



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
ABN 53 327 061 410
enquiries@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair South Australian Water Corporation

Opinion

I have audited the financial report of the South Australian Water Corporation for the financial year ended 30 June 2026.

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 2026, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2026
- a Statement of Financial Position as at 30 June 2026
- a Statement of Changes in Equity for the year ended 30 June 2026
- a Statement of Cash Flows for the year ended 30 June 2026
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Acting Chief Financial Officer.

Basis for opinion

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 32(4) of the *Public Corporations Act 1993*, I have audited the financial report of the South Australian Water Corporation for the financial year ended 30 June 2026.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Water Corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



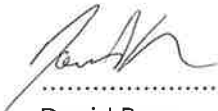
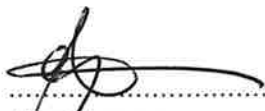
Andrew Blaskett
Auditor-General

21 September 2026

Certification of the Financial Statements

We certify that the:

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


.....
David Ryan
Chief Executive
.....
Tony Jacka
Acting Chief Financial Officer
.....
Allan Holmes
Chair

16/9/2026
.....
Date

**South Australian Water Corporation
Financial Statements
for the year ended 30 June 2026**

South Australian Water Corporation
Statement of comprehensive income
For the year ended 30 June 2026

		2026	2025
	Notes	\$'000	\$'000
Income			
Revenue from ordinary activities	4	1,840,074	1,767,652
Other income	5	2,413	1,309
Total income		<u>1,842,487</u>	<u>1,768,961</u>
Expenses			
Depreciation and amortisation expense	6	(280,434)	(281,650)
Borrowing costs	6	(416,120)	(359,861)
Electricity expense		(88,627)	(103,109)
Services and supplies	6	(257,021)	(225,416)
Operational and service contracts		(331,451)	(339,914)
Employee benefits expense	6	(203,238)	(199,488)
Other expenses	6	(16,916)	(69,535)
Total expenses		<u>(1,593,807)</u>	<u>(1,578,973)</u>
Profit before income tax equivalents		248,680	189,988
Income tax equivalent expense	7	(72,362)	(54,873)
Profit after income tax equivalents		<u>176,318</u>	<u>135,115</u>
Other comprehensive income			
Items that will not be reclassified to net result			
Gain/(loss) on revaluation of infrastructure, plant and equipment assets	32(a)	(801,285)	76,653
Income tax equivalent relating to items of other comprehensive income	7(c)	248,850	(19,050)
Other comprehensive income for the year, net of tax		<u>(552,435)</u>	<u>57,603</u>
Total comprehensive result		<u>(376,117)</u>	<u>192,718</u>
Total comprehensive result for the year is attributable to:			
The SA Government as owner		<u>(376,117)</u>	<u>192,718</u>

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 2026

	Notes	2026 \$'000	2025 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	29	11,277	4,350
Receivables	8	248,759	214,788
Inventories	9	18,213	13,698
Intangible assets	13	962	2,418
Other financial assets	11	48	-
Other current assets	10	20,030	18,349
Total current assets		299,289	253,603
Non-current assets			
Deferred tax assets	12	109,989	111,263
Intangible assets	13	146,559	146,576
Infrastructure, plant and equipment	14	12,064,222	11,762,375
Right-of-use assets	16	41,151	59,543
Other non-current assets	17	2,020	2,674
Total non-current assets		12,363,941	12,082,431
Total assets		12,663,230	12,336,034
LIABILITIES			
Current liabilities			
Payables	18	321,337	280,712
Financial liabilities/borrowings	19	66,023	43,842
Tax liabilities	20	9,404	818
Provisions	21	40,162	40,883
Other financial liabilities	22	920	-
Other current liabilities	23	25,605	29,015
Total current liabilities		463,451	395,270
Non-current liabilities			
Payables	24	2,451	2,336
Financial liabilities/borrowings	25	9,178,032	8,173,855
Deferred tax liabilities	26	397,284	594,314
Provisions	27	41,622	39,215
Other non-current liabilities	28	288,565	297,836
Total non-current liabilities		9,907,954	9,107,556
Total liabilities		10,371,405	9,502,826
Net assets		2,291,825	2,833,208
EQUITY			
Contributed equity		252,800	251,050
Asset revaluation surplus	32(a)	1,714,345	2,268,443
Retained earnings	32(b)	324,680	313,715
Total equity		2,291,825	2,833,208

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 2026

	Notes	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2025		251,050	2,268,443	313,715	2,833,208
Deferred income tax finance lease	7(c)	-	-	64	64
Restated total equity at the beginning of the financial year		251,050	2,268,443	313,779	2,833,272
Profit for the year		-	-	176,318	176,318
Transfer to retained earnings on (disposal)/transfer from asset revaluation surplus	32	-	(1,599)	1,599	-
Income tax relating to components of other comprehensive income	7(c)	-	248,786	-	248,786
(Loss)/gain on revaluation of infrastructure, plant and equipment assets	32(a)	-	(801,285)	-	(801,285)
Total comprehensive result for the period		-	(554,098)	177,917	(376,181)
Transactions with the SA Government in their capacity as owners:					
Contributions of equity*		1,750	-	-	1,750
Dividends provided for or paid	35	-	-	(167,016)	(167,016)
		1,750	-	(167,016)	(165,266)
Balance at 30 June 2026		252,800	1,714,345	324,680	2,291,825

*In 2025/26, SA Water received the following contributions of equity:
\$1.75m from the SA Government to fund upgrades to the Myponga Reservoir to enhance public access, recreational fishing opportunities and visitor facilities.

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

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

South Australian Water Corporation
Statement of changes in equity
For the year ended 30 June 2026
(continued)

	Notes	Contributed equity \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2024		250,429	2,219,755	312,673	2,782,857
Deferred income tax finance lease	7(c)	-	-	(243)	(243)
Restated total equity at the beginning of the financial year		250,429	2,219,755	312,430	2,782,614
Profit for the year		-	-	135,115	135,115
Transfer to retained earnings on (disposal)/transfer from asset revaluation surplus	32	-	(9,158)	9,158	-
Income tax relating to components of other comprehensive income	7(c)	-	(18,807)	-	(18,807)
(Loss)/gain on revaluation of infrastructure, plant and equipment assets	32(a)	-	76,653	-	76,653
Total comprehensive result for the period		-	48,688	144,273	192,961
Transactions with the SA Government in their capacity as owners:					
Contributions of equity*		621	-	-	621
Dividends provided for or paid	35	-	-	(142,988)	(142,988)
		621	-	(142,988)	(142,367)
Balance at 30 June 2025		251,050	2,268,443	313,715	2,833,208

*In 2024/25, SA Water received the following contributions of equity:

- \$0.413m from the SA Government to partially fund the construction of the Thomas Foods International Wastewater Treatment Plant.
- \$0.208m from the SA Government to partially fund the opening of South Australian reservoirs for recreational use.

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

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

South Australian Water Corporation
Statement of cash flows
For the year ended 30 June 2026

	2026	2025
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	1,718,308	1,627,144
Payments to suppliers and employees	(1,058,010)	(987,819)
Interest received	221	243
Receipts from community service obligations	141,466	143,019
Receipts from contributions	69,942	47,023
Receipts from government grants	4,835	1,644
Borrowing costs paid	(410,145)	(362,274)
Income tax equivalents paid	(10,682)	(16,667)
Income tax equivalents refunded	-	16,800
Net cash inflow from operating activities	30 455,935	469,113
Cash flows from investing activities		
Payments for construction and purchase of infrastructure, plant and equipment	(1,292,709)	(781,437)
Payments for settlement of foreign exchange forward contracts	(17,668)	-
Proceeds from settlement of foreign exchange forward contracts	17,028	-
Payments for intangible assets	(19,927)	(12,503)
Proceeds from sale of temporary water allocations	1,269	-
Proceeds from sale of infrastructure, plant and equipment	1,536	639
Proceeds from sale of renewable energy certificates	35	2,970
Net cash (outflow) from investing activities	(1,310,436)	(790,331)
Cash flows from financing activities		
Proceeds from borrowings	2,757,100	1,685,300
Repayment of borrowings	(1,723,500)	(1,203,300)
Proceeds from equity contributions	1,750	621
Dividends paid	35 (167,016)	(142,988)
Repayments of finance lease liability	(7,029)	(17,608)
Net cash inflow from financing activities	861,305	322,025
Net increase in cash and cash equivalents	6,804	807
Cash and cash equivalents at the beginning of the financial year	4,350	3,543
Effects of exchange rate changes on cash and cash equivalents	123	-
Cash and cash equivalents at end of period	29 11,277	4,350

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

1 About these Financial Statements

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

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

The Corporation does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the Corporation.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with relevant Australian Accounting Standards and comply with the Treasurer's Instructions and Accounting Policy Statements promulgated under provisions of the Public Finance and Audit Act 1987, as well as complying with Interpretations issued by the Australian Accounting Standards Board and the Corporations (South Australia) Act 1990. SA Water is a for-profit entity for the purpose of preparing the financial statements. Where the Treasurer's Instructions are more prescriptive than the equivalent Australian Accounting Standards, SA Water has applied the Treasurer's Instructions in the application of accounting frameworks.

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

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

Assets that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets. Liabilities that are due to be settled within 12 months after the end of the reporting period or for which the Corporation has no right to defer the settlement for at least 12 months after the end of the reporting period are classified as current liabilities. All other assets and liabilities are classified as non-current.

Changes in accounting policy

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

Comparative information

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

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

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

Rounding

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

(b) Taxes

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

1 About these Financial Statements (continued)

(b) Taxes (continued) 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 of South Australia.

Goods and services tax

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

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

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

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

1 About these Financial Statements (continued)

(c) New accounting standards and interpretations not yet effective

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Corporation for the period ending 30 June 2026.

