794,436**
Adjustment for change in accounting policy		-	-	(11,673)	(11,673)
Deferred income tax finance lease		-	-	44	44
Restated total equity at the beginning of the financial year		**213,372**	**4,299,115**	**270,320**	**4,782,807**
Profit for the year		-	-	68,949	68,949
Gain/(loss) on revaluation on infrastructure, plant and equipment assets	29	-	439,079	-	439,079
Transfer to retained profits on (disposal)/transfer from asset revaluation surplus	29	-	(10,027)	10,027	-
Income tax relating to components of other comprehensive income	7(c)	-	(130,246)	-	(130,246)
Total comprehensive result for the period		**-**	**298,806**	**78,976**	**377,782**
Transactions with the SA Government in their capacity as owners:					
Contributions of equity**		10,947	-	-	10,947
Dividends provided for or paid	33	-	-	(82,093)	(82,093)
		10,947	**-**	**(82,093)**	**(71,146)**
Balance at 30 June 2021		**224,319**	**4,597,921**	**267,203**	**5,089,443**

* Restated. Refer to Note 1 for detailed information on restatement of comparatives

**In 2020/21, SA Water received the following contributions of equity:
- $3.250m from the SA Government to partially fund the opening of South Australian reservoirs for recreational use;
- $2.288m to partially fund key works completed for the Kangaroo Island Desalination Plant;
- $5.409m was received to fund completion of the Angle Vale Super School Augmentation project.

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.

	Notes	2022 $'000	2021* $'000
Cash flows from operating activities			
Receipts from customers		**1,276,511**	1,274,213
Payments to suppliers and employees		**(743,706)**	(644,485)
Interest received		**117**	126
Receipts from community service obligations		**138,837**	141,027
Receipts from contributions		**14,839**	15,538
Receipts from government grants		**1,767**	1,359
Borrowing costs paid		**(286,054)**	(298,250)
Income tax equivalents paid		**(29,979)**	(51,951)
Net cash inflow from operating activities	**27**	**372,332**	**437,577**
Cash flows from investing activities			
Payments for construction and purchase of infrastructure, plant and equipment		**(442,532)**	(439,729)
Payments for intangible assets		**(20,442)**	(18,202)
Proceeds from sale of intangible assets		**-**	1,616
Proceeds from sale of infrastructure, plant and equipment		**8,006**	9,885
Net cash (outflow) from investing activities		**(454,968)**	**(446,430)**
Cash flows from financing activities			
Proceeds from borrowings		**783,100**	867,800
Repayment of borrowings		**(667,200)**	(760,900)
Proceeds from equity contributions		**17,627**	10,947
Dividends paid	33	**(29,882)**	(82,093)
Repayments of finance lease liability		**(17,703)**	(27,875)
Net cash inflow from financing activities		**85,942**	**7,879**
Net increase/(decrease) in cash and cash equivalents		**3,306**	(974)
Cash and cash equivalents at the beginning of the financial year		**3,870**	4,844
Cash and cash equivalents at end of period	**26**	**7,176**	**3,870**

*Restated. Refer to Note 1 for detailed information on restatement of comparatives

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

1 Summary of significant accounting policies

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 Act repealed the *Waterworks Act 1932, Sewerage Act 1929* and *Water Conservation Act 1936*.

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

During the year ended 30 June 2022, the Corporation revised its accounting policy in relation to configuration and customisation costs incurred in implementing software-as-a service (SaaS) arrangements with cloud providers. The change in accounting policy resulted from the implementation of agenda decisions issued by the IFRS Interpretations Committee (IFRIC) clarifying its interpretation of how current accounting standards apply to these types of 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 recognised as operating expenses when the services are received.

The Corporation's previous accounting policy has been to capitalise all costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the agenda decisions has resulted in a reclassification of these intangible assets as an expense in the Statement of Comprehensive Income, impacting both the current and prior periods presented. The new accounting policy is presented in Note 12.

The change in accounting policy has been retrospectively applied and comparative information has been restated, as follows:

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Impact on previous reporting periods

	2021 $'000	2020 $'000
Impact on equity - increase/(decrease) in equity		
Deferred tax assets	**14**	68
Intangible assets	**(2,448)**	(3,254)
Infrastructure, plant and equipment	**(4,015)**	(10,323)
Total assets	**(6,449)**	(13,509)
Tax liabilities	**1,925**	1,837
Total liabilities	**1,925**	1,837
Net assets	**(4,524)**	(11,672)
Retained earnings	**(4,524)**	(11,672)
Total equity	**(4,524)**	(11,672)
Impact on statement of comprehensive income - increase/(decrease) in profit		
Depreciation and amortisation expense	**1,312**	
Services and supplies	**(3,007)**	
Operational and service contracts	**(3,414)**	
Employee benefits expense	**(1,354)**	
Income tax expense	**1,939**	
Profit after income tax equivalents	**(4,524)**	
Statement of cash flows - (increase)/decrease		
Payments to suppliers and employees	**(7,495)**	
Net cash outflow from operating activities	**(7,495)**	
Payments for construction and purchase of infrastructure, plant and equipment	**19**	
Payments for intangible assets	**7,476**	
Net cash (outflow) from investing activities	**7,495**	

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 Summary of significant accounting policies (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*

The Corporation did not voluntarily change any of its accounting policies during 2021/22.

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 2022.

2 Financial risk management

(a) *Market risk*

(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. As part of a Treasury Risk Management Policy review, the permissible duration range is 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.

At 30 June 2022 it has been assumed that a reasonable possible shift in interest rates over the next reporting period could be 1.5% upwards and -1.0% downwards.

		Interest rate risk			
		-1.0%		+1.5%	
30 June 2022	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	7,176	(50)	(50)	75	75
Financial liabilities					
Short term borrowings	(30,774)	215	215	(323)	(323)
Total increase/(decrease)		**165**	**165**	**(248)**	**(248)**

		Interest rate risk			
		-0.75%		+1.0%	
30 June 2021	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	3,870	(20)	(20)	27	27
Financial liabilities					
Short term borrowings	(29,874)	157	157	(209)	(209)
Total increase/(decrease)		**137**	**137**	**(182)**	**(182)**

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 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.

Sensitivity analysis is based on electricity price risk exposures in existence at balance date assuming all other variables are held constant.

At 30 June 2021 and 30 June 2022 a sensitivity analysis was not applicable as no electricity derivatives were held.

(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.

(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 reviewed on a daily basis.

