South Australian Water Corporation

Financial report
for the year ended
30 June 2018

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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To the Chair
South Australian Water Corporation

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* section 32(4) of the *Public Corporations Act 1993*, I have audited the financial report of the South Australian Water Corporation for the financial year ended 30 June 2018.

Opinion

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 2018, its financial performance and its cash flows for the year then ended in accordance with the 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 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chair, the Chief Executive and the General Manager Business Services.

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 the South Australian Water Corporation. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

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

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

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

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the entity is to be liquidated or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial report

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

- 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 entity'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

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Andrew Richardson
Auditor-General
21 September 2018

South Australian Water Corporation
Annual Financial Statements
for the year ended 30 June 2018

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.

Roch Cheroux
Chief Executive

Jamie Hollamby
GM Business Services

Andrew Fletcher
Chair

Date 14TH SEPTEMBER 2018

South Australian Water Corporation
Statement of comprehensive income
For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Income			
Revenue from ordinary activities	5	**1,474,497**	1,361,773
Other income	6	**22,499**	7,758
Total income		**1,496,996**	1,369,531
Expenses			
Depreciation and amortisation expense	7	**(356,774)**	(327,013)
Borrowing costs	7	**(329,500)**	(336,634)
Electricity expense		**(62,063)**	(43,125)
Services and supplies		**(234,742)**	(161,587)
Operational and service contracts		**(184,920)**	(184,982)
Employee benefits expense		**(127,433)**	(127,664)
Total expenses		**(1,295,432)**	(1,181,005)
Profit before income tax equivalents		**201,564**	188,526
Income tax expense	8	**(58,357)**	(54,171)
Profit after income tax equivalents		**143,207**	134,355
Other comprehensive income			
Items that will not be reclassified to net result			
Gain on revaluation of infrastructure, plant and equipment assets	29(a)	**99,920**	89,871
Revaluation of available-for-sale financial assets		**-**	4,609
Income tax relating to components of other comprehensive income	8(c)	**(27,390)**	(26,461)
Other comprehensive income for the year, net of tax		**72,530**	68,019
Total comprehensive result		**215,737**	202,374
Total comprehensive result for the year is attributable to:			
The SA Government as owner		**215,737**	202,374

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 2018

	Notes	2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	26	**3,966**	2,450
Receivables	9	**203,138**	218,558
Inventories	10	**9,118**	8,412
Other financial assets	11	**21**	874
Tax receivables	19	**-**	5,659
Other current assets	12	**20,469**	12,611
Total current assets		**236,712**	248,564
Non-current assets			
Available-for-sale financial assets	13	**-**	35,170
Deferred tax assets	14	**40,169**	45,460
Intangible assets	15	**151,094**	179,618
Infrastructure, plant and equipment	16	**13,888,709**	13,685,909
Other non-current assets		**280**	-
Total non-current assets		**14,080,252**	13,946,157
Total assets		**14,316,964**	14,194,721
LIABILITIES			
Current liabilities			
Payables	17	**210,294**	203,769
Financial liabilities/borrowings	18	**39,118**	39,235
Tax liabilities	19	**10,167**	-
Provisions	20	**17,027**	16,737
Other current liabilities	21	**15,913**	33,277
Total current liabilities		**292,519**	293,018
Non-current liabilities			
Payables		**2,304**	2,296
Financial liabilities/borrowings	22	**6,462,021**	6,406,165
Deferred tax liabilities	23	**1,662,569**	1,673,790
Provisions	24	**29,469**	29,790
Other non-current liabilities	25	**361,466**	370,871
Total non-current liabilities		**8,517,829**	8,482,912
Total liabilities		**8,810,348**	8,775,930
Net assets		**5,506,616**	5,418,791
EQUITY			
Contributed equity		**185,110**	173,610
Asset revaluation surplus	29(a)	**5,049,757**	4,989,256
Retained earnings	29(b)	**271,749**	255,925
Total equity		**5,506,616**	5,418,791

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

South Australian Water Corporation
Statement of changes in equity
For the year ended 30 June 2018

	Notes	Contributed equity $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2017		173,610	4,989,256	255,925	5,418,791
Profit for the year		-	-	143,207	143,207
Gain on revaluation on infrastructure, plant and equipment assets	29	-	99,920	-	99,920
Transfer to retained profits on disposal	29	-	(12,029)	-	(12,029)
Transfer from asset revaluation surplus	29	-	-	12,029	12,029
Income tax relating to components of other comprehensive income	8(c)	-	(27,390)	-	(27,390)
Total comprehensive result for the period		**-**	**60,501**	**155,236**	**215,737**
Transactions with the SA Government in their capacity as owners:					
Contributions of equity*		11,500	-	-	11,500
Dividends provided for or paid	33	-	-	(139,412)	(139,412)
		11,500	-	(139,412)	(127,912)
Balance at 30 June 2018		**185,110**	**5,049,757**	**271,749**	**5,506,616**

	Notes	Contributed equity $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2016		173,610	4,923,535	312,309	5,409,454
Profit for the year		-	-	134,355	134,355
Gain on revaluation on infrastructure, plant and equipment assets	29	-	89,871	-	89,871
Revaluation of available-for-sale financial assets	29	-	4,609	-	4,609
Transfer to retained profits on disposal	29	-	(2,298)	-	(2,298)
Transfer from asset revaluation surplus	29	-	-	2,298	2,298
Income tax relating to components of other comprehensive income	8(c)	-	(26,461)	-	(26,461)
Total comprehensive result for the period		**-**	**65,721**	**136,653**	**202,374**
Transactions with the SA Government in their capacity as owners:					
Dividends provided for or paid	33	-	-	(193,037)	(193,037)
Balance at 30 June 2017		**173,610**	**4,989,256**	**255,925**	**5,418,791**

* In 2017/18, SA Water received $11.5m from the SA Government, to partially fund the Northern Adelaide Irrigation Scheme (NAIS) project, after completing the first milestone of the NAIS project. In accordance with Interpretation 1038 Contributions by Owners made to Wholly-Owned Public Sector Entities, this has been recognised as contributed equity.

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

South Australian Water Corporation
Statement of cash flows
For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		**1,372,647**	1,239,778
Payments to suppliers and employees		**(632,411)**	(586,674)
Interest received		**55**	88
Receipts from community service obligations		**144,193**	130,780
Receipts from contributions		**10,826**	8,368
Receipts from government grants		**155**	45
Borrowing costs paid		**(333,100)**	(313,500)
Income tax equivalents paid		**(75,851)**	(83,493)
Net cash inflow from operating activities	27	**486,514**	395,392
Cash flows from investing activities			
Payments for construction and purchase of infrastructure, plant and equipment		**(406,263)**	(280,926)
Payments for intangible assets		**(31,658)**	(19,263)
Proceeds from sale of intangible assets		**3,304**	1,546
Proceeds from sale of infrastructure, plant and equipment		**297**	675
Proceeds from sale of renewable energy certificates		**21,495**	8,319
Net cash (outflow) from investing activities		**(412,825)**	(289,649)
Cash flows from financing activities			
Proceeds from borrowings		**867,500**	1,011,900
Repayment of borrowings		**(801,800)**	(916,500)
Proceeds from equity contributions		**11,500**	-
Dividends paid	33	**(139,412)**	(193,037)
Repayments of finance lease liability		**(9,961)**	(8,904)
Net cash (outflow) from financing activities		**(72,173)**	(106,541)
Net increase/(decrease) in cash and cash equivalents		**1,516**	(798)
Cash and cash equivalents at the beginning of the financial year		**2,450**	3,248
Cash and cash equivalents at end of period	26	**3,966**	2,450

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*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of *the Public Finance and Audit Act 1987*.

The Corporation has applied Australian Accounting Standards that are applicable to for profit entities, as the Corporation is a for profit entity.

(a) *Basis of preparation*

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards 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.

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, available-for-sale financial assets, derivative financial instruments and renewable energy certificates which are measured on a fair value basis in accordance with the valuation policy applicable.

The financial statements have been prepared based on a twelve month period and presented in Australian dollars.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented.

The financial statements are authorised for issue by the Board.

Change in accounting policy

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

1 Summary of significant accounting policies (continued)

(a) *Basis of preparation (continued)*

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.

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:

1 Summary of significant accounting policies (continued)

(b) *Taxes (continued)*

Goods and services tax (continued)

- 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.

1 Summary of significant accounting policies (continued)

(c) *New accounting standards and interpretations*

The Corporation did not voluntarily change any of its accounting policies during 2017-2018.

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 2018.