(i) AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments

The amendment was issued in August 2024 and is effective for annual reporting periods beginning on or after 1 January 2026. The Standard amends AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures, including requirements relating to the classification of financial assets with ESG-linked features, settlement of financial liabilities through electronic payment systems, and enhanced disclosure requirements for certain financial instruments.

(ii) AASB 2025-1 Amendments to Australian Accounting Standards - Contracts Referencing Nature-dependent Electricity.

The amendment was issued in February 2025 and is effective for annual reporting periods beginning on or after 1 January 2026, with early adoption permitted. The standard amends AASB 7 Financial Instruments: Disclosures and AASB 9 Financial Instruments in relation to contracts referencing nature-dependent electricity, including certain renewable energy supply arrangements and power purchase agreements.

The Corporation has not early adopted these standards. Management is currently assessing the potential impact of the amendments on the Corporation's financial statements.

2 Financial risk management

(a) Market risk

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

(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 renewal of existing positions and the use of risk mitigation strategies. To minimise interest rate risk, the Corporation enters into forward starting loans (FSLs) with the South Australian Government Financing Authority (SAFA) where it agrees to borrow specified amounts in the future at a pre-determined interest rate. FSLs are non-derivative financial instruments which are outside the scope of AASB 9 *Financial Instruments*, and are disclosed as unrecognised fixed rate loan commitments. Refer note 2c.

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

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date, assuming all other variables are held constant. The movements in post-tax profit and equity for the year are due to higher/lower interest costs from floating rate debt and cash balances. The movement in interest expense is estimated by applying the interest rate movement to the balance of floating rate debt and cash balances outstanding at balance date. For 30 June 2026, there is no exposure to interest rate risk for excess foreign currency cash deposits held at SAFA in a non-interest bearing account so it has been excluded from the sensitivity analysis. Refer note 29.

At 30 June 2026, a possible shift in interest rates over the next reporting period could be 1.00% upwards and -1.00% downwards.

	Carrying amount \$'000	Interest rate risk			
		-1.00%		+1.00%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
30 June 2026					
Financial assets					
Cash and cash equivalents (note 29)	8,358	(59)	(59)	59	59
Financial liabilities					
Short term borrowings (note 19)	(60,200)	421	421	(421)	(421)
Total increase/(decrease)		362	362	(362)	(362)

	Carrying amount \$'000	Interest rate risk			
		-1.00%		+1.00%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
30 June 2025					
Financial assets					
Cash and cash equivalents (note 29)	4,350	(30)	(30)	30	30
Financial liabilities					
Short term borrowings (note 19)	(36,600)	256	256	(256)	(256)
Total increase/(decrease)		226	226	(226)	(226)

2 Financial risk management (continued)

(a) *Market risk (continued)*

(ii) *Electricity price risk exposure*

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

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

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

Permitted electricity derivatives include exchange traded futures, electricity swaps and caps.

The Corporation has elected to prohibit the selling of electricity derivative financial instruments.

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

A 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 volatility in the electricity pool prices.

For the comparative period ending 30 June 2025 the Corporation did not hold any derivatives.

	Carrying amount \$'000	Electricity price risk			
		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
30 June 2026					
Financial liabilities					
Derivative financial instrument - Electricity swaps (note 22)	689	(177)	(177)	177	177
Total increase/(decrease)		(177)	(177)	177	177

(iii) *Foreign exchange risk exposure*

Foreign exchange risk represents the risk resulting from contractual obligations to buy or sell goods and or services in a currency other than Australian Dollars or where the price is quoted in Australian Dollars, and the quoted price is dependent upon a foreign currency price component. The foreign currency value of the goods or services to be bought or sold, or the value of the foreign currency price component is deemed to be the Corporation's exposure to price risk

Foreign currency derivatives are used on a needs basis to ensure any identified foreign currency exposures are appropriately managed in line with SA Water's Foreign Exchange Risk Management Policy and Treasurer's Instruction 23 Management of Foreign Currency Exposures. Permitted foreign currency derivatives as outlined in SA Water's Treasury Risk Management Policy includes forward foreign currency contracts and currency options to maximum maturity of 3 years. In all instances, SA Water's foreign exchange derivatives are arranged through SAFA.

The following table illustrates the sensitivity of profit and equity to changes in exchange rates in relation to forward foreign currency contracts in existence at balance date, with all other variables held constant.

There were no foreign exchange forward contracts recognised at 30 June 2025 so a prior year sensitivity analysis was not applicable.

2 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk exposure (continued)

Based on the financial instruments held at 30 June 2026, a strengthening/weakening of the Australian dollar against NZD, USD, CNY and EUR would have affected post-tax profit and equity by the amounts shown below. A sensitivity of 10% has been selected for use at reporting date as this is considered reasonable based on historical volatility of the AUD against other currencies. The currencies are abbreviated as follows:

AUD Australian Dollars
NZD New Zealand Dollars
USD US Dollars
CNY Chinese Yuan
EUR Euros

	Carrying amount \$'000	Foreign exchange risk			
		Profit		Equity	
		+10% \$'000	-10% \$'000	+10% \$'000	-10% \$'000
Derivative financial asset					
Forward foreign exchange contracts					
EUR	47	(201)	319	(201)	319
CNY	1	(32)	41	(32)	41
Total increase/(decrease)		(233)	360	(233)	360

	Carrying amount \$'000	Foreign exchange risk			
		Profit		Equity	
		+10% \$'000	-10% \$'000	+10% \$'000	-10% \$'000
Derivative financial liability					
Forward foreign exchange contracts					
NZD	118	(288)	168	(288)	168
USD	54	(166)	119	(166)	119
EUR	59	(85)	12	(85)	12
CNY	-	(26)	32	(26)	32
Total increase/(decrease)		(565)	331	(565)	331

(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.

Water rates and charges are secured via a first charge on the property under the South Australian Water Corporation Act 1994, which provides a level of protection against credit losses.

Credit management policies and procedures are in place to ensure there is an appropriate level of due diligence in relation to credit history and financial integrity for financial transactions undertaken by SA Water. In addition, receivable balances are monitored on an ongoing basis and actions to recover outstanding debt are instigated in accordance with the Corporation's collection policies and practices.

During the reporting period ending 30 June 2025, a significant customer entered administration, resulting in an impairment of the associated receivable. The Corporation has recognised a provision for doubtful debts in relation to this exposure. While this event has increased credit risk in the short term, the Corporation does not have any other significant concentrations of credit risk.

Refer to Note 8 for further details on receivables and impairment provisions.

2 Financial risk management (continued)

(b) Credit risk (continued)

Electricity and foreign exchange derivatives are entered into with highly rated financial counterparties.

(c) Liquidity risk

The Corporation has in place a Treasury Risk Management Policy to provide a prudential framework for managing liquidity risk. The policy was reviewed by the SA Water Board in November 2024 and approved by the Treasurer on 10 February 2025. SA Water is required to hold cash or committed facilities with sufficient capacity to meet immediate funding requirements and provide any unforeseen cash flow needs. Liquidity levels are monitored on a daily basis.

Contractual maturities

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

Maturing borrowings are included in the table at their maturity date and are refinanced at prevailing market interest rates. Fixed rate borrowings are interest only with a fixed maturity 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.

In assessing and managing liquidity risks of derivative financial instruments the corporation considers both contractual inflows and outflows. The inflows/(outflows) disclosed in the table below represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

For the comparative period ending 30 June 2025 the Corporation did not hold any derivatives.

	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 2026					
Derivatives					
Gross settled forward foreign exchange contracts (note 15):					
Cash inflow	(10,542)	-	-	-	(10,542)
Cash outflow	10,726	-	-	-	10,726
Total	184	-	-	-	184
Electricity swap - Net settled (note 22)	689	-	-	-	689
Total derivatives	873	-	-	-	873
Non-derivatives					
Non-interest bearing liabilities*	246,520	-	-	-	246,520
Fixed rate borrowings	915,752	2,099,040	3,245,685	4,277,219	10,537,696
Floating rate borrowings	60,220	-	-	-	60,220
Unrecognised fixed rate loan commitments**	40,457	87,398	333,001	672,323	1,133,179
Lease liabilities	8,309	10,053	36,469	31,059	85,890
Total non-derivatives	1,271,258	2,196,491	3,615,155	4,980,601	12,063,505

2 Financial risk management (continued)

(c) Liquidity risk (continued)

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

**For 30 June 2026, the principal component relating to FSLs that were refinanced prior to reporting date have been excluded from the less than 1 year category, and included in the 1 to 2 years category, 2 to 5 years category and over 5 years category in which the FSLs will mature.

	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 2025					
Non-derivatives					
Non-interest bearing liabilities*	209,798	-	-	-	209,798
Fixed rate borrowings	780,428	1,152,941	4,168,384	4,010,602	10,112,355
Floating rate borrowings	36,608	-	-	-	36,608
Lease liabilities	9,971	8,309	34,005	43,576	95,861
Total non-derivatives	1,036,805	1,161,250	4,202,389	4,054,178	10,454,622

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

(d) Fair value measurements

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

(i) Fair value of financial liabilities

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

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

	2026		2025	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Long term borrowings (note 25)	9,108,810	8,814,957	8,098,810	7,945,593

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

The contractual cash flow amounts reported as part of the liquidity risk disclosure in Note 2(c) differ from the carrying value of borrowings recognised in the statement of financial position as the liquidity risk disclosure is based on undiscounted contractual cash flows, including future interest payments, while borrowings are measured at their carrying amount at the reporting date.