Contractual maturities

The table below analyses the Corporation's financial liabilities into the relevant groupings based on the remaining period at the reporting date 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.

2 Financial risk management (continued)

(c) *Liquidity risk (continued)*

At 30 June 2022	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
Non-derivatives					
Non-interest bearing liabilities*	115,423	-	-	-	115,423
Fixed rate borrowings	622,645	1,038,076	2,821,587	3,886,882	8,369,190
Floating rate borrowings	30,834	-	-	-	30,834
Unrecognised fixed rate loan commitments**	296	4,672	14,010	109,342	128,320
Lease liabilities	24,703	23,200	34,662	77,529	160,094
Total non-derivatives	793,901	1,065,948	2,870,259	4,073,753	8,803,861

* 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 2022, the principal component relating to a FSL that was refinanced prior to reporting date has been excluded from the less than 1 year category, and included in the over 5 years category in which the FSL 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
At 30 June 2021					
Non-derivatives					
Non-interest bearing liabilities*	120,653	-	-	-	120,653
Fixed rate borrowings	503,705	663,680	2,902,018	4,332,439	8,401,842
Floating rate borrowings	29,918	-	-	-	29,918
Unrecognised fixed rate loan commitments**	1,617	2,880	8,642	117,285	130,424
Lease liabilities	22,148	20,886	43,533	85,822	172,389
Total non-derivatives	**678,041**	**687,446**	**2,954,193**	**4,535,546**	**8,855,226**

* 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 2021, the principal component relating to a FSL that was refinanced prior to reporting date has been excluded from the less than 1 year category, and included in the over 5 years category in which the FSL 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	**2022 Fair value $'000**	Carrying amount $'000	2021 Fair value $'000
Long term borrowings (note 22)	**7,159,000**	**6,736,814**	7,044,000	7,511,570

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 20);
- Asset valuation methodology and useful lives of assets (refer note 13);
- Impairment of assets (refer note 13);
- Unbilled water sales (refer note 4);
- Provision for long service leave (refer note 24); and
- Provision for workers compensation (refer note 20).

4 Revenue from ordinary activities

	2022 $'000	2021 $'000
Revenue from contracts with customers		
Water and sewer rates and charges	**1,061,441**	1,040,522
Recoverable works	**52,909**	54,472
Fees and charges	**54,385**	58,103
Contributed assets	**40,215**	46,499
	1,208,950	**1,199,596**
Other revenue		
Community service obligations	**133,511**	132,351
Government grants	**10,676**	9,896
Rents	**2,151**	2,583
Miscellaneous	**91**	160
Interest	**38**	32
Interest - finance leases	**82**	92
	146,549	**145,114**
Total	**1,355,499**	**1,344,710**

Water and sewer rates and charges

SA Water sets its water and sewer 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 in line with the revenue caps set by the Essential Services Commission of South Australia (ESCOSA). The water demand and sewerage customer growth inputs are consistent with ESCOSA's regulatory determination.

The revenue for water and sewer 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.

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. It is at this point that customer bills are raised.

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 state wide pricing) and the provision of water and sewerage concessions to certain properties e.g. charities, churches, public schools and remote communities.

The CSO revenue is recognised as the services are provided.

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 over 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 water and sewer infrastructures are constructed by developers and transferred to SA Water. The contribution recognised is equivalent to the fair value of these assets that is estimated using the depreciated modern equivalent replacement cost.

The performance obligation for assets that are constructed by developers and gifted to SA Water for nil value, is satisfied and contributed asset revenue recognised when 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, and when the asset is practically complete.

(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 fund the overarching infrastructure 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.

Revenue is recognised when the works are practically completed, and the customer is billed for costs incurred on the project.

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 sewer 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.

30 June 2022	**Water $'000**	**Wastewater $'000**	**Total $'000**
Revenue from contracts with customers			
Water and sewer rates and charges	**734,847**	**326,594**	**1,061,441**
Recoverable works	**49,620**	**3,289**	**52,909**
Fees and charges	**29,749**	**24,636**	**54,385**
Contributed assets	**20,222**	**19,993**	**40,215**
Total revenue from contracts with customers	**834,438**	**374,512**	**1,208,950**

30 June 2021	Water $'000	Wastewater $'000	Total $'000
Revenue from contracts with customers			
Water and sewer rates and charges	719,691	320,831	1,040,522
Recoverable works	51,524	2,948	54,472
Fees and charges	33,647	24,456	58,103
Contributed assets	19,775	26,724	46,499
Total revenue from contracts with customers	**824,637**	**374,959**	**1,199,596**

5 Other income

	2022 $'000	2021 $'000
Net gain on disposal of infrastructure, plant and equipment	**4,926**	6,617
Gain on derecognition of right-of-use asset*	**-**	407
Net gain on disposal of water allocations	**-**	1,595
Reversal of prior year infrastructure, plant and equipment revaluation decrement**	**2,122**	323
Total	**7,048**	**8,942**

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 2021 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	2022 $'000	2021* $'000
Depreciation and amortisation			
Infrastructure, plant and equipment	13	**327,245**	311,930
Intangible assets	12	**26,011**	25,988
Right-of-use assets	15	**15,149**	15,670
Total depreciation and amortisation		**368,405**	**353,588**
Borrowing costs			
Interest paid/payable on short term and long term borrowings		**278,836**	290,647
Interest expense on lease liabilities		**7,349**	8,102
Total borrowing costs		**286,185**	**298,749**
Services & supplies			
Consultancy costs		**531**	614
Cost of goods sold		**33,214**	30,175
External fees and charges		**55,374**	53,559
Licences		**21,899**	21,394
Materials and chemicals		**22,152**	21,006
Other services and supplies		**44,110**	56,060
Short-term leases		**1,183**	646
Total services & supplies		**178,463**	**183,454**
Employee benefits			
Salaries and wages		**106,236**	111,036
Long service leave		**2,696**	2,205
Annual leave		**14,436**	11,785
Workers compensation		**442**	801
Superannuation contribution		**17,621**	14,584
Total employee benefits		**141,431**	**140,411**
Other expenses			
Net bad and doubtful debts		**(7)**	24
Write-off in value of infrastructure, plant and capital WIP		**6,495**	5,479
Infrastructure, plant and equipment revaluation decrement		**27,550**	18,021
Net loss from electricity derivatives at fair value through P&L		**-**	35
Total other expenses		**34,038**	**23,559**
Consultancy costs			
Less than $10,000 (Number 2022: #2; 2021: #6)		**12**	23
Between $10,000 and $50,000 (Number 2022: #1; 2021: #6)		**15**	166
Greater than $50,000 (Number 2022: #4; 2021: #2)		**504**	425
		531	**614**

* Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.