AASB 16 Leases will apply for the first time to the 30 June 2020 financial report. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases. The standard will require SA Water to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. The income statement (statement of profit or loss and other comprehensive income) will show the lease expense as depreciation (relating to the Right of Use asset) and interest relating to the lease liability rather than rent expense being shown as an operating expense. The finance charge will be recognised as an expense. SA Water has commenced its identification of leases that will need to be recognised however this will not be finalised till mid 2018/19. The leases that have been identified include accommodation and motor vehicles.

AASB 15 Revenue from Contracts with Customers will replace the existing *AASB 118 Revenue* and will apply for the first time to the 30 June 2019 financial report. *AASB 15 Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than under the existing model of 'where the risk and rewards of ownership reside'. The Corporation has completed its assessment of the impact of this standard and the result is that there will be nil impact on the amount and timing of when revenue is recognised.

The revised *AASB 9 Financial Instruments* will apply for the first time to the 30 June 2019 financial report. This provides the principles for the classification, measurement, recognition, de-recognition and disclosures associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model which will recognise impairment losses earlier as opposed to the current approach that recognises impairment losses only when incurred. The Corporation has reviewed the profit and loss impact of this accounting standard, and the impact of this is an estimated increase in allowance for doubtful debts of approximately $2m.

AASB 1059 Service Concession Arrangements: Grantors will apply for the first time to the 30 June 2020 financial report. This standard will be applicable to public-private partnerships (PPPs) which involve the private sector (the operator) providing public services related to a service concession arrangement on behalf of the public sector (the grantor) and the operator managing at least some of those services under its own discretion rather than at the direction of the grantor. The two most common PPPs used by government for service concession arrangements are the availability and user pay structures. The availability structure type of arrangement is currently recognised as a finance lease asset and finance lease liability once the asset is constructed and becomes available for use. The Corporation has completed its assessment of the impact of this standard and the result is that the existing finance lease assets of $98m for water and sewer infrastructure will be reclassified from leased water and sewer infrastructure assets to water and sewer service concession assets.

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 *AASB139 Financial Instrument Recognition and Measurement,* and disclosed as unrecognised fixed rate loan commitments. Refer note 2(c).

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. The permissible duration range is 2.1-4.9 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 2018 it has been assumed that a reasonable possible shift in interest rates over the next reporting period could be 0.5% upwards and 0.5% downwards.

		Interest rate risk			
		-0.5%		**+0.5%**	
30 June 2018	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	3,966	(14)	(14)	14	14
Financial liabilities					
Short term borrowings	(27,974)	98	98	(98)	(98)
Total increase/(decrease)		84	84	(84)	(84)

		Interest rate risk			
		-0.5%		**+0.5%**	
30 June 2017	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents	2,450	(9)	(9)	9	9
Financial liabilities					
Short term borrowings	(29,274)	102	102	(102)	(102)
Total increase/(decrease)		93	93	(93)	(93)

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.

Energy portfolio management activities to mitigate the associated financial risk include 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 have been exceeded, to manage its exposure to electricity spot prices on energy purchases.

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

For 2016/17, it has been assumed that a reasonable possible change in the relevant forward prices for wholesale electricity prices over the next reporting period could be 10% upwards and 10% downwards. Sensitivity of 10% is based on industry standards and historical volatilities in the electricity pool prices. At 30 June 2018 sensitivity analysis was not applicable as the accounting value of electricity derivative was not subject to any market movements.

		Electricity price risk			
		-10%		+10%	
30 June 2018	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Derivative financial instruments (electricity)	21	-	-	-	-
Total increase/(decrease)		-	-	-	-

		Electricity Price Risk			
		-10%		+10%	
30 June 2017	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Derivative financial instruments (electricity)	874	19	19	(19)	(19)
Total increase/(decrease)		19	19	(19)	(19)

(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 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.

2 Financial risk management (continued)

(b) *Credit risk (continued)*

Under the Water Industry Act 2012, 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. 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.

At 30 June 2018	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*	122,456	-	-	-	122,456
Fixed rate borrowings	968,606	1,988,898	1,057,815	3,412,888	7,428,207
Floating rate borrowings	27,949	-	-	-	27,949
Unrecognised fixed rate loan commitments**	8,549	18,815	56,400	494,030	577,794
Finance lease liabilities	23,266	23,266	50,976	11,076	108,584
Total non-derivatives	1,150,826	2,030,979	1,165,191	3,917,994	8,264,990

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 2017					
Non-derivatives					
Non-interest bearing liabilities*	105,170	-	-	-	105,170
Fixed rate borrowings	507,153	1,050,070	2,775,638	2,504,424	6,837,285
Floating rate borrowings	29,253	-	-	-	29,253
Unrecognised fixed rate loan commitments**	20,147	40,402	121,241	1,058,298	1,240,088
Finance lease liabilities	22,981	22,981	56,208	27,969	130,139
Total non-derivatives	684,704	1,113,453	2,953,087	3,590,691	8,341,935

* Non-interest bearing liabilities disclosed are financial liabilities at cost and exclude amounts relating to statutory payables such as tax equivalents and commonwealth tax.

** The principal component relating to FSLs 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 FSLs will mature.

2 Financial risk management (continued)

(d) *Fair value measurements*

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

(i) Fair value of financial liabilities

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

A reliable estimate of the fair value for finance leases cannot be determined due to the unique nature of the leasing arrangements. Refer note 18(b).

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

	2018		2017	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Long term borrowings	**6,413,000**	**6,575,893**	6,346,000	6,552,020

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

(ii) Fair value of financial assets

The Corporation no longer holds investments in unlisted class B shares as the underlying assets were transferred to infrastructure assets with a transfer date of 1 January 2018. These assets were measured at fair value which were estimated using the depreciated replacement cost based on the modern equivalent model that is consistent with SA Water's valuation methodology.

The carrying amounts and fair values of available-for-sale financial instruments at balance date are:

	2018		2017	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Unlisted shares	**-**	**-**	35,170	35,170

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

3 Fair value measurements

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

- Financial assets (note 11);
- Available-for-sale financial assets (note 13);
- Land and buildings (note 16);
- Leased water and sewer infrastructure (note 16);
- Water infrastructure (note 16);
- Sewer infrastructure (note 16);
- Plant and equipment (note 16); and
- Other property, plant and equipment (note 16).

(a) *Fair value measurements*

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

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

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Corporation's financial and non-financial assets measured and recognised at fair value at 30 June 2018.

(i) Recognised fair value measurements

30 June 2018	2018 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements				
Financial assets				
Electricity derivatives	21	21	-	-
Total financial assets	**21**	**21**	**-**	**-**
Non-financial assets				
Buildings	23,154	-	-	23,154
Land	375,508	-	375,508	-
Water infrastructure	8,719,434	-	-	8,719,434
Sewer infrastructure	4,243,714	-	-	4,243,714
Plant and equipment and other	127,151	-	-	127,151
Total non-financial assets	**13,488,961**	**-**	**375,508**	**13,113,453**
Total recurring financial and non-financial assets	**13,488,982**	**21**	**375,508**	**13,113,453**

3 Fair value measurements (continued)

(a) *Fair value measurements (continued)*

(i) Recognised fair value measurements (continued)

30 June 2017	2017 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurements				
Financial assets				
Electricity derivatives	874	874	-	-
Unlisted shares	35,170	-	-	35,170
Total financial assets	36,044	874	-	35,170
Non-financial assets				
Buildings	23,848	-	-	23,848
Land	367,996	-	367,996	-
Water infrastructure	8,709,210	-	-	8,709,210
Sewer infrastructure	4,102,385	-	-	4,102,385
Plant and equipment and other	119,313	-	-	119,313
Total non-financial assets	13,322,752	-	367,996	12,954,756
Total recurring financial and non-financial assets	13,358,796	874	367,996	12,989,926

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 non-current receivables.

The fair value of financial instruments that make up the long term borrowings disclosed in note 2d(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 16.

Although unobservable inputs were used in determining fair value, and are subjective, the Corporation considers that the overall valuation would not be materially affected by changes to the existing assumptions. There were no changes in valuation techniques during the reporting period.

(ii) Non-recurring fair value measurements

SA Water has no non-recurring fair value measurements.