3 Accounting estimates and judgements

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

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

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

- Contributed assets (refer note 4);
- Emissions certificates (refer note 13);
- Configuration or customisation in a cloud computing environment (refer note 13);
- Asset valuation methodology and useful lives of assets (refer note 6 & note 14);
- Impairment of assets (refer note 14);
- Tax depreciation assumptions incorporated within the discounted cash flow valuation model for infrastructure assets (refer note 14)
- Unbilled water sales (refer note 4 & note 8);
- Provisions (refer note 21 & note 27).

4 Revenue from ordinary activities

	2026 \$'000	2025 \$'000
Revenue from contracts with customers		
Water and sewer rates and charges	1,382,724	1,342,902
Contributed assets and developer fees	122,909	101,064
Recoverable works	80,308	80,553
Fees and charges	84,415	70,463
	1,670,356	1,594,982
Other revenue		
Community service obligations	146,595	146,265
Government grants	15,124	15,838
Rents	1,896	2,133
Miscellaneous	5,886	8,198
Interest	217	236
	169,718	172,670
Total	1,840,074	1,767,652

Water and sewer rates and charges

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

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

(i) Water usage charge

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

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

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

(ii) Water access charge

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

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

4 Revenue from ordinary activities (continued)

Water and sewer rates and charges (continued)

(iii) Sewerage access charge

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

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

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

Contributed assets and developer fees

Contributed assets principally arise from:

(i) Mains extensions contributions:

Contributions are received from customers or developers where a requested service or connection requires the construction of a new main.

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

(ii) Gifted assets:

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

*Greenfield is the estimated expense required to build or acquire a brand-new, modern equivalent asset on a completely undeveloped site, without accounting for existing infrastructure, or site constraints.

(iii) Miscellaneous capital contributions:

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

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

(iv) Augmentation charges:

All persons who receive development approval between 1 July 2025 and 30 June 2026 for an additional allotment, new connection or a variation to an existing connection with multiple new premises that connect to SA Water's water and/or sewerage infrastructure in the Greater Adelaide Region will be charged an augmentation charge in respect of each connection or new allotment.

4 Revenue from ordinary activities (continued)

Contributed assets and developer fees (continued)

New residential greenfield allotments make a fixed contribution towards water and sewerage infrastructure that they are connecting to.

New residential infill developments in the greater Adelaide region will also make a contribution based on the number of new premises connecting to SA Water's network.

Recoverable works

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

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

Fees and charges

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

A performance obligation also exists to provide customers access to dispose of hazardous waste through SA Water infrastructure. The amount charged is based on volume of waste that is disposed. Revenue is recognised at a point in time once the service is provided.

Community service obligations (CSOs)

The Corporation is required under its charter to provide a number of non-commercial activities 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 are for the implementation of statewide pricing to ensure that regional customers pay the same water charges and similar sewerage charges as Metropolitan customers and the provision of water and sewerage concessions to certain properties (eg charities, churches, public schools and remote communities).

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.

SA Water receives large-scale generation certificates (LGCs) from the Australian Government for generating renewable energy. The award of LGCs are treated as non-monetary government grants and initially measured at fair value in accordance with AASB 120 *Government Grants* on the date they are created, being the date they are registered in the name of SA Water. The fair value being determined as the number of LGCs received multiplied by the current market value.

4 Revenue from ordinary activities (continued)

Disaggregation of revenue from contracts with customers

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

30 June 2026	Water \$'000	Wastewater \$'000	Total \$'000
Revenue from contracts with customers			
Water and sewer rates and charges	950,397	432,327	1,382,724
Contributed assets and developer fees	63,236	59,673	122,909
Recoverable works	55,673	24,635	80,308
Fees and charges	40,708	43,707	84,415
Total revenue from contracts with customers	1,110,014	560,342	1,670,356

30 June 2025	Water \$'000	Wastewater \$'000	Total \$'000
Revenue from contracts with customers			
Water and sewer rates and charges	943,384	399,518	1,342,902
Contributed assets and developer fees	57,995	43,069	101,064
Recoverable works	69,795	10,758	80,553
Fees and charges	35,727	34,736	70,463
Total revenue from contracts with customers	1,106,901	488,081	1,594,982

5 Other income

	2026 \$'000	2025 \$'000
Net gain on disposal of infrastructure, plant and equipment	641	341
Gain on derecognition of right-of-use asset	-	190
Net gain on disposal of water allocations	1,257	-
Reversal of prior year infrastructure, plant and equipment revaluation decrement*	498	778
Net gain on disposal of renewable energy certificates	17	-
Total	2,413	1,309

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.

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

6 Expenses

	Notes	2026 \$'000	2025 \$'000
<u>Depreciation and amortisation</u>			
Infrastructure, plant and equipment	14	260,703	245,551
Intangible assets	13	13,607	20,429
Right-of-use assets	16	6,124	15,670
Total depreciation and amortisation		280,434	281,650
<u>Borrowing costs</u>			
Interest paid/payable on borrowings		413,403	356,090
Interest expense on lease liabilities		2,717	3,771
Total borrowing costs		416,120	359,861
<u>Services & supplies</u>			
Water planning management		36,007	35,136
External fees and charges		34,359	32,118
Cost of goods/services provided		37,059	33,655
Materials and chemicals*		44,155	34,394
Licences		35,776	30,552
Other services and supplies		25,804	24,817
Facility maintenance		12,645	10,770
Operational taxes		11,063	10,884
Plant, equipment and vehicles**		16,772	10,941
Short-term leases		-	1,152
Consultancy costs		3,381	997
Total services & supplies		257,021	225,416
<u>Employee benefits</u>			
Salaries and wages		148,008	136,688
Superannuation contribution		28,558	37,748
Annual leave		19,726	16,765
Long service leave		5,512	7,436
Workers compensation		1,434	851
Total employee benefits		203,238	199,488
<u>Other expenses</u>			
Write-off in value of infrastructure, plant and capital WIP		6,296	38,839
Net bad and doubtful debts		281	20,311
Infrastructure, plant and equipment revaluation decrement		7,436	8,257
Write-off in value of intangible capital WIP		1,622	1,541
Net loss on disposal of renewable energy certificates		-	463
Net loss from electricity derivatives at fair value through P&L		689	-
Impairment loss renewable energy certificates		(124)	124
Net foreign exchange loss		716	-
Total other expenses		16,916	69,535

* SA Water took over ownership and operation of the Riverland water treatment plants following the expiry of the BOOT agreements in January 2025 and therefore increased the requirements for chemicals and materials for operation of the plants.

** Motor vehicle leases with SAFA are no longer captured by AASB 16 Leases and are now recognised in operating expenses.

6 Expenses (continued)

Depreciation

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

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

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

Borrowing costs

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

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

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

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 schemes and several non-state government superannuation schemes. In relation to the state government superannuation schemes, the Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

During the prior reporting period, the Corporation made a lump sum payment to Super SA in relation to its obligations under the defined benefit superannuation scheme.

Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary assets and liabilities denominated in foreign currency at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the date of the transaction).

6 Expenses (continued)

Derivatives

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

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

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

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

Water planning management

In accordance with Section 6 of the Public Corporations Act 1993, SA Water are directed to pay the Department for Environment and Water an amount in order to support water planning and management activities.

Short term and low-value leases

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

7 Income tax expense

(a) *Income tax expense*

	2026 \$'000	2025 \$'000
Current tax on profits for the year (note 20)	19,267	9,375
Deferred tax	53,094	45,497
Amounts under provided in prior years	1	1
	72,362	54,873

Deferred income tax included in income tax expense comprises:

Increase/(Decrease) in deferred tax assets (note 12)	1,410	(6,995)
Increase/(Decrease) in deferred tax liabilities (note 26)	51,684	52,492
	53,094	45,497

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

	2026 \$'000	2025 \$'000
Profit from continuing operations before income tax	248,680	189,988
Tax at the Australian tax rate of 30.0% (2025: 30.0%)	74,604	56,996
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Gain on sale of land	(44)	13
Revaluation increment	(76)	(29)
ADP intangible asset amortisation	510	510
Government grants	(2,618)	(2,618)
Provision for employee benefits	(15)	-
	72,361	54,872
Amounts under provided in prior years	1	1
Income tax expense	72,362	54,873

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

	2026 \$'000	2025 \$'000
Gain/(loss) on revaluation of infrastructure, plant and equipment (note 26 & 12)	(248,786)	18,807
Leased infrastructure assets (note 26)	(64)	243
	(248,850)	19,050

8 Current assets - Trade and other receivables

	2026 \$'000	2025 \$'000
Receivables		
Rates receivable (water and sewer)	67,759	71,656
Sundry debtors*	62,682	54,785
Impairment loss on receivables (note 8(a))	(20,901)	(20,620)
Accrued unbilled water usage	116,706	87,884
	226,246	193,705
Other receivables		
Community service obligations	22,513	21,083
	248,759	214,788

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

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

The accrued revenue for unbilled water usage as of 30 June 2026 is an estimate of customer water consumption since their last meter read. This estimate uses system data, billing information, and a model that factors in average daily consumption, non-revenue water percentages, and tiered pricing. The calculation is complex due to the large and varied customer base and variables like weather, network losses, and data limitations. Revenue is estimated per customer using average pricing. Once meters are read, customers are billed based on their actual recorded consumption.

(a) Impaired trade receivables

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

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

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

8 Current assets - Trade and other receivables (continued)

(a) *Impaired trade receivables (continued)*

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

	2026 \$'000	2025 \$'000
Opening balance at 1 July	20,620	310
Increase in the allowance*	481	20,386
Amounts written off	-	(1)
Amounts reversed	(200)	(75)
Closing balance at 30 June	20,901	20,620

*For the reporting period ending 30 June 2025, as a consequence of the decision by the SA Government to place OneSteel Manufacturing Pty Ltd into administration an amount of \$19.9m for outstanding water charges has been considered to be impaired.