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:

Class of assets	Useful life (years)
- 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, South Australian Finance Authority (SAFA) margins and finance lease charges.

In accordance with the *Treasurer's Instructions (Accounting Policy Statements)* and *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.

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.

6 Expenses (continued)

Derivatives (continued)

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.

Consistent with SA Water's treasury and energy policies, derivative financial instruments are transacted as economic hedges of cash flow exposures and are not held for speculative purposes.

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.

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.

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 for leases for which the underlying asset is of low value can be made on a lease-by-lease basis. 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*

	2022 $'000	2021* $'000
Current tax on profits for the year	**32,181**	44,664
Deferred tax	**(20,384)**	(20,870)
Amounts over provided in prior years	**(55)**	-
	11,742	**23,794**

	2022 $'000	2021* $'000
Deferred income tax included in income tax expense comprises:		
(Increase) in deferred tax assets (note 11)	**(3,384)**	(8,287)
(Decrease) in deferred tax liabilities (note 23)	**(17,000)**	(12,583)
	(20,384)	**(20,870)**

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

	2022 $'000	2021* $'000
Profit from continuing operations before income tax expense	**48,055**	92,742
Tax at the Australian tax rate of 30.0% (2021: 30.0%)	**14,417**	27,823
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
ADP intangible asset amortisation	**510**	510
Government grants	**(2,619)**	(2,619)
Provision for employee benefits	**(104)**	(43)
Gain on sale of land	**(407)**	(1,877)
	11,797	**23,794**
Amounts over provided in prior years	**(55)**	-
Income tax expense	**11,742**	**23,794**

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

	2022 $'000	2021 $'000
(Loss)/gain on revaluation of infrastructure, plant and equipment (note 23 & 11)	(150,555)	130,246
Leased infrastructure assets (note 23)	2,412	(44)
	(148,143)	**130,202**

*Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.

8 Current assets - Trade and other receivables

	2022 $'000	2021 $'000
Receivables		
Rates receivable (water and sewer)	**131,061**	135,925
Sundry debtors*	**36,485**	36,674
Allowance for doubtful debts	**(119)**	(137)
	167,427	**172,462**
Other receivables		
Finance lease receivable	**2,110**	2,010
Community service obligations	**18,281**	19,417
	187,818	**193,889**

*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 doubtful debts 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 doubtful debts 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 doubtful debts are as follows:

	2022 $'000	2021 $'000
Opening balance at 1 July	**137**	193
Increase in the allowance	**30**	31
Amounts written off	**(11)**	(80)
Amounts reversed	**(37)**	(7)
Closing balance at 30 June	**119**	**137**

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)*

	2022 $'000	2021 $'000
At 30 June the ageing of rates receivable is as follows:		
Not past due	**88,823**	84,028
Past due 22 - 60 days	**20,158**	24,213
Past due 61 - 90 days	**3,153**	6,906
Past due 91 - 120 days	**865**	1,417
Past due > 120 days	**18,062**	19,361
	131,061	**135,925**

	2022 $'000	2021 $'000
At 30 June the ageing of sundry debtors is as fallows:		
Not past due	**32,392**	33,022
Past due 31 - 60 days	**3,274**	1,202
Past due 61 - 90 days	**363**	432
Past due 91 - 120 days	**187**	428
Past due > 120 days	**269**	1,590
	36,485	**36,674**

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.

8 Current assets - Trade and other receivables (continued)

(b) *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:*

	2022 $'000	2021 $'000
Undiscounted finance lease payments receivable		
Less than 1 year	**2,155**	2,092
Between 1 and 2 years	**1,476**	2,155
Between 2 and 5 years	**-**	1,476
Total undiscounted finance payments receivable	**3,631**	**5,723**
Less unearned finance income	**(52)**	(134)
Total finance lease receivables	**3,579**	**5,589**

The Corporation subleases two floors of its office building located in Adelaide CBD. One floor is subleased to the South Australian Tourism Commission. During 2020-21 another floor was subleased to the Department for Trade, Tourism and Investment. The remaining term of each of the subleases is 1.75 years, which aligns to the head lease. Consequently, the subleases are classified as a finance lease. The payments received for the subleases are allocated between a reduction in the lease receivable and interest received.

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.

Operating leases

The following table is a maturity analysis of lease payments, showing the undiscounted operating lease payments to be received after the reporting date.

	2022 $'000	2021 $'000
Undiscounted operating lease payments		
Less than 1 year	**-**	40
Total	**-**	**40**

(c) *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

	2022 $'000	2021 $'000
Raw materials and stores	**10,155**	9,476
Allowance for obsolete stock	**(377)**	(282)
Work in progress	**320**	784
	10,098	**9,978**

Inventories are valued at the lower of cost and net realisable value. 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

	2022 $'000	2021 $'000
Interest receivable	**7**	4
Prepayments	**15,152**	12,194
Renewable Energy Certificates*	**2,723**	1,465
Australian carbon credits	**116**	195
	17,998	**13,858**

*SA Water generates and purchases Renewable Energy Certificates (RECs) in order to meet Green House Gas (GHG) emission targets. Unused RECs accumulated as at 30 June are recorded at their fair value and expected to be utilised in satisfying the Corporation's GHG emission targets.

11 Non-current assets - Deferred tax assets

	Notes	2022 $'000	2021* $'000
The balance comprises temporary differences attributable to:			
Doubtful debts		**(4)**	2
Obsolete stock		**113**	85
Infrastructure, plant and equipment		**22,170**	16,770
Pooled assets		**72**	47
Payables		**1,504**	1,626
Audit fee payable		**146**	151
Government grants		**10,598**	10,761
Employee benefits		**14,115**	13,971
Deferred lease incentives		**173**	173
Lease liability - right-of-use assets		**(8,333)**	(5,584)
Unearned customer contributions		**(390)**	(641)
Unearned income		**3,160**	1,298
Provision for asset disposal		**5,114**	5,795
Provision for workers compensation		**189**	789
		48,627	**45,243**
Amounts recognised directly in equity:			
Unearned customer contributions		**2,335**	2,335
Revaluation of Infrastructure, plant and equipment	29	**(342)**	(405)
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
		37,528	**37,465**
Recognition of leases - AASB 16			
Recognition of new leases		**2,798**	1,950
		2,798	**1,950**
Total deferred tax assets		**88,953**	**84,658**

	2022 $'000	2021 $'000
Movements:		
Opening balance at 1 July*	**84,658**	75,436
Charged to the statement of comprehensive income	**3,384**	8,287
Charged to equity (note 29(a) & 29(b))	**63**	-
Recognition of new leases - AASB 16	**848**	935
Closing balance at 30 June	**88,953**	**84,658**
Deferred tax assets expected to be recovered within 12 months	**18,668**	17,797
Deferred tax assets expected to be recovered after more than 12 months	**70,285**	66,861
	88,953	**84,658**

* Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.