3 Fair value measurements (continued)

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

(ii) Non-recurring fair value measurements (continued)

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

The following tables are reconciliations of fair value measurements for recurring fair value measurements using significant unobservable inputs (level 3):

	Buildings $'000	Water Infrastructure $'000	Sewer Infrastructure $'000	Plant and Equipment and Other $'000	Available-for-Sale Financial Assets $'000	Total $'000
Opening balance at 1 July 2017	23,848	8,709,210	4,102,385	119,313	35,170	12,989,926
Acquisitions	2,208	210,390	152,934	28,751	-	394,283
Transfers	-	-	35,170	-	(35,170)	-
Disposals	-	-	-	(36)	-	(36)
Total gain (losses) for the period in the net result:						
Asset write-off	-	(15,352)	(10,849)	-	-	(26,201)
Depreciation	(3,679)	(216,473)	(91,538)	(24,092)	-	(335,782)
	(3,679)	(231,825)	(102,387)	(24,092)	-	(361,983)
Total gain (losses) for the period in other comprehensive income:						
Revaluation increment/ (decrement)	777	31,659	55,612	3,215	-	91,263
	777	31,659	55,612	3,215	-	91,263
Closing balance 30 June 2018	**23,154**	**8,719,434**	**4,243,714**	**127,151**	**-**	**13,113,453**

3 Fair value measurements (continued)

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

	Buildings $'000	Water Infrastructure $'000	Sewer Infrastructure $'000	Plant and Equipment and Other $'000	Available-for-Sale Financial Assets $'000	Total $'000
Opening balance at 1 July 2016	20,883	8,704,568	3,985,921	110,566	30,561	12,852,499
Acquisitions	5,457	185,079	151,860	27,813	-	370,209
Disposals	-	-	-	(487)	-	(487)
Total gain (losses) for the period in the net result:						
Asset write-off	-	(5,548)	(5,368)	-	-	(10,916)
Depreciation	(2,819)	(198,517)	(88,362)	(19,992)	-	(309,690)
	(2,819)	(204,065)	(93,730)	(19,992)	-	(320,606)
Total gain (losses) for the period in other comprehensive income:						
Revaluation increment/ (decrement)	327	23,628	58,334	1,413	4,609	88,311
	327	23,628	58,334	1,413	4,609	88,311
Closing balance 30 June 2017	**23,848**	**8,709,210**	**4,102,385**	**119,313**	**35,170**	**12,989,926**

(i) Valuation inputs and relationships to fair value

Refer note 16 for information relating to unobservable inputs and valuation processes.

4 Critical 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:

- Unbilled revenue (refer note 5);
- Contributed assets (refer note 5);
- Impairment of assets (refer note 16);
- Valuation and useful lives of assets (refer note 16, 7);
- Provision for long service leave (refer note 24); and
- Provision for workers compensation (refer note 24).

5 Revenue from ordinary activities

	2018 $'000	2017 $'000
Community service obligations	**144,788**	136,092
Water and sewer rates and charges	**1,165,734**	1,075,714
Recoverable works	**55,368**	49,191
Fees and charges	**48,290**	41,988
Miscellaneous	**119**	236
Amortisation of government grant revenue	**9,466**	9,352
Contributed assets	**49,154**	47,701
Rents	**1,515**	1,464
Interest	**63**	35
	1,474,497	1,361,773

Water and sewer rates and charges

Revenue from water usage is based on water consumed throughout the year by customers. The annual water and sewer rates charges for a financial year are earned and billed during that financial year.

SA Water sets its annual water and sewer prices in line with the revenue caps for water and sewer services set by the Essential Services Commission of South Australia's (ESCOSA's) Final Price Determination.

SA Water accrues the consumption and associated revenue that is calculated to have been consumed throughout the year. The underlying revenue recognition principle is to recognise revenue in the period it is earned, rather than billed. The calculation is based on state-wide water supplied, customer billing information, and an assessment of non-revenue water (non-revenue water includes water produced and then lost or unaccounted for, such as evaporation, firefighting and leaks).

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 sewer services (due to the requirement for state wide pricing) and the provision of water and sewer concessions to certain properties e.g. charities, churches, public schools and remote communities.

The CSO revenue is recognised as the services are provided.

Contributed assets

Contributed assets principally arise from:

(i) Customers who make a contribution where a service or connection has been requested which requires construction of a new main; and

(ii) Developers who make contributions where either:

a) 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 ; or

b) the Corporation constructs the infrastructure at the developer's request.

5 Revenue from ordinary activities (continued)

Contributed assets (continued)

Contributed assets that are constructed by developers and gifted to SA Water for nil value, are recognised as contributed asset revenue when the ownership of the constructed assets is transferred to SA Water.

Cash contributions received by SA Water to construct assets for customers are recognised as unearned revenue upon receipt. Revenue is subsequently recognised as earned when the constructed assets are practically completed.

Recoverable works

Revenue derived from the provision of services to external parties is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured.

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.

6 Other income

	2018 $'000	2017 $'000
Net gain on disposal of infrastructure, plant and equipment	**262**	75
Net gain on disposal of temporary water allocations	**3,256**	1,523
Reversal of prior year infrastructure, plant and equipment revaluation decrement	**651**	253
Net gain on disposal of renewable energy certificates	**18,330**	5,907
	22,499	7,758

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.

7 Expenses

	2018 '000	2017 '000
Profit before income tax includes the following specific expenses:		
Depreciation (note 16)		
Buildings	**3,679**	2,819
Plant and equipment	**2,486**	2,476
Other	**21,606**	17,516
Infrastructure assets - sewer	**91,538**	88,362
Infrastructure assets - water	**216,473**	198,517
Amortisation (note 15)		
Computer software	**19,292**	15,623
ADP intangible	**1,700**	1,700
Total depreciation and amortisation	**356,774**	327,013

Borrowing costs		
Interest paid/payable on short term and long term borrowings	**321,877**	327,954
Finance charges on capitalised leases	**7,623**	8,680
Total borrowing costs	**329,500**	336,634

Net loss from electricity derivatives at fair value through profit and loss	**1,110**	72
Finance lease contingent rentals	**5,500**	5,235
Operating lease minimum lease payments	**12,856**	12,064
Net bad and doubtful debts (recovery)/expense including movements in allowance for doubtful debts	**2,411**	(5,742)
Infrastructure, plant and equipment revaluation decrement	**1,818**	3
Write-off in value of infrastructure, plant, equipment, and capital WIP	**31,841**	14,322
Write-off in value of purchased seasonal water allocations	**37,959**	-

Consultancy costs		
Less than $10,000 (Number 2018: 6; 2017: 2)	**31**	7
Between $10,000 and $50,000 (Number 2018: 8; 2017: 8)	**168**	247
Greater than $50,000 (Number 2018: 3; 2017: 1)	**266**	276
	465	530

Superannuation contribution	**17,415**	17,788

7 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

Infrastructure, buildings, 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
- Water and sewer leased assets	20 - 50 years
- Buildings	50 years
- Other	2 - 50 years
- Plant and equipment	3 - 15 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 *Accounting Policy Framework (APF) II General Purpose Financial Statements Framework* 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.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement in order to reflect the risks and benefits incidental to ownership.

Operating leases

Minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are recognised as an expense in the Statement of Comprehensive Income. Equal payments are made over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Finance leases

Leases for infrastructure assets, where substantially all the risks and benefits incidental to ownership of the asset but not the legal ownership are assumed by the Corporation, are classified as finance leases (refer note 18, 22). Finance leases are capitalised and depreciated over the useful life of the asset in accordance with *AASB 117 Leases*.

7 Expenses (continued)

Finance leases (continued)

The Corporation has previously entered into Build Own Operate Transfer (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.

BOOT agreements have been classified as finance leases, with a lease asset and lease liability being recognised upon commissioning of the underlying asset. The lease asset is brought to account at the fair value of the underlying assets constructed. The equivalent liability is recognised at the present value of the future availability charges. These have been determined at the inception of the lease and do not take account of any future estimated escalation.

Variation between the availability charges determined at the inception of the lease and the actual availability charges are brought to account as contingent rentals in accordance with AASB 117. Availability charges are allocated between interest expense and a reduction in the lease liability, with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Comprehensive Income.