SA Water has not applied a provision matrix to the remaining portfolio of rates and sundry receivables because the expected credit loss exposure for that portfolio, is not material. The information relating to the ageing analysis for rates and sundry receivables is shown below:

	2026 \$'000	2025 \$'000
At 30 June the ageing of rates receivable is as follows:		
Not past due	11,323	11,980
Past due 22 - 60 days	12,049	16,029
Past due 61 - 90 days	6,436	6,375
Past due 91 - 120 days	2,978	1,356
Past due > 120 days*	34,973	35,916
	67,759	71,656

	2026 \$'000	2025 \$'000
--	----------------	----------------

At 30 June the ageing of sundry debtors is as follows:

Not past due	57,021	48,967
Past due 31 - 60 days	2,776	4,673
Past due 61 - 90 days	1,139	211
Past due 91 - 120 days	638	57
Past due > 120 days	1,108	877
	62,682	54,785

*For the reporting period ending 30 June 2025, as a consequence of the decision by the SA Government to place OneSteel Manufacturing Pty Ltd into administration an amount of \$19.9m for outstanding water charges has been considered to be impaired at 30 June 2025.

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

(b) *Fair value and credit risk*

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

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

9 Current assets - Inventories

	2026 \$'000	2025 \$'000
Raw materials and stores	18,136	13,405
Allowance for obsolete stock	(119)	(116)
Work in progress	196	409
	<u>18,213</u>	<u>13,698</u>

Inventories are valued at cost with any goods and services manufactured by SA Water measured on a full absorption cost basis.

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

10 Current assets - Other current assets

	2026 \$'000	2025 \$'000
Interest receivable	14	18
Prepayments	20,016	18,331
	<u>20,030</u>	<u>18,349</u>

11 Current assets - Financial assets

	2026 \$'000	2025 \$'000
Derivative financial instruments		
Foreign exchange forward contracts	48	-
	<u>48</u>	<u>-</u>

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

12 Non-current assets - Deferred tax assets

	Notes	2026 \$'000	2025 \$'000
The balance comprises temporary differences attributable to:			
Doubtful debts		6,231	6,147
Obsolete stock		36	35
Infrastructure, plant and equipment		41,906	41,546
Intangible assets		-	37
Pooled assets		39	37
Payables		2,599	2,245
Audit fee payable		153	148
Government grants		9,946	10,109
Employee benefits		17,131	15,813
Deferred lease incentives		173	173
Lease liability - right-of-use assets		(18,149)	(16,557)
Unearned customer contributions		1,165	947
Unearned income		568	1,867
Provisions		5,485	6,441
Lease make good provision		(60)	(60)
Provision for workers compensation		224	205
Derivative financial instruments		276	-
		67,723	69,133
<i>Amounts recognised directly in equity:</i>			
Unearned customer contributions		2,335	2,335
Revaluation of Infrastructure, plant and equipment	32	(1)	(137)
Lease liability - Initial adoption of AASB 16		36,236	36,236
Leased infrastructure assets		(1,061)	(1,061)
Lease make good provision		494	494
Deferred lease incentives		(173)	(173)
Doubtful debts - Initial adoption of AASB 9		39	39
		37,869	37,733
<i>Recognition of leases - AASB 16</i>			
Recognition of new leases		7,330	7,330
Lease liability remeasurement		10	10
Amounts over provided in prior years		(30)	(30)
Lease derecognition*		(2,913)	(2,913)
		4,397	4,397
Total deferred tax assets		109,989	111,263

12 Non-current assets - Deferred tax assets (continued)

	2026 \$'000	2025 \$'000
Movements:		
Opening balance at 1 July	111,263	105,457
Charged to the statement of comprehensive income (note 7(a))	(1,410)	6,995
Charged to equity (note 32(a))	136	(1)
Recognition of new leases - AASB 16	-	1,725
Lease derecognition*	-	(2,913)
Closing balance at 30 June	109,989	111,263
Deferred tax assets expected to be recovered within 12 months	35,423	36,149
Deferred tax assets expected to be recovered after more than 12 months	74,566	75,114
	109,989	111,263

*Motor vehicle leases with SAFA are no longer captured by AASB 16 Leases and were derecognised on 31 March 2025. Refer to note 15.

13 Intangible assets

	Work in progress \$'000	Easements \$'000	Prescription rights \$'000	Computer software \$'000	ADP intangible \$'000	Purchased water rights \$'000	Emissions certificates \$'000	Total \$'000
Year ended 30 June 2026								
Opening net book amount	16,114	6,789	4,500	29,375	47,673	42,125	2,418	148,994
Additions	15,212	-	-	-	-	-	-	15,212
Purchases	-	-	-	-	-	-	4,434	4,434
Government grant	-	-	-	-	-	-	915	915
Additions transferred from work in progress	(10,419)	-	-	10,419	-	-	-	-
Amortisation charge (note 6)	-	-	-	(11,907)	(1,700)	-	-	(13,607)
Disposals	-	-	-	-	-	-	(18)	(18)
Asset write-down	(512)	-	-	(1,110)	-	-	-	(1,622)
Surrender	-	-	-	-	-	-	(6,787)	(6,787)
Closing net book amount	20,395	6,789	4,500	26,777	45,973	42,125	962	147,521
At 30 June 2026								
Cost	20,395	6,789	4,500	340,794	70,982	42,125	962	486,547
Accumulated amortisation	-	-	-	(314,017)	(25,009)	-	-	(339,026)
Net book amount	20,395	6,789	4,500	26,777	45,973	42,125	962	147,521

Current*
Non-current

962
146,559
147,521

*Emissions certificates

13 Intangible assets (continued)

	Work in progress \$'000	Easements \$'000	Prescription rights \$'000	Computer Software \$'000	ADP intangible \$'000	Purchased water rights \$'000	Emissions certificates \$'000	Total \$'000
Year ended 30 June 2025								
Opening net book amount	25,971	6,776	4,500	30,946	49,373	42,125	5,353	165,044
Additions	8,060	-	-	-	-	-	-	8,060
Purchases	-	-	-	-	-	-	4,000	4,000
Government grant	-	-	-	-	-	-	4,821	4,821
Additions transferred from work in progress	(17,171)	13	-	17,158	-	-	-	-
Reclassifications	795	-	-	-	-	-	-	795
Revaluation	-	-	-	-	-	-	63	63
Amortisation charge (note 6)	-	-	-	(18,729)	(1,700)	-	-	(20,429)
Disposals	-	-	-	-	-	-	(3,428)	(3,428)
Asset write-down	(1,541)	-	-	-	-	-	-	(1,541)
Surrender	-	-	-	-	-	-	(8,267)	(8,267)
Impairment	-	-	-	-	-	-	(124)	(124)
Closing net book amount	16,114	6,789	4,500	29,375	47,673	42,125	2,418	148,994
At 30 June 2025								
Cost	16,114	6,789	4,500	331,485	70,982	42,125	2,542	474,537
Accumulated amortisation	-	-	-	(302,110)	(23,309)	-	-	(325,419)
Accumulated impairment loss	-	-	-	-	-	-	(124)	(124)
Net book amount	16,114	6,789	4,500	29,375	47,673	42,125	2,418	148,994
Current*							2,418	
Non-current							146,576	
							148,994	

*Emissions certificates

13 Intangible assets (continued)

Purchased water rights

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

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

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

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

Issued water licences

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

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

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

Rights other than those relating to the River Murray are:

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

13 Intangible assets (continued)

Work in progress

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

Easements

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

Prescription rights

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.

Computer software

Computer 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.

Software-as-a-Service (SaaS) arrangements

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

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

ADP intangible asset

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

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

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

13 Intangible assets (continued)

Emissions certificates

The Corporation uses Renewable Energy Certificates (RECs) and Australian Carbon Credit Units (ACCU) to source electricity generated from renewable resources. The Corporation generates Large-scale Generation Certificates (LGC) from solar, biogas and mini hydro plants and purchases Small-scale Technology Certificates (STC) to meet legislated obligations in relation to Australia's Renewable Energy Target (RET) scheme. The RET scheme imposes an annual liability on a calendar-year basis, by applying the specified Renewable Power Percentage to the relevant volume of electricity acquired. The Corporation demonstrates compliance by surrendering RECs to the Clean Energy Regulator. LGCs are surrendered annually for the previous calendar year while STCs are surrendered on a quarterly basis. Accumulated RECs and ACCUs are expected to be utilised in satisfying the Corporation's future renewable energy target obligations or sold where surplus LGCs have been generated.

Emissions certificates represent identifiable non-monetary assets without physical substance and are measured at cost in accordance with AASB 138 Intangible Assets. For generated emission certificates received from the Government cost is measured at fair value, which is determined based on the market price of the certificates when they are received. Emission certificates that are purchased are recognised at the cost paid to a third party. Emission certificates are not amortised and are tested for impairment annually, and whenever there is an indication that the emissions certificates may be impaired. After initial recognition the certificates are carried at cost and not revalued.

The obligation to surrender certificates based on the Corporation's energy consumption and the renewable power percentage target is accrued and disclosed in the statement of financial position as a current liability.