12 Intangible assets

	Easements $'000	Prescription rights $'000	Computer software* $'000	ADP intangible $'000	Purchased water rights $'000	Total $'000
Year ended 30 June 2022						
Opening net book amount	6,647	4,500	64,593	54,473	41,159	171,372
Additions	-	-	6,621	-	-	6,621
Amortisation charge	-	-	(24,311)	(1,700)	-	(26,011)
Closing net book amount	**6,647**	**4,500**	**46,903**	**52,773**	**41,159**	**151,982**
At 30 June 2022						
Cost	6,647	4,500	289,720	70,982	41,159	413,008
Accumulated amortisation	-	-	(242,817)	(18,209)	-	(261,026)
Net book amount	**6,647**	**4,500**	**46,903**	**52,773**	**41,159**	**151,982**

*Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.

12 Intangible assets (continued)

	Easements $'000	Prescription rights $'000	Computer software* $'000	ADP intangible $'000	Purchased water rights $'000	Total $'000
Year ended 30 June 2021						
Opening net book amount	6,213	4,500	64,262	56,174	41,159	172,308
Additions	434	-	24,618	-	-	25,052
Amortisation charge	-	-	(24,287)	(1,701)	-	(25,988)
Closing net book amount	6,647	4,500	64,593	54,473	41,159	171,372
At 30 June 2021						
Cost	6,647	4,500	285,613	70,982	41,159	408,901
Accumulated amortisation	-	-	(221,020)	(16,509)	-	(237,529)
Net book amount	**6,647**	**4,500**	**64,593**	**54,473**	**41,159**	**171,372**

*Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.

12 Intangible assets (continued)

Issued water licences

The South Australian Government has issued water licences to the Corporation under 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 licenses are held by the Corporation in accordance with Department of Treasury & Finance (DTF) Accounting Policy Statement on Intangible assets.

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.

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.

12 Intangible assets (continued)

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.

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.

13 Non-current assets - Infrastructure, plant and equipment

	Work in progress Water & Sewerage*	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
Year ended 30 June 2022								
Opening net book amount	457,471	191,838	405,059	139,815	25,898	12,433,441	89,235	13,742,757
Additions***	452,326	11,111	-	105,163	7,583	254,768	2,871	833,822
Transfers	(246,061)	(105,639)	-	-	-	-	-	(351,700)
Depreciation charge	-	-	-	(6,542)	(3,566)	(297,084)	(20,053)	(327,245)
Asset write-down	(4,836)	(1,659)	-	-	-	-	-	(6,495)
Disposals	-	-	(6,523)	-	(274)	-	-	(6,797)
Revaluation surplus/(decrement)	-	(7,696)	(21,270)	(19,245)	-	(503,602)	-	(551,813)
Closing net book amount	**658,900**	**87,955**	**377,266**	**219,191**	**29,641**	**11,887,523**	**72,053**	**13,332,529**
At 30 June 2022								
Cost or fair value	658,900	87,955	377,266	225,750	68,470	21,285,405	372,909	23,076,655
Accumulated depreciation	-	-	-	(6,559)	(38,829)	(9,397,882)	(300,856)	(9,744,126)
Net book amount	**658,900**	**87,955**	**377,266**	**219,191**	**29,641**	**11,887,523**	**72,053**	**13,332,529**

*Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.
**The renewable energy asset class created in the 2020/21 financial year reflects all assets delivered as part of the Corporation's Zero- Cost Energy Future program of works.
***Additions include transfers from work in progress.

13 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
Year ended 30 June 2021								
Opening net book amount	373,667	222,331	400,375	-	23,861	12,044,408	98,485	13,163,127
Additions**	341,395	130,249	2,929	148,227	5,117	242,412	11,226	881,555
Transfers	(252,112)	(150,537)	-	-	-	-	-	(402,649)
Depreciation charge	-	-	-	(626)	(3,080)	(287,748)	(20,476)	(311,930)
Asset write-down	(5,479)	-	-	-	-	-	-	(5,479)
Disposals	-	-	(3,248)	-	-	-	-	(3,248)
Revaluation surplus/(decrement)	-	(10,205)	5,003	(7,786)	-	434,369	-	421,381
Closing net book amount	**457,471**	**191,838**	**405,059**	**139,815**	**25,898**	**12,433,441**	**89,235**	**13,742,757**
At 30 June 2021								
Cost or fair value	457,471	191,838	405,059	140,408	62,324	21,951,287	370,194	23,578,581
Accumulated depreciation	-	-	-	(593)	(36,426)	(9,517,846)	(280,959)	(9,835,824)
Net book amount	**457,471**	**191,838**	**405,059**	**139,815**	**25,898**	**12,433,441**	**89,235**	**13,742,757**

*Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.
**Additions include transfers from work in progress.

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

Infrastructure, plant and equipment
(o) *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
Revalued assets based on cost model					
Cost	52,816	253,389	8,563,062	297,600	9,166,867
Accumulated depreciation	-	(7,508)	(2,960,994)	(233,861)	(3,202,363)
At 30 June 2022 net carrying amount	52,816	245,881	5,602,068	63,739	5,964,504
Revalued assets based on cost model					
Cost	52,816	148,227	8,345,329	294,868	8,841,240
Accumulated depreciation	-	(626)	(2,783,753)	(214,659)	(2,999,038)
At 30 June 2021 net carrying amount	52,816	147,601	5,561,576	80,209	5,842,202

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 above 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.

Valuations

The Corporation has adopted the revaluation method for measuring and reporting infrastructure assets in the statement of financial position in accordance with *AASB 13 Fair Value Measurement* and *AASB 116 Property, Plant and Equipment*. Refer note 14 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 valuer was not used to complete the valuation.

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.

System infrastructure assets

Includes all the Corporations 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.

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

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

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 as well as participation in market ancillary services.

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 computing equipment, leasehold improvements and assets that do not fall into the above categories.