8 Income tax expense

(a) *Income tax expense*

	2018 $'000	2017 $'000
Current tax	**91,675**	68,313
Deferred tax	**(33,320)**	(13,880)
Amounts (over)/under provided in prior years	**2**	(262)
	58,357	54,171

	2018 $'000	2017 $'000
Deferred income tax (revenue) included in income tax expense comprises:		
Decrease in deferred tax assets (note 14)	**4,545**	1,534
(Decrease) in deferred tax liabilities (note 23)	**(37,865)**	(15,414)
	(33,320)	(13,880)

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

	2018 $'000	2017 $'000
Profit from continuing operations before income tax expense	**201,564**	188,526
Tax at the Australian tax rate of 30.0% (2017: 30.0%)	**60,469**	56,558
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Loss on sale of land	**-**	19
ADP intangible asset amortisation	**510**	510
Government grants	**(2,618)**	(2,618)
Provision for employee benefits	**(6)**	(36)
	58,355	54,433
Amounts (over)/under provided in prior years	**2**	(262)
Income tax expense	**58,357**	54,171

8 Income tax expense (continued)

(c) *Tax expense (income) relating to items of other comprehensive income*

	2018 $'000	2017 $'000
Gain on revaluation of infrastructure, plant and equipment	**27,390**	25,078
Revaluation of investment in unlisted shares	**-**	1,383
	27,390	26,461

9 Current assets - Receivables

	2018 $'000	2017 $'000
Receivables		
Rates receivable (water and sewer)	**155,212**	170,518
Sundry debtors	**28,987**	29,704
Allowance for doubtful debts	**(32)**	(40)
	184,167	200,182
Other receivables		
Community Service Obligations	**18,971**	18,376
	203,138	218,558

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.

Bad debts are written off when they are identified.

(a) *Impaired trade receivables*

An allowance for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

The ageing of these receivables is as follows:

	2018 $'000	2017 $'000
More than 90 days overdue	**32**	40

9 Current assets - Receivables (continued)

(a) *Impaired trade receivables (continued)*

Movements in the provision for impairment of receivables are as follows:

Opening balance at 1 July	**40**	6,064
Provision for impairment recognised during the year	**13**	12
Amounts written off	**(10)**	(15)
Amounts reversed	**(11)**	(6,021)
Closing balance at 30 June	**32**	40

(b) *Past due but not impaired*

At 30 June, the aging of rates receivable that are past due but not impaired is as follows:

	2018 $'000	2017 $'000
Up to 3 months	**22,949**	24,861
More than 3 months	**16,829**	19,850
	39,778	44,711

The other balances within rates receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The carrying amount of past due rates receivables with renegotiated terms at balance date is $15.091m (2017: $11.824m).

At 30 June, the aging of sundry debtors that are past due but not impaired is as follows:

	2018 $'000	2017 $'000
Up to 1 month	**1,572**	2,767
More than 1 month	**1,401**	1,540
	2,973	4,307

The remaining balances within sundry debtors do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The carrying amount of past due sundry debtors with renegotiated terms at balance date is $0.884m (2017: $0.971m).

Balances for other receivables relate 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.

(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.

10 Current assets - Inventories

	2018 **$'000**	2017 $'000
Raw materials and stores	**7,861**	6,995
Allowance for obsolete stock	**(257)**	(356)
Work in progress	**1,514**	1,773
	9,118	8,412

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.

11 Current assets - Financial assets

	2018 **$'000**	2017 $'000
Electricity derivatives		
Settlement residue auction units	**21**	623
Electricity futures contracts	**-**	251
Total current derivative financial instrument assets	**21**	874

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 risk. Within the parameters of the Corporation's Treasury Risk Management and Energy Price Risk Management 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).

Electricity derivatives and non-derivatives

Electricity price risk represents the risk of unfavourable movements in wholesale electricity prices which could adversely impact the Corporation's electricity costs. The Corporation uses a combination of derivative and non-derivative financial instruments to economically manage electricity price risk and to mitigate against exposure to fluctuations in wholesale electricity spot prices.

Permitted electricity derivatives include exchange traded futures and settlement residue auction units.

Non-derivative forward contracts are treated as executory contracts and are not within the scope of *AASB 139 Financial Instruments: Recognition and Measurement*. The Corporation is prohibited from the selling and early termination of derivative and non-derivative financial instruments.

11 Current assets - Financial assets (continued)

Accounting for derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are 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 *AASB139 Financial Instruments: Recognition and Measurement*.

Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. 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.

12 Current assets - Other current assets

	2018 $'000	2017 $'000
Interest receivable	**39**	32
Prepayments	**9,114**	9,657
Renewable Energy Certificates *	**10,923**	2,922
Lease incentive asset	**60**	-
Australian Carbon Credits	**333**	-
	20,469	12,611

*SA Water purchases Renewable Energy Certificates (RECs) as well as generate 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.

13 Non-current assets - Available-for-sale financial assets

	2018 $'000	2017 $'000
Unlisted shares at fair value	-	35,170

The Corporation was a participant to the funding arrangements for the Virginia Pipeline Scheme (VPS). SA Water's involvement in this scheme resulted in an option at the end of the contract to acquire the scheme or the underlying assets. The scheme distributes "Class A" reclaimed water from the Bolivar Wastewater Treatment Plant throughout the Virginia region for the irrigation of seasonal crops and fixed plantings. As part of the arrangement, the Corporation made advances to the operating company of VPS, Water Reticulation Systems (Virginia) Pty Ltd (WRS), a subsidiary of Euratech Limited. Advances to WRS were converted to non voting class B shares, issued at a price of $1 per share.

The Corporation's investment in the non voting class B shares had been measured at fair value, in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. Due to the nexus between the class B shares and the pipeline assets, the fair value of the shares was determined using the projected written down current cost of the pipeline assets in 2018 discounted to net present value. The VPS was designated as an available-for-sale financial asset and all subsequent gains or losses arising from the changes in fair value are recognised in the available-for-sale revaluation surplus. The methodology of valuation of VPS was independently reviewed by Leadenhall VRG Pty Ltd in 2009, and no change to the valuation method has occurred since that review.

On 1 January 2018 under the terms of the arrangement the pipeline assets were transferred to SA Water and simultaneously the non-voting class B shares were derecognised. As a result of this derecognition, the fair value of the pipeline assets were recognised as Infrastructure, plant and equipment and the accumulated available-for-sale revaluation surplus was transferred to the Infrastructure, plant and equipment revaluation surplus.

14 Non-current assets - Deferred tax assets

	2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:		
Doubtful debts	**10**	12
Obsolete stock	**77**	107
Infrastructure, plant and equipment	**12,096**	11,388
Pooled assets	**78**	103
Payables	**1,385**	1,364
Audit fee payable	**122**	121
Government grants	**11,250**	11,413
Employee benefits	**12,844**	12,722
Deferred lease incentives	**213**	253
Unearned customer contributions	**(858)**	4,176
Unearned income	**122**	228
Provision for asset disposal	**12**	18
Provision for workers compensation	**176**	193
Derivative financial liability	**27**	-
	37,554	42,098
Amounts recognised directly in equity		
Unearned customer contributions	**2,335**	2,335
Revaluation of Infrastructure, plant and equipment	**280**	1,027
Total deferred tax assets	**40,169**	45,460

	2018 $'000	2017 $'000
Movements:		
Opening balance at 1 July	**45,460**	45,967
Charged to the statement of comprehensive income (note 8)	**(4,545)**	(1,534)
Charged to equity (note 29)	**(746)**	1,027
Closing balance at 30 June	**40,169**	45,460

Deferred tax assets expected to be recovered within 12 months	**7,561**	12,454
Deferred tax assets expected to be recovered after more than 12 months	**32,608**	33,006
	40,169	45,460

15 Non-current assets - Intangible assets

	Easements $'000	Prescription rights $'000	Computer software $'000	ADP intangible $'000	Purchased water rights $'000	Seasonal Water Allocations $'000	Total $'000
Year ended 30 June 2018							
Opening net book amount	6,213	4,500	38,896	61,274	30,776	37,959	179,618
Additions	-	-	20,222	-	10,205	-	30,427
Amortisation charge	-	-	(19,292)	(1,700)	-	-	(20,992)
Write off	-	-	-	-	-	(37,959)	(37,959)
Closing net book amount	6,213	4,500	39,826	59,574	40,981	-	151,094
At 30 June 2018							
Cost	6,213	4,500	198,770	70,982	40,981	-	321,446
Accumulated amortisation	-	-	(158,944)	(11,408)	-	-	(170,352)
Net book amount	6,213	4,500	39,826	59,574	40,981	-	151,094

15 Non-current assets - Intangible assets (continued)

	Easements $'000	Prescription rights $'000	Computer software $'000	ADP intangible $'000	Purchased water rights $'000	Seasonal Water Allocations $'000	Total $'000
Year ended 30 June 2017							
Opening net book amount	6,213	4,500	31,302	62,974	30,776	37,959	173,724
Additions	-	-	23,217	-	-	-	23,217
Amortisation charge	-	-	(15,623)	(1,700)	-	-	(17,323)
Closing net book amount	6,213	4,500	38,896	61,274	30,776	37,959	179,618
At 30 June 2017							
Cost	6,213	4,500	178,547	70,982	30,776	37,959	328,977
Accumulated amortisation	-	-	(139,651)	(9,708)	-	-	(149,359)
Net book amount	6,213	4,500	38,896	61,274	30,776	37,959	179,618

15 Non-current assets - 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 *Natural Resources Management (NRM) Act 2004 (SA).* Some of these licences have conditions attached which restrict the use of the allocations endorsed thereon. In applying *AASB 138 Intangible Assets*, the Corporation has concluded that a reliable estimate of the fair value of these water licences cannot be determined because there are no active markets for the rights endorsed on the licences. As there is no active market, these licences are held by the Corporation at nominal value.