14 Non-current assets - Infrastructure, plant and equipment

	Work in progress Water & Sewerage \$'000	Work in progress Renewable energy \$'000	Land \$'000	Renewable energy \$'000	Plant and equipment \$'000	System infrastructure assets \$'000	Other property, plant and equipment \$'000	Total \$'000
Year ended 30 June 2026								
Opening net book amount	1,290,625	1,822	440,138	197,660	32,573	9,736,844	62,713	11,762,375
Additions	1,312,332	358	164	-	-	53,057	-	1,365,911
Additions transferred from work in progress	(486,827)	(2,167)	831	2,167	6,176	435,068	44,752	-
Transfer from right-of-use asset**	-	-	-	-	-	12,055	-	12,055
Depreciation charge (note 6)	-	-	-	(10,440)	(4,270)	(229,736)	(16,257)	(260,703)
Asset write-down	(6,296)	-	-	-	-	-	-	(6,296)
Disposals	-	-	(810)	-	(84)	-	-	(894)
Revaluation increase/(decrease)	-	-	34,841	(5,864)	-	(837,203)	-	(808,226)
Closing net book amount	2,109,834	13	475,164	183,523	34,395	9,170,085	91,208	12,064,222
At 30 June 2026								
Cost or fair value	2,109,834	13	475,164	225,857	84,527	16,671,920	350,343	19,917,658
Accumulated depreciation	-	-	-	(42,334)	(50,132)	(7,501,835)	(259,135)	(7,853,436)
Net book amount	2,109,834	13	475,164	183,523	34,395	9,170,085	91,208	12,064,222

**The term of the BOOT agreement with Trility for the lease of the Victor Harbor Wastewater Treatment Plant expired on the 10 December 2025. In accordance with the agreement ownership of the assets were transferred to SA Water.

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

	Work in progress Water & Sewerage \$'000	Work in progress Renewable energy \$'000	Land \$'000	Renewable energy \$'000	Plant and equipment \$'000	System Infrastructure assets \$'000	Other property, plant and equipment \$'000	Total \$'000
Year ended 30 June 2025								
Opening net book amount	1,163,029	1,231	414,894	212,314	33,563	9,185,680	53,033	11,063,744
Additions	791,261	591	266	-	-	57,293	-	849,411
Additions transferred from work in progress	(624,031)	-	10,703	259	3,277	588,511	21,281	-
Transfer from right-of-use asset**	-	-	-	-	-	65,529	-	65,529
Depreciation charge (note 6)	-	-	-	(10,628)	(4,025)	(219,297)	(11,601)	(245,551)
Reclassified to intangibles	(795)	-	-	-	-	-	-	(795)
Asset write-down	(38,839)	-	-	-	-	-	-	(38,839)
Disposals	-	-	(56)	-	(242)	-	-	(298)
Revaluation increase/(decrease)	-	-	14,331	(4,285)	-	59,128	-	69,174
Closing net book amount	1,290,625	1,822	440,138	197,660	32,573	9,736,844	62,713	11,762,375
At 30 June 2025								
Cost or fair value	1,290,625	1,822	440,138	230,906	78,781	17,670,400	305,595	20,018,267
Accumulated depreciation	-	-	-	(33,246)	(46,208)	(7,933,556)	(242,882)	(8,255,892)
Net book amount	1,290,625	1,822	440,138	197,660	32,573	9,736,844	62,713	11,762,375

**The term of the BOOT agreements with Riverland Water for the lease of water infrastructure assets expired on 24 January 2025. In accordance with the agreement ownership of the assets were transferred to SA Water.

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

Infrastructure, plant and equipment

(a) Carrying amounts that would have been recognised

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

	Land \$'000	Renewable energy assets \$'000	Plant and equipment \$'000	System infrastructure assets \$'000	Other property, plant and equipment \$'000	Total \$'000
Revalued assets based on cost model						
Cost	69,908	359,259	92,477	10,189,250	306,881	11,017,775
Accumulated depreciation	-	(67,313)	(78,181)	(3,648,858)	(220,613)	(4,014,965)
At 30 June 2026 net carrying amount	69,908	291,946	14,296	6,540,392	86,268	7,002,810

Revalued assets based on cost model

Cost	69,572	357,093	86,732	9,758,165	262,128	10,533,690
Accumulated depreciation	-	(51,172)	(73,565)	(3,460,782)	(204,725)	(3,790,244)
At 30 June 2025 net carrying amount	69,572	305,921	13,167	6,297,383	57,403	6,743,446

Acquisition

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

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

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

Valuations

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

The fair value of land is measured using the market approach.

The fair value for renewable energy assets, plant and equipment, system infrastructure assets and other property, plant and equipment are measured using the income approach. The income approach has been adopted for these asset classes as there is generally no active market for assets of such a specialised nature. As a for-profit entity, any expected transaction price for the Corporation's assets would be based on the income that the assets derive.

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

Infrastructure, plant and equipment (continued) Valuations (continued)

The application of the income approach means the assets are valued using a discounted cash flow methodology which is based on the discounted value of the future cash flows expected to be generated from the use of SA Water's assets under the environment in which the Corporation operates as a for-profit entity. Future cashflows generated from the use of these assets are considered the primary factor that a market participant would consider when pricing these assets.

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

Land

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

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

Property, plant and equipment, system infrastructure assets and other property, plant and equipment

Property, plant and equipment includes operating plant and machinery, vehicles and office equipment. These assets are valued using the income approach. Costs associated with this class include construction cost or purchase price, installation costs and attributable labour.

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

Other property, plant and equipment includes telemetry, leasehold improvements and assets that do not fall into the above categories.

The network of assets consisting of land, system infrastructure assets, plant and equipment, other property, plant and equipment, intangibles, right-of-use assets and work in progress assets are valued as an integrated network because of the integrated nature of their operations.

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

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

The fair value of system infrastructure assets, plant and equipment and other property, plant and equipment is determined by calculating the total fair value of the integrated network and then deducting the fair value of land (measured using the market approach) as well as the carrying amounts of work in progress water and sewerage, intangible assets and right-of-use assets.

Renewable energy assets

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

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

Infrastructure, plant and equipment (continued)

Renewable energy assets (continued)

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

Work in progress

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

The Corporation's work in progress is recognised at cost which is deemed to be fair value at 30 June 2026.

Fair value model

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

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

Change in accounting estimate

During the year ended 30 June 2026, management reassessed the methodology used to estimate future tax depreciation deductions incorporated within the discounted cash flow valuation model used to determine the fair value of infrastructure assets. Historically, tax depreciation was estimated using a fixed proportion of 85% of accounting depreciation. Following further analysis, management determined this approach was no longer representative of expected future tax depreciation outcomes and adopted a methodology based on forecast tax depreciation deductions from existing assets and future capital investment.

This revision represents a change in accounting estimate and has been applied prospectively in accordance with AASB 108. There has been no restatement of prior period amounts.

When considered in isolation, the change in methodology increased forecast tax depreciation deductions improving the valuation by \$874.3m, resulting in a net decrement of \$837.2m. It is impracticable to determine the effect of this change for future periods.

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

Infrastructure, plant and equipment (continued)

Fair value model (continued)

Input	Impact on fair value measurement	For 30 June 2026 (water and sewerage CGU)	For 30 June 2026 (Solar Assets CGU)
Discount rate	Asset value would increase as the discount rate decreases.	Nominal post-tax Weighted Average Cost of Capital (WACC) of 4.84% (2025: 4.66%).	Nominal post-tax Weighted Average Cost of Capital (WACC) of 5.55% (2025: 5.37%).
Perpetual growth rate	Asset value would increase as the perpetual growth rate increases.	2.49% (2025: 2.57%)	N/A
CPI rate	Asset value would increase as CPI increases.	2026/27 to 2028/29 is based upon RBA inflation forecast as published in May 2026 Statement of Monetary Policy. 2029/30 onwards utilises a midpoint of the RBA's target band of 2.50%	2026/27 to 2028/29 is based upon RBA inflation forecast as published in May 2026 Statement of Monetary Policy. 2029/30 onwards utilises a midpoint of the RBA's target band of 2.50%
Period of discounting	Asset value would increase as period of discounting increases.	5 years (with an estimate of terminal value).	25 years (with a defined future point of 2051, in line with the cash-flow period for Solar Assets)
<i>Cash inflows:</i>			
Service and usage revenue	Asset value would increase if future revenue increases.	Estimates of future revenues were based on SA Water's 2026/27 State Budget.	N/A
Other non-regulated revenue	Asset value would increase if non-regulated revenue increases.	Non-regulated revenue is based on SA Water's 2026/27 State Budget.	Revenue is based on independently modelled electricity market and renewable energy certificate pricing estimates applied to generation profiles and capacities of respective assets.
<i>Cash outflows:</i>			
Operating expenditure	Asset value would increase as operating expenditure decreases.	Operating expenditure is based on the 2026/27 State Budget.	Operating expenditure is based on the operating estimates and maintenance profiles of the Solar Assets.
Capital expenditure	Asset value would increase as capital expenditure decreases.	Capital expenditure is based on the 2026/27 State Budget.	Capital expenditure is based on the forecast capital estimates and capital replacement profiles of the Solar Assets.

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

Infrastructure, plant and equipment (continued)

Fair value model (continued)

Sensitivity analysis (Water and sewerage)

(i) Discount rate	Rate applied %	If higher +0.1%	If lower -0.1%
Nominal post-tax rate	4.84%	4.94%	4.74%
Calculated fair value of infrastructure, plant and equipment ('\$000)	\$12,068,000	\$11,492,600	\$12,695,700
Resulting change ('\$000)		(\$575,400)	\$627,700

(ii) Perpetual nominal growth rate	Rate applied %	If higher +0.1%	If lower -0.1%
Nominal Post tax rate	2.49%	2.59%	2.39%
Calculated fair value of infrastructure, plant and equipment ('\$000)	\$12,068,000	\$12,648,900	\$11,535,300
Resulting change ('\$000)		\$580,900	(\$532,700)

(iii) Sustainable Capital Expenditure	Value applied \$	If higher \$10.0m	If lower \$10.0m
Nominal post-tax value	\$496.9m	\$506.9m	\$486.9m
Calculated fair value of infrastructure, plant and equipment ('\$000)	\$12,068,000.00	\$11,715,800	\$12,420,900
Resulting change ('\$000)		(\$352,200)	\$352,900

Sensitivity analysis (Solar Assets)

(i) Discount rate	Rate applied %	If higher +0.1%	If lower -0.1%
Nominal post-tax rate	5.55%	5.65%	5.45%
Calculated fair value of renewable energy assets ('\$000)	\$183,536	\$181,541	\$185,562
Resulting change ('\$000)		(\$1,995)	\$2,026

(ii) Forecast revenue	Valued applied \$	If higher 10% p.a	If lower 10% p.a
Nominal post-tax rate	Varying p.a.		
Calculated fair value of renewable energy assets ('\$000)	\$183,536	\$204,117	\$162,460
Resulting change ('\$000)		\$20,581	(\$21,076)

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

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

Infrastructure, plant and equipment (continued) Impairment of assets

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

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

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

For the year ending 30 June 2026, SA Water has undertaken a discounted cashflow asset valuation to determine fair value using current market data to inform assumptions. There are no further indications, for either the water and sewerage CGU or the renewable energy CGU, that the carrying value is not reflective of fair value or would constitute an impairment indicator against the fair value measurement.