On initial recognition costs associated with this asset class include construction cost or purchase price, installation costs and attributable labour. These assets are subsequently revalued. Our methodology for measuring fair value is the cost approach within AASB 13 using the directors valuation to measure fair value. The Directors' valuation is performed using the Produce Price Index (PPI) or current contract rates. PPI measures changes over time in the process of new construction outputs. The PPI used is the Australian Bureau of Statistics Index Number 3101 "Road and Bridge Construction South Australia" The Corporation assess whether the carrying value is materially consistent with fair value on an annual basis and appropriately update using indexation where required.

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

Infrastructure, plant and equipment (continued)
Other property, plant and equipment (continued)

Work in progress

In the 2020/2021 financial year work in progress (WIP) was split out between the Corporation's water and sewer cash generating unit (CGU) and the renewable energy CGU. The CGU's include their respective capital projects that are currently under construction.

The Corporation's water and sewerage CGU WIP is recognised at fair value based on the cost approach at 30 June 2022.

Due to the long construction timeframe of the ZCEF program, fair value for the renewable energy CGU including the assets that remain in WIP, has been based on the income approach. Revaluation decrement for the renewable energy CGU has been apportioned to the ZCEF WIP assets to ensure all assets within the CGU reflect fair value.

13 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 cash generating unit (CGU), and whether it relates to water and sewerage(W&S) or the renewable energy assets (ZCEF).

Input	**Impact on fair value measurement**	**For 30 June 2022 (W&S CGU)**	**For 30 June 2022 (ZCEF CGU)**
Discount rate	Asset value would increase as the discount rate decreases.	Nominal post-tax Weighted Average Cost of Capital (WACC) of 4.52%.	Nominal post-tax Weighted Average Cost of Capital (WACC) of 4.97%.
Perpetual growth rate	Asset value would increase as the perpetual growth rate increases.	2.50%	N/A
CPI rate	Asset value would increase as CPI increases.	2022/23 is based on the 2022/23 State Budget Outcome approved CPI increase. 2023/24 onwards utilises a glide path to a long term rate of 2.50%	2022/23 is based on the 2022/23 State Budget Outcome approved CPI increase. 2023/24 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).	29 years (with a defined future point of 2050, in line with the cash-flow period for ZCEF)
Cash inflows:			
Service and usage revenue	Asset value would increase if future revenue increases.	Estimates of future revenues were based the SA Water Regulatory Determination 2020 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.
Cash outflows:			
Operating expenditure	Asset value would increase as operating expenditure decreases.	Operating expenditure is based on the 2022/23 State Budget Outcome and estimates of non-regulated expenditure.	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 based on the 2022/23 State Budget Outcome and estimates of non-regulated Capital expenditure.	Capital expenditure is based on final state budget forward estimates.

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

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

Sensitivity analysis (W&S)

(i) Discount rate	**Rate applied %**	**If higher +0.1%**	**If lower -0.1%**
Nominal post-tax rate	4.52%	4.62%	4.42%
Calculated fair value of infrastructure, plant and equipment ('$000)	$13,344,200	$12,652,900	$14,045,900
Resulting change ('$000)		($691,300)	$701,700

(ii) Perpetual nominal growth rate	**Rate applied %**	**If higher +0.1%**	**If lower -0.1%**
Nominal Post tax rate	2.50%	2.60%	2.40%
Calculated fair value of infrastructure, plant and equipment ('$000)	$13,344,200	$14,040,300	$12,713,900
Resulting change ('$000)		$696,100	($630,300)

(iii) Sustainable Capital Expenditure	**Value applied $**	**If higher $10.0m**	**If lower $10.0m**
Nominal post-tax value	$395.5m	$405.5m	$385.5m
Calculated fair value of infrastructure, plant and equipment ('$000)	$13,344,200	$13,035,800	$13,652,600
Resulting change ('$000)		($308,400)	$308,400

Sensitivity analysis (ZCEF)

(i) Discount rate	**Rate applied %**	**If higher +0.1%**	**If lower -0.1%**
Nominal post-tax rate	4.97%	5.07%	4.87%
Calculated fair value of renewable energy assets ('$000)	$307,300	$303,700	$310,700
Resulting change ('$000)		($3,600)	$3,400

(ii) Forecast revenue	**Valued applied $**	**If higher 10% p.a**	**If lower 10% p.a**
Nominal post-tax rate	Varying p.a.		
Calculated fair value of renewable energy assets ('$000)	$307,300	$337,000	$277,600
Resulting change ('$000)		$29,700	($29,700)

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

13 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 CGU's being the water & wastewater 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 2022, 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 wastewater 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.

14 Fair value measurements

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

- Land (note 13);
- System infrastructure assets (note 13);
- Plant and equipment (note 13);
- Other property, plant and equipment (note 13); and
- Renewable energy (note 13).

(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 non-financial assets measured and recognised at fair value at 30 June 2022.

(i) Recognised fair value measurements

30 June 2022	Notes	2022 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements					
Non- Financial Assets	13				
Land		**377,266**	-	**377,266**	-
System infrastructure assets		**11,887,523**	-	-	**11,887,523**
Renewable energy assets		**219,191**	-	-	**219,191**
Plant and equipment and other		**101,694**	-	-	**101,694**
Total non-financial assets		12,585,674	-	377,266	12,208,408
Total recurring non-financial assets		12,585,674	-	377,266	12,208,408

14 Fair value measurements (continued)

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

30 June 2021	Notes	2021 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurement					
Non-financial assets	13				
Land		**405,059**	**-**	**405,059**	**-**
System infrastructure assets		**12,433,441**	**-**	**-**	**12,433,441**
Renewable energy assets		**139,815**	**-**	**-**	**139,815**
Plant and equipment and other		**115,133**	**-**	**-**	**115,133**
Total non-financial assets		**13,093,448**	**-**	**405,059**	**12,688,389**
Total recurring non-financial assets		**13,093,448**	**-**	**405,059**	**12,688,389**

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. SA Water does not hold any trade receivables.

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 13.

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

The amounts shown as comparatives for fair value in note 14 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, any existing accumulated depreciation or amortisation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

14 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 13 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 13.