SA Water holds issued water licences for prescribed water resources in the following regions:

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.

River Murray water rights are conferred via multiple instruments:

- River Murray licence for metropolitan Adelaide; and
- River Murray licence for country towns.

Purchased water rights

The Corporation owns a series of tradable water rights that it has purchased. 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 NRM Act 2004 (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)). These rights comprise:

- River Murray entitlements under the *NRM Act 2004 (SA)*;
- Goulburn Zone 1A and Murray Zone 7 high reliability water shares held under the *Water Act 1989 (VIC)*; and
- NSW Murray Regulated River high security unit shares held under the *Water Management Act 2000 (NSW).*

The allocations made to these water rights are able to be transferred within the Southern Murray Darling Basin including South Australia.

In accordance with the requirements of *APF III Asset Accounting Framework* 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.

15 Non-current assets - Intangible assets (continued)

Seasonal water allocations

In addition to the permanent water rights above, during 2008/09 and 2009/10 the Government granted approval for SA Water to purchase seasonal water allocations to be used for critical human water needs in future years. SA Water also purchased water allocations for operational needs. Prior to June 2012 the Government had approved the water allocations being preserved beyond 2011/12 and retained as a reserve to meet critical human water needs in future years. These purchased water allocations are held as other assets in the accounts and are expensed as the water is used. In 2015/16, a permanent reduction in available water of 52 GL was recorded as an expense in SA Water's 2015/16 financial statements with a remaining balance of 120GL. In 2017/18, a permanent reduction in the remaining water allocation of 120 GL was recognised as an expense in SA Water's 2017/18 financial statements.

Prescription of the Mount Lofty Ranges

SA Water has previously contributed towards the prescription of the water resources for the Mount Lofty Ranges to provide long term protection of the water supply to Adelaide. In June 2013 SA Water was issued a licence pertaining to storage and diversion rights for streams in the Western Mount Lofty Ranges.

Easements

In accordance with *APF III Asset Accounting Framework*, easements are classified as an intangible asset and valued at cost. Easements gifted to the Corporation are not valued.

Application software

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

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 Intangible Assets*, 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 Intangible Assets*. 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.

16 Non-current assets - Infrastructure, plant and equipment

	Work in progress $'000	Land $'000	Buildings $'000	Leased sewer infrastructure $'000	Plant and equipment $'000	Water infrastructure $'000	Sewer infrastructure $'000	Leased water infrastructure $'000	Other property, plant and equipment $'000	Total $'000
Year ended 30 June 2018										
Opening net book amount	363,157	367,996	23,848	22,585	20,235	8,632,851	4,079,800	76,359	99,078	13,685,909
Revaluation surplus	-	7,491	777	735	-	29,171	54,877	2,488	3,215	98,754
Additions	444,326	21	2,208	209	2,824	210,089	152,725	301	25,927	838,630
Transfers	(402,095)	-	-	-	-	-	35,170	-	-	(366,925)
Depreciation charge	-	-	(3,679)	(830)	(2,486)	(212,217)	(90,708)	(4,256)	(21,606)	(335,782)
Asset write down	(5,640)	-	-	-	-	(15,352)	(10,849)	-	-	(31,841)
Disposals	-	-	-	-	(36)	-	-	-	-	(36)
Closing net book amount	399,748	375,508	23,154	22,699	20,537	8,644,542	4,221,015	74,892	106,614	13,888,709
At 30 June 2018										
Cost	399,748	-	-	-	51,270	-	-	-	-	451,018
Valuation	-	375,508	93,757	32,386	-	14,986,229	7,068,003	201,901	319,290	23,077,074
Accumulated depreciation	-	-	(70,603)	(9,687)	(30,733)	(6,341,687)	(2,846,988)	(127,009)	(212,676)	(9,639,383)
Net book amount	399,748	375,508	23,154	22,699	20,537	8,644,542	4,221,015	74,892	106,614	13,888,709

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

	Work in progress $'000	Land $'000	Buildings $'000	Leased sewer infrastructure $'000	Plant and equipment $'000	Water infrastructure $'000	Sewer infrastructure $'000	Leased water infrastructure $'000	Other property, plant and equipment $'000	Total $'000
Year ended 30 June 2017										
Opening net book amount	422,989	359,094	20,883	23,021	20,069	8,617,090	3,962,900	87,478	90,497	13,604,021
Revaluation surplus	-	6,419	327	359	-	30,767	57,975	(7,139)	1,413	90,121
Additions	298,283	2,596	5,457	-	3,129	184,949	151,860	130	24,684	671,088
Transfers	(354,709)	-	-	-	-	-	-	-	-	(354,709)
Depreciation charge	-	-	(2,819)	(795)	(2,476)	(194,407)	(87,567)	(4,110)	(17,516)	(309,690)
Asset write down	(3,406)	-	-	-	-	(5,548)	(5,368)	-	-	(14,322)
Disposals	-	(113)	-	-	(487)	-	-	-	-	(600)
Closing net book amount	363,157	367,996	23,848	22,585	20,235	8,632,851	4,079,800	76,359	99,078	13,685,909
At 30 June 2017										
Cost	363,157	-	-	-	48,629	-	-	-	-	411,786
Fair value	-	367,996	88,662	31,163	-	14,747,938	6,789,615	195,244	284,195	22,504,813
Accumulated depreciation	-	-	(64,814)	(8,578)	(28,394)	(6,115,087)	(2,709,815)	(118,885)	(185,117)	(9,230,690)
Net book amount	363,157	367,996	23,848	22,585	20,235	8,632,851	4,079,800	76,359	99,078	13,685,909

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

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

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

	2018 $'000	2017 $'000
Freehold land		
Cost	**52,816**	52,795
Net book amount	**52,816**	52,795
Buildings		
Cost	**56,117**	53,909
Accumulated depreciation	**(31,352)**	(27,919)
Net book amount	**24,765**	25,990
Leased sewer infrastructure		
Cost	**18,792**	18,792
Accumulation depreciation	**(6,107)**	(5,638)
Net book amount	**12,685**	13,154
Water infrastructure		
Cost	**4,873,328**	4,676,535
Accumulated depreciation	**(1,232,161)**	(1,137,467)
Net book amount	**3,641,167**	3,539,068
Sewer infrastructure		
Cost	**2,443,426**	2,302,023
Accumulated depreciation	**(1,026,195)**	(945,001)
Net book amount	**1,417,231**	1,357,022
Leased water infrastructure		
Cost	**124,183**	124,183
Accumulation depreciation	**(76,046)**	(73,467)
Net book amount	**48,137**	50,716
Other		
Cost	**254,467**	228,540
Accumulated depreciation	**(161,357)**	(142,924)
Net book amount	**93,110**	85,616

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

Infrastructure, plant and equipment

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 below. Assets acquired under Build Own Operate Transfer (BOOT) agreements are brought to account when commissioned.

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

To comply with the *Accounting Policy Framework III Asset Accounting Framework, AASB 13 Fair Value Measurement* and *AASB 116 Property, Plant and Equipment*, the Corporation has adopted the fair value method for measuring and reporting land and buildings and infrastructure assets in the Statement of Financial Position. Refer to note 3 for disclosures regarding fair value levels. The Corporation uses both independent valuation and Directors' valuation methods to measure fair value. Depending on the class, Directors' valuation is performed using the Producer Price Index (PPI) or current contract rates. PPI measures changes over time in the price of new construction outputs. The PPI used is the Australian Bureau of Statistics Index Number 3101 "Road and Bridge Construction South Australia". Current contract rates are based on recently determined market contract rates for supplying and installing equivalent assets or components.

The Corporation's valuation methodologies, for all major classes of infrastructure assets, are subject to independent review when a change in the valuation method occurs. In addition to this, a complete independent review of these methodologies was completed by Aquenta Consulting Pty Ltd in April 2015. This review endorsed how individual asset classes are classified and concluded the assumptions/positions adopted by SA Water in its valuation methodologies are reasonable.