15 Fair value measurements

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

- Financial liabilities (note 22);
- Financial assets (note 11);
- Land (note 14);
- System infrastructure assets (note 14);
- Plant and equipment (note 14);
- Other property, plant and equipment (note 14); and
- Renewable energy (note 14).

(a) *Fair value measurements*

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

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

The following table presents the Corporation's financial liabilities and financial and non-financial assets measured and recognised at fair value at 30 June 2026.

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

(i) *Recognised fair value measurements*

30 June 2026	Notes	2026 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Recurring fair value measurements</i>					
Financial liabilities	22				
Electricity Swap		689	689	-	-
Foreign exchange forward contracts*		231	231	-	-
Total financial liabilities		920	920	-	-
Financial assets	11				
Foreign exchange forward contracts*		48	48	-	-
Total financial assets		48	48	-	-
Non- Financial Assets	14				
Land		475,164	-	475,164	-
System infrastructure assets		9,170,085	-	-	9,170,085
Renewable energy assets		183,523	-	-	183,523
Other property, plant and equipment		91,208	-	-	91,208
Plant and equipment		34,395	-	-	34,395
Total non-financial assets		9,954,375	-	475,164	9,479,211

*Net foreign exchange forward contracts is \$184k. Refer note 2(c).

15 Fair value measurements (continued)

(a) *Fair value measurements (continued)*

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

30 June 2025	Notes	2025 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurement					
Non-financial assets	14				
Land		440,138	-	440,138	-
System infrastructure assets		9,736,844	-	-	9,736,844
Renewable energy assets		197,660	-	-	197,660
Other property, plant and equipment		62,713	-	-	62,713
Plant and equipment		32,573	-	-	32,573
Total non-financial assets		10,469,928	-	440,138	10,029,790

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

(b) *Valuation techniques used to derive level 2 and level 3 fair values*

(i) *Recurring fair value measurements*

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

During the reporting period, management made an update to the valuation techniques used (Note 14 (a)).

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

(ii) *Non-recurring fair value measurements*

SA Water has no non-recurring fair value measurements.

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

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

15 Fair value measurements (continued)

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

The recurring fair value measurements for those asset classes using significant unobservable inputs (level 3) is disclosed under Note 14. A reconciliation of the balances comprising of recurring fair value measurements categorised within Level 3 is disclosed in Note 15 for the relevant asset classes. The reconciliation includes:

- (i) gains and losses recognised in profit or loss in Note 6;
- (ii) losses of \$801m recognised in other comprehensive income are disclosed in Note 32(a); and
- (iii) additions and disposals;

In the current year, leased sewer infrastructure assets valued at \$12.1m (2025: \$65.5m) managed under BOOT agreements with Riverland Water (Note 16) were transferred into System infrastructure assets (Note 14).

During the year ended 30 June 2026 management updated its accounting estimates in relation to the fair value measurements (Note 14 (a)).

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

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure assets \$'000	Total \$'000
Year ended 30 June 2026					
Opening balance at 1 July 2025	497	46,240	-	12,806	59,543
Lease liability remeasurement	-	-	-	(213)	(213)
Depreciation (note 6)	(23)	(5,563)	-	(538)	(6,124)
Transfer to Infrastructure, plant and equipment**	-	-	-	(12,055)	(12,055)
Closing net book amount at 30 June 2026	474	40,677	-	-	41,151
At 30 June 2026					
Cost	623	82,002	-	41,051	123,676
Accumulated depreciation	(149)	(41,325)	-	(28,996)	(70,470)
Transfer to Infrastructure, plant and equipment**	-	-	-	(12,055)	(12,055)
Net book value	474	40,677	-	-	41,151

**The term of the BOOT agreement with Trility for the lease of the Victor Harbor Wastewater Treatment Plant expired on the 10 December 2025. In accordance with the agreement ownership of the asset was transferred to SA Water.

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure assets \$'000	Total \$'000
Year ended 30 June 2025					
Opening balance at 1 July 2024	519	51,803	7,519	83,858	143,699
Additions	-	-	5,751	-	5,751
Lease liability remeasurement	-	-	-	810	810
Derecognition*	-	-	(9,518)	-	(9,518)
Depreciation (note 6)	(22)	(5,563)	(3,752)	(6,333)	(15,670)
Transfer to Infrastructure, plant and equipment**	-	-	-	(65,529)	(65,529)
Closing net book amount at 30 June 2025	497	46,240	-	12,806	59,543
At 30 June 2025					
Cost	623	82,002	30,186	119,117	231,928
Accumulated depreciation	(126)	(35,762)	(20,668)	(40,782)	(97,338)
Derecognition*	-	-	(9,518)	-	(9,518)
Transfer to Infrastructure, plant and equipment**	-	-	-	(65,529)	(65,529)
Net book value	497	46,240	-	12,806	59,543

*Motor vehicle leases with SAFA are no longer captured by AASB 16 Leases and were derecognised on 31 March 2025.

**The term of the BOOT agreements with Riverland Water for the lease of water infrastructure assets expired on 24 January 2025. In accordance with the agreement ownership of the assets were transferred to SA Water.

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

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

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

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

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

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

The Corporation has entered into a number of leases:

- A Memorandum of Lease has been entered into with Adelaide Airport Limited for the use of land for the purpose of storm water capture, management and treatment. The term of the lease is 29 years with monthly rental payments which are increased annually by the higher of 4% and CPI. As at 30 June 2026 there is 22 years left remaining on the lease.
- A Memorandum of Administrative Arrangement has been entered into with the Department for Infrastructure and Transport for the lease of its office accommodation in Adelaide CBD. The initial recognition of the right-of-use asset was calculated in accordance with the transitional requirements of AASB 16. The carrying amount of the right-of-use asset for the office in the CBD has been calculated at the commencement date of the lease, but discounted using the incremental borrowing rate at 1 July 2019. The lease is paid monthly and increased annually by a fixed amount of 3%.
- SA Water had motor vehicle leases with SAFA. Motor vehicle leases were non-cancellable, with rental payments paid monthly in arrears. Motor vehicle lease terms ranged from 1 year up to 5 years and up to 10 years by exception on approval. The lease term could also range in duration from 60,000km up to 100,000km and 200,000km by exception. No contingent rental provisions existed within the lease agreements and no options existed to renew the leases at the end of their term.
- From 1 April 2025, SAFA issued new lease agreements for all its existing leases in addition to any new leases. Each of these new lease agreements included a standard clause that would give SAFA substantive substitution rights in accordance with section B14 (a) of AASB 16. As a result, SAFA's motor vehicle leases were no longer captured by AASB 16. Consequently, the right-of-use asset and liability relating to motor vehicle leases was derecognised. All lease charges since then are recognised as an operating expense.

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

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

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

The term of the BOOT agreements with Riverland Water for the lease of water infrastructure assets expired on 24 January 2025. The BOOT agreement with Trility for the lease of the Victor Harbor Wastewater Treatment Plant expired on the 10 December 2025. In accordance with the agreements ownership of the assets were transferred to SA Water. These assets have been reclassified from leased infrastructure assets to system infrastructure assets,

17 Other non-current assets

	2026 \$'000	2025 \$'000
Prepayments	<u>2,020</u>	<u>2,674</u>

18 Current liabilities - Payables

	2026 \$'000	2025 \$'000
Interest payable	63,509	57,534
Trade creditors	228,480	203,534
Other creditors	29,348	19,644
	<u>321,337</u>	<u>280,712</u>

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 15 days.

19 Current liabilities - Financial liabilities/borrowings

	2026 \$'000	2025 \$'000
Lease liabilities	5,823	7,242
Short term borrowings	60,200	36,600
	66,023	43,842

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

(a) *Risk exposures*

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

(b) *Fair value disclosures*

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

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

20 Current liabilities - Tax liabilities/(receivables)

	2026 \$'000	2025 \$'000
Provision for current income tax movements during the year were as follows:		
Opening balance at 1 July	818	(8,691)
Income tax paid	(10,682)	(16,667)
Income tax refunded	-	16,800
Current year's income tax provision (note 7(a))	19,267	9,375
Amounts under provided in prior years	1	1
	9,404	818

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

21 Current liabilities - Provisions

	2026 \$'000	2025 \$'000
Employee benefits	26,233	23,260
Asset decommissioning	9,997	11,170
Damages and claims	361	255
Workers compensation	1,228	1,076
Other provisions	2,343	5,122
	40,162	40,883

(a) *Movements in provisions*

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

2026 Current	Asset decommissioning \$'000	Damages and claims \$'000	Workers compensation \$'000	Other \$'000	Total \$'000
Opening balance at 1 July	11,170	255	1,076	5,122	17,623
Provisions recognised	3,022	-	2,015	-	5,037
Payments made during year	(4,195)	(1,124)	(901)	(2,017)	(8,237)
Re-measurement adjustments	-	1,230	(962)	-	268
Transfer from/(to) non-current provisions	-	-	-	(762)	(762)
Closing balance at 30 June	9,997	361	1,228	2,343	13,929

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

Employee benefit provisions comprise annual leave and long service leave obligations. The annual leave and long service leave is expected to be payable within twelve months and is measured at the undiscounted amount for annual leave and the discounted amount for long service leave expected to be paid when the liability is settled. Long service leave is measured using an independent actuarial valuation and is sensitive to assumptions regarding discount rates, future salary increases, employee retention, retirement patterns, mortality, disability rates and the proportion of leave expected to be taken in service. The provision reflects management's best estimate based on actuarial assumptions at reporting date and is reassessed annually.