15 Non-current assets - Right-of-use asset

	Land $'000	Buildings $'000	Plant and equipment $'000	Infrastructure assets $'000	Total $'000
Year ended 30 June 2022					
Opening balance at 1 July 2021	547	68,904	5,436	96,289	171,176
Additions	-	-	2,825	-	2,825
Lease liability remeasurement	-	-	-	8,041	8,041
Depreciation	(20)	(5,741)	(3,337)	(6,051)	(15,149)
Disposals	-	-	(35)	-	(35)
Closing net book amount at 30 June 2022	527	63,163	4,889	98,279	166,858
At 30 June 2022					
Cost or fair value	587	81,951	15,185	115,998	213,721
Accumulated depreciation	(60)	(18,788)	(10,296)	(17,719)	(46,863)
Net book value	527	63,163	4,889	98,279	166,858

	Land $'000	Buildings $'000	Plant and equipment $'000	Infrastructure assets $'000	Total $'000
Year ended 30 June 2021					
Opening balance at 1 July 2020	567	78,144	5,888	102,267	186,866
Additions	-	-	3,115	-	3,115
Lease liability remeasurement	-	-	-	(147)	(147)
Derecognition		(2,903)			(2,903)
Depreciation	(20)	(6,337)	(3,482)	(5,831)	(15,670)
Disposals	-	-	(85)	-	(85)
Closing net book amount at 30 June 2021	547	68,904	5,436	96,289	171,176
At 30 June 2021					
Cost or fair value	587	81,951	12,396	107,957	202,891
Accumulated depreciation	(40)	(13,047)	(6,960)	(11,668)	(31,715)
Net book value	547	68,904	5,436	96,289	171,176

15 Non-current assets - Right-of-use asset (continued)

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 2022 there is 26 years left remaining on the lease.

A Memorandum of Administrative Arrangement has been entered inta with the Department for Infrastructure and Transport for the lease of its office accommodation in Adelaide CBD and at Berri. 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. While the right-of-use asset for the office accommodation at Berri was calculated as the amount equal to the remaining lease liability 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 the South Australian Government Financing Authority (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.

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.

In accordance with the transitional provisions of AASB 16, the Corporation was able to recognise the fair value of BOOT leased infrastructure assets recognised at 30 June 2019 as the carrying value of the right-of-use asset at 1 July 2019. After initial recognition, the Corporation was required to adopt the application of AASB 16 to measure the remaining lease liability, which included the impact of any future escalation. This resulted in an increase in the lease liability of $17.9m and a corresponding increase in the carrying value of the right-of-use asset at 30 June 2021 (refer note 22).

At 30 June 2022 the remaining lease liability has been remeasured using the indexes applicable at this date.

16 Other non-current assets

	2022 $'000	2021 $'000
Prepayments	**1,226**	1,351

17 Current liabilities - Payables

	2022 $'000	2021 $'000
Interest payable	**61,423**	61,292
Trade creditors	**110,100**	120,394
Other creditors	**14,189**	15,981
	185,712	**197,667**

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.

18 Current liabilities - Financial liabilities/borrowings

	2022 $'000	2021 $'000
Lease liabilities	**18,780**	15,744
Short term borrowings	**30,774**	29,874
	49,554	**45,618**

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.

19 Current liabilities - Tax liabilities

	2022 $'000	2021* $'000
Provision for current income tax movements during the year were as follows:		
Opening balance at 1 July	**2,454**	8,607
Income tax paid	**(29,979)**	(51,951)
Current year's income tax provision	**32,181**	44,664
Amounts (over)/under provided in prior years	**(315)**	1,134
	4,341	**2,454**

*Comparative information has been restated to reflect the change in accounting policy detailed in Note 1.

20 Current liabilities - Provisions

	2022 $'000	2021 $'000
Employee benefits	**19,957**	18,085
Asset disposal	**13,897**	16,174
Damages and claims	**606**	397
Workers compensation	**1,130**	3,023
	35,590	**37,679**

(a) Movements in provisions

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

2022 Current	**Asset disposal $'000**	**Damages and claims $'000**	**Workers compensation $'000**	**Total $'000**
Opening balance at 1 July	16,174	397	3,023	19,594
Provisions recognised	-	236	1,334	1,570
Payments made during year	(4,375)	(1,341)	(2,081)	(7,797)
Re-measurement adjustments	2,098	1,314	(1,146)	2,266
Closing balance at 30 June	**13,897**	**606**	**1,130**	**15,633**

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 expected to be paid when the liability is settled.

Asset disposal

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.

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.

20 Current liabilities - Provisions (continued)

Damages and claims (continued)

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 2022 provided by KPMG Actuarial Pty Ltd. SA Water is committed to early intervention and supportive of early return to work programs for our people.

21 Current liabilities - Other current liabilities

	2022 $'000	2021 $'000
Government grants	**10,421**	10,301
Unearned income	**7,492**	3,298
Deposits from customers	**2,906**	2,385
Contract liabilities	**6,483**	5,644
	27,302	**21,628**

22 Non-current liabilities - Financial liabilities/borrowings

	2022 $'000	2021 $'000
Lease liabilities	**113,622**	123,527
Long term borrowings	**7,159,000**	7,044,000
	7,272,622	7,167,527

The Corporation has a long term and short term borrowing facility with the South Australian Government Financing Authority (SAFA). The loans are denominated in Australian dollars and carry both fixed and floating interest rates. 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 a member of this Committee and executes debt transactions on behalf of SA Water.

22 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:

30 June 2022	Land $'000	Buildings $'000	Plant and equipment $'000	Infrastructure assets $'000	Total $'000
Opening balance at 1 July 2021	**589**	**102,596**	**5,483**	**30,603**	139,271
Interest expense	**20**	**3,390**	**55**	**3,882**	7,347
Additions	-	-	**2,825**	-	2,825
Remeasurement	-	-	-	**8,041**	8,041
Write off on disposal	-	-	**(32)**	-	(32)
Lease payments	**(21)**	**(9,154)**	**(3,421)**	**(12,454)**	(25,050)
Closing net book amount at 30 June 2022	**588**	**96,832**	**4,910**	**30,072**	**132,402**

30 June 2021	$'000	$'000	$'000	$'000	Total $'000
Opening balance at 1 July 2020	**588**	**107,926**	**5,931**	**49,822**	164,267
Interest expense	**21**	**3,561**	**89**	**4,431**	8,102
Additions	-	-	**3,115**	-	3,115
Remeasurement	-	-	-	**(147)**	(147)
Write off on disposal	-	-	**(89)**	-	(89)
Lease payments	**(20)**	**(8,891)**	**(3,563)**	**(23,503)**	(35,977)
Closing net book amount at 30 June 2021	**589**	**102,596**	**5,483**	**30,603**	**139,271**

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 rote less any lease incentives.