Revaluation adjustments are taken to the asset revaluation surplus on a class basis, with the exception of land and buildings which are adjusted on an asset by asset basis.

Infrastructure assets

In the majority of cases, the fair value of SA Water's infrastructure assets is the lower of modern equivalent reproduction or replacement cost. The cost of replacing or reproducing excess capacity or over engineering of the asset is excluded from the value. The modern equivalent reproduction or replacement cost is determined through an independent valuation process. The valuation is then reduced to allow for the age of the asset.

Infrastructure assets were valued as follows:

- The unit rates for water mains/connections and sewer mains/connections, were independently determined by Aquenta Consulting as at 1 July 2017. These rates are applied to the actual lengths of pre-defined modern equivalent asset types for water mains and sewer mains.

- Other infrastructure assets are independently valued on a cyclical basis at least every 5 years. In the intervening periods the assets are indexed annually as at 1 July using the appropriate PPI. Assets independently valued during the financial period were water filtration plants, earth storages, reservoirs, water dosing stations and the Adelaide Desalination Plant by Aquenta Consulting as at 1 July 2017.

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

Infrastructure, plant and equipment (continued)

Valuations (continued)

Infrastructure assets (continued)

The previous independent valuations were:

• Bores and wells, water pumpting stations, water tanks, leased water treatment plants were independently valued as at 1 July 2016.

• Sewer pumping stations and buildings were independently valued as at 1 July 2015.

• Wastewater treatment plants were independently valued as at 1 July 2014.

• Water filtration plants were independently valued as at 1 July 2013.

Land and buildings

Land is independently valued at market value generally using valuations as at 1 July provided from the State Valuer General. In isolated cases, the Corporation may use independent valuations performed by an appropriately qualified valuer. 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.

Buildings are independently valued on a cyclical basis at least every 5 years. In the intervening periods the assets are indexed annually as at 1 July using the appropriate PPI. Buildings were last independently valued by Aquenta as at 1 July 2015.

Plant and equipment

Plant and equipment is valued at cost which is deemed to be its fair value.

Other property, plant and equipment

Other assets are valued at cost which is deemed to be its fair value and indexed annually using the PPI.

Work in progress

Work in progress is carried at cost which is deemed to be its fair value.

Impairment of assets

All non-current tangible and intangible assets are reviewed for indications of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. 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.

The Corporation has reviewed its assets as at 30 June 2018. There were no indications of impairment.

17 Current liabilities - Payables

	2018 $'000	2017 $'000
Interest payable	**78,034**	81,634
Trade creditors	**121,792**	109,191
Other creditors	**10,468**	12,944
	210,294	203,769

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

	2018 $'000	2017 $'000
Lease liabilities note (note 30)	**11,144**	9,961
Short term borrowings	**27,974**	29,274
	39,118	39,235

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 (receivables)

	2018 $'000	2017 $'000
Provision for current income tax movements during the year were as follows:		
Opening balance at 1 July	**(5,659)**	9,783
Income tax paid	**(75,851)**	(83,493)
Current year's income tax provision	**91,675**	68,313
Amounts (over)/under provided in prior years	**2**	(262)
	10,167	(5,659)

At 30 June 2017, the Corporation was due a refund of income tax equivalent operated under the National Tax Equivalent Regime. This amount has been recognised in the statement of financial position as a current tax receivable.

20 Current liabilities - Provisions

	2018 $'000	2017 $'000
Employee benefits	**15,885**	15,654
Asset disposal	**40**	60
Damages and claims	**19**	91
Workers compensation	**1,083**	932
	17,027	16,737

(a) *Movements in provisions*

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

2018 Current	**Asset disposal $'000**	**Damages and claims $'000**	**Workers compensation $'000**	**Total $'000**
Opening balance at 1 July	60	91	932	1,083
Provisions recognised	-	946	1,069	2,015
Payments made during year	(20)	(1,018)	(990)	(2,028)
Re-measurement adjustments	-	-	72	72
Closing balance at 30 June	40	19	1,083	1,142

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 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

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

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

SA Water is insured under the South Australian Government's insurance and risk management arrangements with SAICORP. Under this agreement between SAICORP and SA Water, SAICORP 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 2018 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

	2018 $'000	2017 $'000
Government grants	**9,566**	9,606
Lease incentives	**134**	134
Unearned income	**5,032**	22,129
Deposits from customers	**1,181**	1,408
	15,913	33,277

22 Non-current liabilities - Financial liabilities/borrowings

	2018 $'000	2017 $'000
Lease liabilities (note 30)	**49,021**	60,165
Long term borrowings	**6,413,000**	6,346,000
	6,462,021	6,406,165

All SA Water's borrowings are measured at their historical value. 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*.

22 Non-current liabilities - Financial liabilities/borrowings (continued)

Under a mandate from the State Treasurer, the Corporation transferred debt management responsibilities to SAFA effective from 1 July 2004. SA Water's debt portfolio is managed by SAFA under a Financial Bureau Service Agreement and within requirements outlined in SA Water's Treasury Risk Management Policy.

Forward starting loans

SA Water enters into FSLs with SAFA where it agrees to borrow specified amounts in the future at a pre-determined interest rate with the objective of minimising interest rate volatility. FSLs are non-derivative financial instruments which are outside the scope of *AASB139 Financial Instrument Recognition and Measurement*, and disclosed as unrecognised fixed rate loan commitments (refer note 2(c)).

23 Non-current liabilities - Deferred tax liabilities

	2018 $'000	2017 $'000
The balance comprises temporary differences attributable to:		
Prepayments	**1,777**	1,801
Lease incentive asset	**102**	-
Derivative financial instruments	-	2
Unlisted shares at fair value	-	(2,406)
Seasonal Water Allocations	-	11,388
Infrastructure, plant and equipment	**(37,531)**	(8,572)
	(35,652)	2,213
Amounts recognised directly in equity		
Revaluation of infrastructure, plant and equipment	**1,698,221**	1,663,075
Unlisted shares at fair value	-	8,502
	1,698,221	1,671,577
Total deferred tax liabilities	**1,662,569**	1,673,790
Movements:		
Opening balance at 1 July	**1,673,790**	1,661,716
Credited to the Statement of Comprehensive Income (note 8)	**(37,865)**	(15,414)
Charged to equity (note 29)	**26,644**	26,105
Unlisted shares at fair value	-	1,383
Closing balance at 30 June	**1,662,569**	1,673,790
Deferred tax liabilities to be settled within 12 months	**1,795**	1,804
Deferred tax liabilities expected to be settled after more than 12 months	**1,660,774**	1,671,986
	1,662,569	1,673,790

24 Non-current liabilities - Provisions

	2018 $'000	2017 $'000
Employee benefits	**26,928**	26,751
Workers compensation	**2,541**	3,039
	29,469	29,790

(a) *Movements in provisions*

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

2018 Non-current	**Workers compensation $'000**	**Total $'000**
Opening balance at 1 July	3,039	3,039
Re-measurement adjustments	(498)	(498)
Closing balance at 30 June	2,541	2,541

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 2018 was valued by KPMG Actuarial Pty Ltd.

25 Non-current liabilities - Other non-current liabilities

	2018 $'000	2017 $'000
Government grants	**360,890**	370,162
Lease incentives	**576**	709
	361,466	370,871

26 Reconciliation of cash

	2018	2017
	$'000	$'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	**3,966**	2,450

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

	2018 $'000	2017 $'000
Net profit for the year	**143,207**	134,355
Add/(less) non-cash items:		
Depreciation and amortisation	**356,774**	327,013
Amortisation of government grant revenue	**(9,466)**	(9,352)
Contributed assets	**(22,636)**	(41,313)
Net (gain) on disposal of infrastructure, plant and equipment	**(262)**	(75)
Net (gain) on disposal of temporary water allocations	**(3,304)**	(1,546)
Infrastructure, plant and equipment revaluation decrement reversal	**(651)**	(253)
Infrastructure, plant and equipment revaluation decrement	**1,818**	3
Write-off in value of infrastructure, plant and equipment and capital WIP	**31,841**	14,322
Write-off in value of purchased seasonal water allocations	**37,959**	-
Net (gain) on disposal of renewable energy certificates	**(18,339)**	(5,911)
Change in assets and liabilities:		
Decrease/(increase) in receivables	**15,420**	(5,944)
(Increase) in inventories	**(706)**	(1,466)
Decrease/(increase) in prepayments	**543**	(2,878)
(Increase)/decrease in other operating assets	**(11,838)**	44
Decrease in derivative financial assets	**853**	106
Decrease in deferred tax assets	**4,545**	1,534
Decrease/(increase) in income tax receivable	**5,659**	(5,659)
Increase/(decrease) in trade creditors	**3,903**	(5,210)
Increase/(decrease) in provision for employee benefits	**408**	(1,319)
(Decrease)/increase in provision for workers compensation	**(347)**	85
(Decrease)/increase in other operating liabilities	**(21,232)**	24,047
Increase in government grants	**155**	45
(Decrease) in other provisions	**(92)**	(39)
(Decrease) in deferred tax liabilities	**(37,865)**	(15,414)
Increase/(decrease) in income tax payable	**10,167**	(9,783)
Net cash inflow from operating activities	**486,514**	395,392