Asset decommissioning

A provision is recognised for obligations to decommission assets, remediate sites and undertake environmental restoration activities when a present obligation exists. Uncertainty about the amount and timing of outflows arises from the future scope of works including the nature and extent of remediation and environmental restoration activities required, timing of settlement and decommissioning activities, regulatory requirements and the cost of decommissioning works including contractor, labour, equipment and remediation costs. Assumptions are made over inflation rates and expected asset retirement dates. The provision represents management's best estimate based on information available at the reporting date and is reviewed annually as obligations and cost estimates evolve.

21 Current liabilities - Provisions (continued)

Damages and claims

The provision represents management's best estimate of probable obligations arising from property damage, personal injury and civil liability matters. Measurement is based on legal advice, historical claims experience and the status of individual matters. Actual settlement amounts and timing may differ from estimates due to the inherent uncertainty of litigation and claims resolution.

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 2026 provided by KPMG Financial Services Consulting Pty Ltd. There is a significant degree of uncertainty associated with estimating future claim and expense payments, and also around the timing of future payments due to a variety of factors involved. This includes the relatively small number of claims, claim reopenings, hearing loss claims, emerging psychosocial injuries, economic assumptions and future legislative developments. The provision represents management's best estimate based on actuarial advice and is reassessed annually using updated claims experience and assumptions. Given these uncertainties, the actual cost of compensation claims may differ materially from the estimate. Key assumptions in deriving this best estimate includes; discount rates derived from Commonwealth Government bond yields and future hearing loss claim emergence and claim reopenings data.

Other provisions

Other provisions include site remediation, rectification works, onerous contracts and other constructive obligations. Measurement requires judgement regarding the probability of settlement, timing of cash outflows and expected remediation or rectification costs. Estimates are reviewed at each reporting date and updated as additional information becomes available.

22 Current liabilities - Other financial liabilities

	2026 \$'000	2025 \$'000
Derivative financial instruments - at fair value		
Electricity swaps (note 15(a))	689	-
Foreign exchange forward contracts (note 15(a))	231	-
	920	-

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

23 Current liabilities - Other current liabilities

	2026 \$'000	2025 \$'000
Government grants	9,271	9,902
Unearned income	790	4,529
Deposits from customers	3,878	3,645
Contract liabilities	11,666	10,939
	25,605	29,015

Revenue totalling \$9.1m was recognised in 2025/26 that was included in contract liabilities at 1 July 2025. There was no revenue recognised which related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

24 Non-current liabilities - Payables

	2026 \$'000	2025 \$'000
Employment on-costs	2,451	2,336

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

25 Non-current liabilities - Financial liabilities/borrowings

	2026 \$'000	2025 \$'000
Lease liabilities	69,222	75,045
Long term borrowings	9,108,810	8,098,810
	9,178,032	8,173,855

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

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

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

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

30 June 2026	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure assets \$'000	Total \$'000
Opening balance at 1 July 2025	618	79,732	-	1,937	82,287
Interest expense	22	2,657	-	38	2,717
Additions	-	-	-	-	-
Remeasurement	-	-	-	(213)	(213)
Lease payments	(26)	(7,958)	-	(1,762)	(9,746)
Closing net book amount at 30 June 2026	614	74,431	-	-	75,045

Current	5,823
Non-current	69,222
	75,045

30 June 2025	\$'000	\$'000	\$'000	\$'000	Total \$'000
Opening balance at 1 July 2024	621	84,545	7,635	10,242	103,043
Interest expense	22	2,832	333	584	3,771
Additions	-	-	5,751	-	5,751
Remeasurement	-	-	-	810	810
Lease payments	(25)	(7,645)	(4,009)	(9,699)	(21,378)
Derecognition*	-	-	(9,710)	-	(9,710)
Closing net book amount at 30 June 2025	618	79,732	-	1,937	82,287

Current	7,242
Non-current	75,045
	82,287

*Motor vehicle leases with SAFA are no longer captured by AASB 16 Leases and were derecognised on 31 March 2025. Refer to note 15.

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

26 Non-current liabilities - Deferred tax liabilities

	2026 \$'000	2025 \$'000
The balance comprises temporary differences attributable to:		
Prepayments	2,036	2,019
Lease incentive asset	84	84
Derivative financial instruments	14	-
Foreign currency cash at bank	37	-
Infrastructure, plant and equipment	90,269	36,900
Right-of-use asset	(26,397)	(24,643)
Finance lease receivable	(1,321)	(1,321)
	64,722	13,039
<i>Amounts recognised directly in equity</i>		
Revaluation of infrastructure, plant and equipment	268,055	516,704
Right-of-use asset - initial adoption of AASB 16	27,449	27,449
Finance lease receivable - initial adoption of AASB 16	1,321	1,321
Leased infrastructure assets	7,537	7,601
Lease incentive asset	(84)	(84)
	304,278	552,991
Recognition of new leases	7,331	7,331
Lease liability remeasurement	(7)	(7)
Lease derecognition*	(2,913)	(2,913)
Amounts under provided in prior years	23,873	23,873
	28,284	28,284
Total deferred tax liabilities	397,284	594,314
	2026 \$'000	2025 \$'000
Movements:		
Opening balance	594,314	523,960
Credited to the Statement of Comprehensive Income (note 7(a))	51,684	52,492
Charged to equity (note 32(a) & 32(b))	(248,714)	19,050
Recognition of new leases - AASB 16	-	1,725
Lease derecognition*	-	(2,913)
Closing balance at 30 June	397,284	594,314
Deferred tax liabilities to be settled within 12 months	2,037	1,969
Deferred tax liabilities expected to be settled after more than 12 months	395,247	592,345
	397,284	594,314

*Motor vehicle leases with SAFA are no longer captured by AASB 16 Leases and were derecognised on 31 March 2025. Refer to note 15.

27 Non-current liabilities - Provisions

	2026 \$'000	2025 \$'000
Employee benefits	30,869	29,449
Workers compensation	3,363	3,138
Asset decommissioning	4,943	4,943
Lease make good	1,447	1,447
Other provisions	1,000	238
	41,622	39,215

(a) Movements in provisions

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

2026 Non-current	Workers compensation \$'000	Asset decommissioning \$'000	Lease make good \$'000	Other \$'000	Total \$'000
Opening balance at 1 July	3,138	4,943	1,447	238	9,766
Re-measurement adjustments	225	-	-	-	225
Transfer (to)/from current provisions	-	-	-	762	762
Closing balance at 30 June	3,363	4,943	1,447	1,000	10,753

Employee benefits

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government Bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government Bonds has increased from 3.95% in 2025 to 4.69% in 2026. The increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$2.189m and employee benefit expense of \$2.189m. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate. The actuarial assessment undertaken has left the salary inflation rate unchanged from the 2025 rate of 3.5%. As a result, there is no net financial effect resulting from changes in the salary inflation rate. The Corporation's long service leave liability for 30 June 2026 was valued by KPMG Financial Services Consulting Pty Ltd.

Lease make good

The provision represents the estimated cost of restoring leased premises to the condition required under lease agreements. Estimation uncertainty relates to the scope of restoration works, future construction costs and timing of settlement. The estimate is reviewed periodically as lease obligations and cost assumptions change.

Other provisions

This includes an obligation for fire preparedness for bushfire prone assets.

28 Non-current liabilities - Other non-current liabilities

	2026 \$'000	2025 \$'000
Government grants	286,671	295,942
Unearned income*	1,894	1,894
	288,565	297,836

*Adelaide Desalination Plant Community Service Obligation funding received in advance under the Water for Fodder program.

29 Current assets - Cash and cash equivalents

	2026 \$'000	2025 \$'000
Cash and cash equivalents	11,277	4,350

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

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

At 30 June 2026 cash on hand included \$2.9m for amounts held in foreign currency. The AUD equivalent of the surplus cash held in foreign currency consisted of the following:

CNY4.2m (AUD \$0.9m)
EUR 0.6m (AUD \$1.0m)
USD 0.6m (AUD \$1.0m)

During the year an unrealised foreign exchange gain of \$0.123m was recognised in profit and loss, representing the effects of foreign exchange rate changes on surplus deposits.