23 Non-current liabilities - Deferred tax liabilities

	2022 $'000	2021 $'000
The balance comprises temporary differences attributable to:		
Prepayments	**1,725**	1,691
Lease incentive asset	**84**	84
Infrastructure, plant and equipment	**(86,464)**	(73,631)
Right-of-use asset	**(12,111)**	(8,514)
Finance lease receivable	**(248)**	356
	(97,014)	**(80,014)**
Amounts recognised directly in equity		
Revaluation of infrastructure, plant and equipment	**1,356,461**	1,506,952
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	**6,666**	4,254
Lease incentive asset	**(84)**	(84)
	1,391,813	**1,539,892**
Recognition of new leases	**2,798**	1,950
Amounts over provided in prior years	**(875)**	(1,134)
	1,923	**816**
Total deferred tax liabilities	**1,296,722**	**1,460,694**

	2022 $'000	2021 $'000
Movements:		
Opening balance	**1,460,694**	1,343,275
Credited to the Statement of Comprehensive Income (note 7)	**(17,000)**	(12,583)
Charged to equity (note 29(a) & 29(b))	**(148,080)**	130,202
Recognition of new leases - AASB 16	**848**	934
Amounts under/(over) provided in prior years	**260**	(1,134)
Closing balance at 30 June	**1,296,722**	**1,460,694**
Deferred tax liabilities to be settled within 12 months	**2,358**	2,294
Deferred tax liabilities expected to be settled after more than 12 months	**1,294,364**	1,458,400
	1,296,722	**1,460,694**

24 Non-current liabilities - Provisions

	2022 $'000	2021 $'000
Employee benefits	27,091	28,483
Workers compensation	2,763	2,967
Asset disposal	3,150	3,150
Lease make good	1,647	1,647
	34,651	36,247

(a) *Movements in provisions*

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

2022 Non-current	Workers compensation $'000	Asset disposal $'000	Lease make good $'000	Total $'000
Opening balance at 1 July	2,967	3,150	1,647	7,764
Re-measurement adjustments	(204)	-	-	(204)
Closing balance at 30 June	**2,763**	**3,150**	**1,647**	**7,560**

Employee benefits

Liabilities that are not expected to be settled within 12 months are 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, the estimated future cash flows. The related on costs have been recognised in the statement of financial position as payables.

The Corporation's long service leave liability for 30 June 2022 was valued by KPMG Actuarial 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.

25 Non-current liabilities - Other non-current liabilities

	2022 $'000	2021 $'000
Contract liabilities for Government grants	**323,781**	333,052
Unearned income*	**1,894**	1,900
	325,675	**334,952**

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

26 Reconciliation of cash

	2022 $'000	2021 $'000
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 and cash equivalents	**7,176**	3,870

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.

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

	2022 $'000	2021 $'000
Net profit for the year	**36,313**	68,949
Add/(less) non-cash items:		
Depreciation and amortisation	**368,405**	353,588
Amortisation of government grant revenue from liabilities	**(10,676)**	(9,896)
Gifted assets	**(25,522)**	(32,489)
Net (gain) on disposal of infrastructure, plant and equipment	**(5,008)**	(6,617)
Net (gain) on disposal of temporary water allocations	**-**	(1,616)
Infrastructure, plant and equipment revaluation decrement reversal	**(2,122)**	(323)
Infrastructure, plant and equipment revaluation decrement	**27,550**	18,021
Write-off in value of infrastructure, plant and equipment and capital WIP	**6,495**	5,479
Gain on derecognition of right-of-use-assets	**-**	(407)
Change in assets and liabilities:		
Decrease in receivables	**8,182**	31,791
(Increase) in prepayments	**(2,833)**	(223)
(Increase) in inventories	**(121)**	(1,051)
(Increase)/decrease in other operating assets	**(1,173)**	86
(Increase) in deferred tax assets	**(3,384)**	(8,288)
(Decrease)/increase in trade creditors	**(10,722)**	7,089
Increase/(decrease) in provision for employee benefits	**480**	(999)
(Decrease)/increase in provision for workers compensation	**(2,097)**	1,137
Increase in other operating liabilities	**3,718**	15,778
Increase in government grants	**1,767**	1,359
(Decrease)/increase in other provisions	**(2,068)**	16,080
(Decrease) in deferred tax liabilities	**(17,000)**	(12,583)
Increase/(decrease) in income tax payable	**2,148**	(7,288)
Net cash inflow from operating activities	**372,332**	**437,577**

28 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 2022 and 30 June 2021 were as follows:

	2022 $'000	2021 $'000
Interest bearing borrowings (note 18, 22)	**7,322,176**	7,213,145
Less: cash and cash equivalents (note 26)	**(7,176)**	(3,870)
Net debt	**7,315,000**	7,209,275
Total assets	**13,966,107**	**14,396,488**
Gearing ratio	52.4%	50.0%

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 2022 or the year ended 30 June 2021, in recognition that SA Water 's debt/asset gearing ratio was maintained above the predetermined minimum gearing target of 45%.

29 Asset revaluation surplus and retained earnings

(a) *Asset revaluation surplus*

	2022 $'000	2021 $'000
Revaluation surplus - infrastructure, plant and equipment	**4,207,847**	4,597,921
	4,207,847	**4,597,921**

Movements:

Infrastructure, plant and equipment revaluation surplus		
Opening balance at 1 July	**4,597,921**	4,299,115
Revaluation of infrastructure, plant and equipment*	**(526,385)**	439,079
Movements in deferred tax liability (note 23)	**150,492**	(130,246)
Transfer to retained profits on disposal	**(14,244)**	(10,027)
Movements in deferred tax assets (note 11)	**63**	-
Closing balance at 30 June	**4,207,847**	**4,597,921**

*The 2021/22 revaluation decrease (3%) 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 2020/21 revaluation increase (3%) 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	**267,203**	270,276
Profit for the year	**36,313**	68,949
Dividends (note 33)	**(29,882)**	(82,093)
Transfers from asset revaluation surplus	**14,244**	10,027
Movement in deferred tax liability (note 23)	**(2,412)**	44
Closing balance at 30 June	**285,466**	**267,203**

(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.