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 2017 and 30 June 2018 were as follows:

	2018 $'000	2017 $'000
Interest bearing borrowings (note 18, 22)	**6,501,139**	6,445,400
Less: Cash and cash equivalents (note 26)	**(3,966)**	(2,450)
Net debt	**6,497,173**	6,442,950
Total Assets	**14,316,964**	14,194,721
Gearing ratio	45.4%	45.4%

As part of the 2017/18 State Budget, the SA Government determined that SA Water adjust its borrowings each year prior to 30 June, to maintain a debt/asset gearing ratio of 45%. This commenced from the year ended 30 June 2017, with SA Water required to make an additional return to the State Government; this was transacted as a specified dividend, as directed by the Treasurer, of an amount equivalent to the required incremental increase in borrowings.

As part of 2018/19 state budget, it was determined that there is no specified dividend to be paid for the year ended 30 June 2018, in recognition that SA Water's debt/asset ratio was maintained above the predetermined gearing target of 45%.

29 Asset revaluation surplus and retained profits

(a) *Asset revaluation surplus*

	2018 $'000	2017 $'000
Revaluation surplus - infrastructure, plant and equipment	**5,049,757**	4,969,419
Available-for-sale financial assets	**-**	19,837
	5,049,757	4,989,256

Movements:

	2018 $'000	2017 $'000
Infrastructure, plant and equipment revaluation surplus		
Opening balance at 1 July	**4,969,419**	4,906,924
Revaluation of infrastructure, plant and equipment*	**99,920**	89,871
Transfers from available-for-sale investment revaluation surplus	**19,837**	-
Movements in deferred tax liability (note 23)	**(26,644)**	(26,105)
Transfer to retained profits on disposal	**(12,029)**	(2,298)
Movements in deferred tax assets (note14)	**(746)**	1,027
Closing balance at 30 June	**5,049,757**	4,969,419
Available-for-sale investments revaluation surplus		
Opening balance at 1 July	**19,837**	16,611
Revaluation of investment in unlisted shares	**-**	4,609
Reclassification adjustments - transfer to infrastructure revaluation surplus	**(19,837)**	-
Movements in deferred tax liabilities (note 23)	**-**	(1,383)
Closing balance at 30 June	**-**	19,837

*The 2016/2017 revaluation increase (around 0.7%) is primarily attributable to the revaluation movement of pipe assets, wastewater treatment plants, desalination plant and water filtration plants.

*The 2017/2018 revaluation increase (around 0.8%) is primarily attributable to the revaluation increment of pipe assets, wastewater treatment plants, and water filtration plants.

29 Asset revaluation surplus and retained profits (continued)

(b) *Retained profits*

Movements in retained profits were as follows:

Opening balance at 1 July	**255,925**	312,309
Profit for the year	**143,207**	134,355
Dividends (note 33)	**(139,412)**	(193,037)
Transfers from asset revaluation surplus	**12,029**	2,298
Closing balance at 30 June	**271,749**	255,925

(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.

(ii) Available-for-sale revaluation surplus

Changes in the fair value of unlisted shares are taken to the available-for-sale revaluation surplus.

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:

	2018 $'000	2017 $'000
Within one year	**175,203**	23,361
Later than one year but not later than five years	**30,703**	5,672
	205,906	29,033

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

(b) *Operating lease commitments*

	2018 $'000	2017 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are committed as follows:		
Within one year	**17,187**	15,929
Later than one year but not later than five years	**59,657**	52,306
Later than five years	**6,776**	18,567
	83,620	86,802

The operating lease commitments relate to property and motor vehicle leases.

The rentals for property leases are non-cancellable, payable monthly and reviewed annually. The annual increases are based on 3%. The Corporation has an operating lease commitment for accommodation effective from 2008/09 which expires after 15 years, and includes a right of renewal and a market rent review in year 10.

The operating lease commitment for motor vehicles is non-cancellable, rentals are paid monthly in arrears and no contingent rental provisions exist within the agreement.

(c) *Other expenditure commitments*

	2018 $'000	2017 $'000
Future other expenditure commitments not provided for in the financial statements are committed as follows:		
Within one year	**152,740**	149,080
Later than one year but not later than five years	**462,221**	567,511
Later than five years	**383,237**	421,791
	998,198	1,138,382

Other expenditure commitments include commitments pursuant to contracts to:

- Operate, manage and maintain the Adelaide metropolitan water and sewer networks and treatment plants.

30 Commitments and contingencies (continued)

(c) *Other expenditure commitments (continued)*

- 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.

(d) *Finance leases*

	2018 $'000	2017 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**17,584**	17,584
Later than one year but not later than five years	**50,207**	60,425
Later than five years	**13,432**	20,797
Minimum lease payments	**81,223**	98,806
Future finance charges	**(21,058)**	(28,680)
Recognised as a liability	**60,165**	70,126
Representing lease liabilities:		
Current (note 18)	**11,144**	9,961
Non-current (note 22)	**49,021**	60,165
	60,165	70,126
The present value of finance lease liabilities is as follows:		
Within one year	**11,144**	9,961
Later than one year but not later than five years	**37,164**	42,776
Later than five years	**11,857**	17,389
Minimum lease payments	**60,165**	70,126

Future finance lease payments are amounts contracted with private sector providers to construct, own and operate water and sewer treatment facilities.

(e) *Contingent rentals*

The above finance leases comprise a base amount plus an incremental contingent rental. Contingent rentals are based on the consumer price and related indexes. Commitments in relation to contingent rentals are payable as follows:

	2018 $'000	2017 $'000
Within one year	**5,682**	5,397
Later than one year but not later than five years	**16,764**	18,763
Later than five years	**4,914**	7,173
	27,360	31,333

The amount of contingent rentals paid during the year is disclosed in note 7.

(f) *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.

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:

	2018 $'000	2017 $'000
Current assets		
Cash and cash equivalents	**58**	47
Receivables	**5**	5
Total current assets	**63**	52
Non-current assets		
Infrastructure, plant and equipment	**1,518**	1,528
Total assets	**1,581**	1,580
Current liabilities		
Payables	**52**	48
Total liabilities	**52**	48
Net assets	**1,529**	1,532

32 Remuneration of auditors

	2018 $'000	2017 $'000
Audit fees paid/payable:		
SA Water annual Public Finance and Audit Act audit	**395**	389
SA Water regulatory financial statements audit*	**11**	12
	406	401

* Pursuant to *Water Industry Guideline Number 2* and confirmation from ESCOSA, a full Audit Opinion Certificate on the Corporation's 2017/18 special purpose (regulatory) financial statements is no longer required. An 'Agreed Upon Procedures Report' has been determined to be the appropriate audit assurance to SA Water's Board and Management.

33 Dividends

	2018 $'000	2017 $'000
Dividend paid (a)	**139,412**	121,829
Dividend - interim dividend paid to SA Government (b)	**-**	71,208
	139,412	193,037

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

(a) 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.

(b) As part of the 2017/18 State Budget, the SA Government determined that SA Water adjust its borrowings each year prior to 30 June, to maintain a deb/asset ratio of 45%. This decision was transacted as a specified dividend, as directed by the Treasurer, pursuant to section 30(2)(b) of the Public Corporations Act 1993. For the year ended 30 June 2017, this resulted in an increase in dividend payment of $71.208m and an equivalent increase in borrowings. The dividend was drawn from the retained profits of the Corporation and paid on 29 June 2017.

As part of 2018/19 state budget, it was determined that there is no specified dividend to be paid for the year ended 30 June 2018, in recognition that SA Water 's debt/asset ratio was maintained above the predetermined gearing target of 45%.