(a) Fair Value

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

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

	2026 \$'000	2025 \$'000
Net profit for the year	176,318	135,115
Adjustments for:		
Depreciation and amortisation	280,434	281,650
Amortisation of government grant revenue from liabilities	(14,209)	(11,017)
Government grant revenue from renewable energy certificates	(915)	(4,821)
Gifted assets	(53,205)	(57,559)
Net gain on disposal of infrastructure, plant and equipment	(641)	(341)
Net (gain)/loss on disposal of renewable energy certificates	(17)	458
Net gain on disposal of water allocations	(1,269)	-
Infrastructure, plant and equipment revaluation decrement reversal	(498)	(778)
Infrastructure, plant and equipment revaluation decrement	7,436	8,257
Write-off in value of infrastructure, plant and equipment and capital WIP	6,296	38,839
Write-off in value of intangible capital WIP	1,622	1,541
Effect of exchange rate on cash and cash equivalents	(123)	-
Net realised loss for forward foreign exchange contracts	640	-
Gain on derecognition of right-of-use-asset	-	(190)
Impairment loss renewable energy certificates	-	124
Reversal of impairment loss on renewable energy certificates	(124)	-
Change in assets and liabilities:		
(Increase) in receivables	(33,971)	(11,527)
(Increase) in inventories	(4,515)	(2,201)
(Increase) in prepayments	(1,032)	(2,789)
Decrease in interest receivable	4	7
Decrease/(increase) in deferred tax assets	1,410	(6,995)
Decrease in current intangible assets	6,911	8,203
Decrease in income tax receivable	-	8,691
Decrease in income tax equivalents refunded	-	16,800
Increase/(decrease) in trade creditors	6,296	(4,996)
Increase in provision for employee benefits	4,393	6,568
Increase in provision for workers compensation	377	54
Increase in other operating liabilities	11,424	24,625
Increase in derivative financial liability	920	-
(Increase) in derivative financial asset	(48)	-
Increase in government grants	4,835	1,644
(Decrease)/increase in other provisions	(3,084)	3,241
Increase in deferred tax liabilities	51,684	52,492
Increase/(decrease) in income tax payable	8,586	(15,982)
Net cash inflow from operating activities	455,935	469,113

31 Capital risk management

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

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

The gearing ratios based on continuing operations at 30 June 2026 and 30 June 2025 were as follows:

	2026	2025
	\$'000	\$'000
Interest bearing borrowings (note 19 & 25)	9,244,055	8,217,697
Less: cash and cash equivalents (note 29)	(11,277)	(4,350)
Net debt	9,232,778	8,213,347
Total assets	12,663,230	12,336,034
Gearing ratio	72.9%	66.6%

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

There was no specified dividend to be paid for the year ended 30 June 2026 or the year ended 30 June 2025, in recognition that SA Water's debt/asset gearing ratio was maintained above the predetermined minimum gearing target of 45%.

32 Asset revaluation surplus and retained earnings

(a) *Asset revaluation surplus*

	2026 \$'000	2025 \$'000
Revaluation surplus - infrastructure, plant and equipment	1,714,345	2,268,443
	1,714,345	2,268,443

Movements:

Infrastructure, plant and equipment revaluation surplus

Opening balance at 1 July	2,268,443	2,219,755
Revaluation of infrastructure, plant and equipment*	(801,285)	76,653
Movements in deferred tax liability (note 26)	248,650	(18,806)
Transfer to retained profits on disposal	(1,599)	(9,158)
Movements in deferred tax assets (note 12)	136	(1)
Closing balance at 30 June	1,714,345	2,268,443

*The 2025/26 revaluation decrease (8%) is attributable to the revaluation of system infrastructure assets that includes SA Water's network assets, treatment plants for both water and wastewater, storage related assets and buildings and depots.

*The 2024/25 revaluation increase (1%) is attributable to the revaluation of system infrastructure assets that includes SA Water's network assets, treatment plants for both water and wastewater, storage related assets and buildings and depots.

(b) *Retained earnings*

Movements in retained earnings were as follows:

Opening balance at 1 July	313,715	312,673
Profit for the year	176,318	135,115
Dividends (note 35)	(167,016)	(142,988)
Transfers from asset revaluation surplus	1,599	9,158
Movement in deferred tax liability (note 26)	64	(243)
Closing balance at 30 June	324,680	313,715

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

(i) *Infrastructure plant and equipment revaluation surplus*

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

33 Commitments and contingencies

(a) Capital commitments

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

	Infrastructure, plant and equipment \$'000	Intangible assets \$'000	Total \$'000
30 June 2026			
Within one year	598,495	171	598,666
Later than one year but not later than five years	389,579	-	389,579
Later than five years	26,850	-	26,850
Total	1,014,924	171	1,015,095
	Infrastructure, plant and equipment \$'000	Intangible assets \$'000	Total \$'000
30 June 2025			
Within one year	367,676	362	368,038
Later than one year but not later than five years	63,680	-	63,680
Later than five years	35,000	-	35,000
Total	466,356	362	466,718

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

(b) Other expenditure commitments

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

	2026 \$'000	2025 \$'000
Within one year	166,025	160,451
Later than one year but not later than five years	480,682	570,871
Later than five years	131,707	60,331
	778,414	791,653

Other expenditure commitments include commitments pursuant to contracts to:

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

33 Commitments and contingencies (continued)

(c) *Other contingencies*

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

The Corporation has a number of common law claims and civil law claims made against it by various claimants. The estimated maximum exposure facing the Corporation in respect of these claims is \$3m.

34 Remuneration of auditors

	2026 \$'000	2025 \$'000
Audit fees paid/payable:		
SA Water annual Public Finance and Audit Act audit	<u>480</u>	<u>463</u>

Audit fees were paid or payable to the Audit Office of South Australia relating to work performed under the Public Finance and Audit Act 1987. No other services were provided by the Audit Office of South Australia.

35 Dividends

	2026 \$'000	2025 \$'000
Dividend paid	<u>167,016</u>	<u>142,988</u>
	167,016	142,988

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

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

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

There was no specified dividend to be paid for the year ended 30 June 2026 and the year ended 30 June 2025, in recognition that SA Water 's debt/asset gearing ratio was maintained above the predetermined minimum gearing target of 45% (refer to note 31).

36 Remuneration of employees

	Current employees 2026	Ex-Employees 2026	Current employees 2025	Ex-Employees 2025
The number of employees whose remuneration paid and payables falls within the following bands is:				
\$171,001 - 177,000**	n/a	n/a	33	-
\$177,001 - 197,000	98	4	90	2
\$197,001 - 217,000	57	1	50	1
\$217,001 - 237,000	19	-	14	-
\$237,001 - 257,000	13	-	13	1
\$257,001 - 277,000	13	1	8	3
\$277,001 - 297,000	4	1	4	-
\$297,001 - 317,000	2	-	2	-
\$317,001 - 337,000	3	-	2	-
\$337,001 - 357,000	1	-	2	-
\$357,001 - 377,000	-	-	-	1
\$377,001 - 397,000	1	-	1	-
\$397,001 - 417,000	2	-	-	-
\$417,001 - 437,000	-	1	-	-
\$457,001 - 477,000	-	-	2	-
\$477,001 - 497,000	-	-	1	-
\$497,001 - 517,000	2	-	1	-
\$591,001 - 611,000	-	-	-	-
\$617,001 - 637,000	-	-	1	-
\$637,001 - 657,000	1	-	-	-
Total	216	8	224	8

**This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration for 2024-25.

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 \$48.9m (2025: \$49.3m).

2026	2025
\$'000	\$'000

Targeted voluntary separation packages (TVSPs)

Amount paid during the reporting period to separated employees:

TVSPs	305	-
Annual leave and long service leave paid to those employees	142	-
Net cost to SA Water	447	-

The number of employees who received TVSPs during the reporting period was 2 (2025: nil).

37 Remuneration of directors

The Board of SA Water was established under the *South Australian Water Corporation Act 1994* and consists of up to seven members including the Chief Executive. Note: Although a member of the Board, the Chief Executive does not receive additional remuneration as a Board member. The remuneration of the Chief Executive is included in notes 36 and 38.

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

	2026	2025
	Number of	Number of
	directors	directors
The number of Directors of the Corporation (excluding the Chief Executive) whose remuneration paid and payable falls within the following bands is:		
\$0	1	1
\$1 - \$19,999	-	2
\$20,000 - \$39,999	-	1
\$40,000 - \$59,999	4	3
\$80,000 - \$99,999	1	1
	6	8

The total remuneration paid and payable for those directors was \$0.28m (2025: \$0.28m) which includes superannuation contributions.

38 Related party disclosures

(a) Directors

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

Mr A.N Holmes
Ms D.A Picton
Mr K.G Williams
Ms C.C McInerney
Ms P.M. Blight
Mr M. Bhindi
Mr D.A Ryan

(b) Key management personnel

Key management personnel compensation for the years ended 30 June 2026 and 2025 is set out below. The key management personnel are the directors of the Corporation (including the Chief Executive) and the Executive Leadership Team who have responsibility for the strategic direction and management of the Corporation.

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

	Number of key management personnel	Short-term benefits \$'000	Post-employment benefits \$'000	Long-term benefits \$'000	Termination benefits \$'000	Total \$'000
2026*	18	4,412	469	-	107	4,988
2025	19	3,908	405	-	-	4,313

*Both 2026 and 2025 include an overlap of the senior leadership team members.

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

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

38 Related party disclosures (continued)

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

All SA Government entities are related parties, significant transactions with SA Government entities are identifiable throughout this financial report. These include but are not limited to:

- SA Water receives community service obligation funding from the SA Government for the provision of certain non-commercial services (Refer to Note 4)
- Lease payments for vehicles supplied by Fleet SA. The lease liability was derecognised on 31 March 2025 (Refer to Note 25)
- The majority of accommodation expenses relate to accommodation supplied by the Department for Infrastructure and Transport (Refer to Note 25)
- Payment of a water planning management fee to the Department for Environment and Water (Refer to Note 6)
- Borrowing costs include interest and guarantee fees paid to the South Australian Finance Authority (Refer to Note 6)
- Licences include a water licence fee paid to the Essential Service Commission of South Australia (Refer to Note 6)
- Short-term and long-term borrowings are received from the South Australian Finance Authority (Refer to Note 19 and 25)
- SA Water must pay a dividend to the SA Government in accordance with the Financial Ownership Framework (Refer to Note 35)

39 Events occurring after the reporting period

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