30 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:

	2022 $'000	2021 $'000
Within one year	**165,406**	114,051
Later than one year but not later than five years	**3,317**	21,798
Later than five years	**-**	7,253
	168,723	**143,102**

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

(b) *Other expenditure commitments*

	2022 $'000	2021 $'000
Future other expenditure commitments not provided for in the financial statements are committed as follows:		
Within one year	**207,866**	170,249
Later than one year but not later than five years	**476,216**	522,807
Later than five years	**596,020**	622,777
	1,280,102	**1,315,833**

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*

At balance date there were no other known contingent assets or liabilities.

31 Joint Operation

Jointly controlled operations

The Corporation holds an interest of 50% in the output of the Jointly controlled operation named SA Water/Lofty Ranges Power - Jointly controlled operation whose principal activity is the generation of electricity from the use of water energy stored in and by the Corporation's infrastructure at Hope Valley.

The Corporation's jointly controlled operation is brought to account by including its proportionate share of the operation's assets, liabilities, expenses and revenues on a line by line basis.

The jointly controlled operation between SA Water and Lofty Ranges Power will conclude on 24 July 2022. At the time the financial statements were authorised for issue the Corporation is in discussion with Lofty Ranges Power to acquire the operations outright for an amount of $1.26m. These discussions are on going however it is expected that this transaction will be finalised in the next 12 month period. The transaction will not have a material impact on the financial statements as a whole.

Included in the assets and liabilities of the Corporation are the following items which represent the Corporation's interest in the assets and liabilities employed in the Jointly controlled operation, recorded under the following classifications:

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	**23**	34
Receivables	**-**	10
Total current assets	**23**	**44**
Non-current assets		
Infrastructure, plant and equipment	**1,320**	1,382
Total assets	**1,343**	**1,426**
Current liabilities		
Payables	**3**	32
Total liabilities	**3**	**32**
Net assets	**1,340**	**1,394**

32 Remuneration of auditors

	2022 $'000	2021 $'000
Audit fees paid/payable:		
SA Water annual Public Finance and Audit Act audit	**473**	486
SA Water Regulatory financial statements audit*	**12**	12
Total	**485**	**498**

* 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 'Agreed Upon Procedures Report' has been determined to be the appropriate audit assurance to SA Water's Board and Management.

33 Dividends

	2022 $'000	2021 $'000
Dividend paid	**29,882**	82,093
	29,882	**82,093**

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 2021 and the year ended 30 June 2022, in recognition that SA Water 's debt/asset gearing ratio was maintained above the predetermined minimum gearing target of 45% (refer to note 28).

34 Remuneration of employees

	Current employees 2022	**Ex-Employees 2022**	Current employees 2021	Ex-Employees 2021
The number of employees whose remuneration paid and payables falls within the following bands is:				
$154,001 - 157,000*	-	-	13	1
$157,001 - 177,000	75	7	56	1
$177,001 - 197,000	33	1	32	2
$197,001 - 217,000	9	1	8	1
$217,001 - 237,000	10	1	6	2
$237,001 - 257,000	3	-	3	1
$257,001 - 277,000	2	-	2	-
$277,001 - 297,000	1	-	1	-
$297,001 - 317,000	1	1	1	1
$317,001 - 337,000	-	1	-	-
$337,001 - 357,000	-	-	1	1
$377,001 - 397,000	-	-	-	1
$397,001 - 417,000	1	-	2	1
$417,001 - 437,000	2	-	1	-
$437,001 - 457,000	2	-	-	-
$537,001 - 557,000	-	-	1	-
$617,001 - 637,000	1	-	-	-
Total	**140**	**12**	**127**	**12**

*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration for 2020-21.

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 $29.8m (2021: $27.3m).

	2022 $'000	2021 $'000
Targeted voluntary separation packages (TVSPs)		
Amount paid during the reporting period to separated employees:		
TVSPs	**49**	706
Annual leave and long service leave paid to those employees	**33**	372
Net cost to SA Water	**82**	**1,078**

The number of employees who received TVSPs during the reporting period was 1 (2021: 5).

35 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 34 and 36.

35 Remuneration of directors (continued)

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

	2022 Number of directors	2021 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:		
$20,000 - $39,999	**1**	1
$40,000 - $59,999	**4**	4
$80,000 - $99,999	**1**	1
	6	6

The total remuneration paid and payable for those directors was $0.31m (2021: $0.31m) which includes superannuation contributions.

36 Related party disclosures

(a) Directors

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

Mr A.V Fletcher AO; Mr J.J Bastian AM; Ms S.M Filby; Ms J.M.H Finlay; Mr C.J Ford, Ms F.A Hele; and Mr D.A Ryan.

Mr Fletcher ceased his position as Chair of the Board on 30 June 2022. He is a non-executive director of Justin Pty Ltd and associated companies, director/shareholder of Andrew Fletcher and Associates Pty Ltd and associated companies, and the chair of QuantX Labs Pty Ltd (formerly Cryoclock Pty Ltd).

Mr Bastian is the chair of Techgrow Agriculture, syndicate chair of the CEO Institute, owner and irrigation customer of SA Water for Bastian's Block - Clare Valley Vineyard and a member of the Women's and Children's Local Health Network Board.

Ms Filby is a facilitator for Behind Closed Doors. Ms Filby ceased her position as a volunteer at Calvary Health Care in March 2022.

Ms Finlay is a director of Leveque Consulting Pty Ltd and associated entities, member of the Libraries Board SA, member of the University of Adelaide Council, commissioner of the South Australian National Football League Inc, board member of Helping Hand Aged Care Inc and director of Adelaide Oval Stadium Management Authority Limited. In December 2021, Ms Finlay ceased her position as director with St John Ambulance Australia SA Incorporated.

Ms Hele is a director and shareholder of the Sealink Travel Group, director for Celsus Securitisation Pty Ltd, board member of the Adelaide Venue Management Corporation, director and shareholder of Hele Investments Pty Ltd.

Mr Ford is a senior executive with the SA Power Networks and Enerven.

Mr Ryan holds the position of Chief Executive and director of the Corporation. He is currently a director of the Water Services Association of Australia.

36 Related party disclosures (continued)

(b) Key management personnel

Key management personnel compensation for the years ended 30 June 2022 and 2021 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 Climate, Environment and Water is 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 Minister 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
2022*	**18**	**3,393**	**257**	**79**	**-**	**3,729**
2021*	**17**	**3,218**	**250**	**75**	**66**	**3,609**

*Both 2022 and 2021 include an overlap of the senior leadership team members.

Due to the additional disclosures on related party transactions with key management personnel as required by Department of Treasury and Finance, from 1 July 2016 the value of leave liabilities accrued are no longer included as part of compensation - leave is recognised as it is paid.