34 Remuneration of employees

	Current employees 2018	**Ex-Employees 2018**	Current employees 2017	Ex-Employees 2017
The number of employees whose remuneration paid and payables falls within the following bands is:				
$147,000 - 149,000*	**n/a**	**n/a**	7	-
$149,001 - 159,000	**35**	-	40	1
$159,001 - 169,000	**40**	-	21	1
$169,001 - 179,000	**17**	-	15	2
$179,001 - 189,000	**6**	-	10	1
$189,001 - 199,000	**5**	**1**	1	-
$199,001 - 209,000	**6**	**2**	5	-
$209,001 - 219,000	**3**	-	5	-
$219,001 - 229,000	**2**	-	1	-
$229,001 - 239,000	-	-	2	1
$239,001 - 249,000	**1**	-	1	-
$249,001 - 259,000	**2**	-	-	1
$259,001 - 269,000	**2**	-	2	-
$269,001 - 279,000	-	-	1	-
$279,001 - 289,000	-	-	-	2
$289,001 - 299,000	**1**	-	-	1
$299,001 - 309,000	**1**	-	2	-
$309,001 - 319,000	-	**1**	1	-
$319,001 - 329,000	**1**	-	-	-
$329,001 - 339,000	-	-	-	1
$339,001 - 349,000	-	-	1	-
$359,001 - 369,000	**1**	-	-	-
$369,001 - 379,000	-	-	1	-
$379,001 - 389,000	**1**	-	-	-
$399,001 - 409,000	-	-	1	-
$409,001 - 419,000	-	-	-	1
$419,001 - 429,000	**1**	-	-	-
$559,001 - 569,000	-	-	1	-
$569,001 - 579,000	**1**	-	-	-
Total	**126**	**4**	118	12

*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2016-17.

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 $24.1m (2017: $24.7m).

34 Remuneration of employees (continued)

	2018 $'000	2017 $'000
Targeted voluntary separation packages (TVSPs)		
Amount paid during the reporting period to separated employees:		
TVSPs	**88**	557
Annual leave and long service leave paid to those employees	**74**	297
Net cost to SA Water	**162**	854

The number of employees who received TVSPs during the reporting period was 1 (2017: 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 six 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.

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

	2018 Number of directors	2017 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:		
$40,000 - $49,999	**2**	3
$50,000 - $59,999	**2**	2
$80,000 - $89,999	**1**	1
	5	6

The total remuneration paid and payable for those Directors was $0.27m (2017: $0.32m) 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:

Ms S.G.M Blencowe, Mr R.J.G.A Cheroux, Ms S.M Filby, Ms K.A Maywald, Ms C.A Pickles and Mr I.F Stirling.

Ms Blencowe is currently the deputy presiding member of the City of Port Adelaide Development Assessment Panel. Ms Blencowe was previously a member of the City of Port Adelaide Development Assessment Committee.

Mr Cheroux holds the position of Chief Executive and director of the corporation. He is currently a director of the Water Services Association of Australia, a member of the Advisory Council of the French-Australian Chamber of Commerce (FACCI), a member of the Advisory Committee of the Australian Water Partnership, and a member of the French Engagement Advisory Group (SA).

Ms Filby is currently a facilitator for Behind Closed Doors, external chair of the SA Power Networks Customer Consultative Panel, and a volunteer at Calvary Health Care. Ms Filby was previously a member of the Australian Institute of Company Directors. During the course of the year, Ms Filby was a verification judge for the Real Estate Institute of SA and a temporary member of the SA Planning Commission Public Hearing Panels.

Ms Maywald is currently the chair of ModMed (formerly Sturt Fleurieu Education & Training), the International Centre of Excellence in Water Resources Management (ICEWaRM), Hydro-dis International Ltd, and she is the chair and a shareholder in Stoney Pinch Sands Pty Ltd. Ms Maywald is an Advisory Council member for the Flinders University New Venture Institute. She is a board member for the Adelaide International 3 Day Event, a facilitator for Behind Closed Doors, partner of DR & KA Maywald, strategic advisor for the Department of State Development, member of CSIRO External Review Panel - Land and Water Business Unit, and a shareholder of Hydro-Dis International Ltd. Ms Maywald is the managing director for Maywald Consultants Pty Ltd whose clients include Enzen Australia and Stoney Pinch Sands P/L. Ms Maywald was previously a director for GPEx.

Ms Pickles does not currently have any interests which could affect her role on the SA Water Board.

Mr Stirling is currently the chair and a director of A Noble and Son Limited group of companies, director of the Adelaide Botanic Gardens Foundation, and an independent member of the Air Warfare Destroyers LT Sustainment Board (Department for Defence - DDG SPO). Mr Stirling is the executive chairman for Stirling Advisory Pty Ltd whose clients previously included Ausnet Services and Hastings Funds Management. Mr Stirling was previously a member of the University of Adelaide Business School Advisory Board.

36 Related party disclosures (continued)

(b) *Key management personnel*

Key management personnel compensation for the years ended 30 June 2018 and 2017 is set out below. The key management personnel are the Directors of the Corporation (including the Chief Executive) and the Senior Leadership Team (SLT) who have responsibility for the strategic direction and management of the Corporation.

The Minister for Water and the River Murray 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 he is 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
2018*	**13**	**2,901**	**266**	**-**	**83**	**3,250**
2017*	**18**	**3,073**	**280**	**9**	**-**	**3,362**

*Both 2018 and 2017 include an overlap of SLT 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.

37 Statement of Administered items

The Corporation was responsible for administering the Save the River Murray levy. The River Murray levy billed and collected on behalf of Government was not controlled by the Corporation. The Corporation ceased billing this levy at 1 July 2015, but continued to collect the outstanding debt billed prior to 1 July 2015. The following administered items are not recognised in the Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

	2018		2017
Consolidated entity	**River Murray Levy $'000**	**Total $'000**	**Total $'000**
Administered Income			
Revenue	(3)	(3)	(5)
Total Administered Revenues	**(3)**	**(3)**	(5)
Expenses	(3)	(3)	(5)
Total Administered Expenses	**(3)**	**(3)**	(5)
Operating Surplus	-	-	-
Consolidated entity			
Current Assets			
Cash and cash equivalents	-	-	48
Total Current Assets	-	-	48
Total Administered Assets	-	-	48
Current Liabilities			
Payables	-	-	48
Total Current Liabilities	-	-	48
Total Administered Liabilities	-	-	48
Net Assets	-	-	-

37 Statement of Administered items (continued)

Consolidated entity	2018 River Murray Levy $'000	2018 Total $'000	2017 Total $'000
Cash flows from operating activities			
Cash inflows	(3)	(3)	(5)
Total Cash Inflows	**(3)**	**(3)**	(5)
Cash outflows	45	45	286
Total Cash Outflows	**45**	**45**	286
Net cash inflow/(outflow) from operating activities	**(48)**	**(48)**	(291)
Net increase/(decrease) in cash held	**(48)**	**(48)**	(291)
Cash at the beginning of the reporting period	48	48	339
Cash at the end of the reporting period	-	-	48

38 SA Government transactions

(a) *Income received/receivable from entities within the SA Government*

	2018 $'000	2017 $'000
Rates and charges	**41,409**	44,854
Community service obligations	**144,788**	136,092
Recoverable works	**17,425**	13,644
Fees and charges	**1,209**	292
Miscellaneous	**2**	3
Government grants	**396**	282
Total revenue - SA Government entities	**205,229**	195,167

(b) *Expenses*

Supplies and services

Provided by entities within the SA Government	2018 $'000	2017 $'000
Operational services	**39,767**	38,338
Administration	**29,092**	34,482
Materials & Other	**4**	49
Payroll tax	**7,744**	7,558
Maintenance contracts	**2,347**	1,728
Total supplies and services - SA Government entities	**78,954**	82,155

Borrowing costs

Provided by entities within the SA Government

Interest expense	**321,877**	327,954
Total Borrowing Costs provided by entities within the SA Government	**321,877**	327,954

38 SA Government transactions (continued)

(c) *Receivables*

	2018 $'000	2017 $'000
Receivables from SA Government entities		
Community service obligations	**18,971**	18,376
Rates receivable (water and sewer)	**663**	1,157
Sundry debtors	**5,242**	4,966
	24,876	24,499

(d) *Payables*

Current

	2018 $'000	2017 $'000
Payables to SA Government entities		
Trade creditors	**8,026**	15,332
Interest payable	**78,034**	81,634
Other creditors	**1,896**	2,141
	87,956	99,107

Non-Current

Payables to SA Government entities		
Other creditors	**1,362**	1,352