INDEPENDENT AUDITOR'S REPORT

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Audit Office of South Australia

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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 2025.

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 2025, 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 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Chair, the Chief Executive and the Chief Financial Officer.

Basis for 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 2025.

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

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

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

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

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

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

Andrew Blaskett
Auditor-General

22 September 2025

Certification of the Financial Statements

We certify that the:

- Financial statements of SA Water Corporation:
  - are in accordance with the accounts and records of the authority; and
  - 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.

Guerin

Jacqueline Guerin
Chief Financial Officer

David Ryan
Chief Executive

Allan Holmes
Chair

Date 17 September 2025

South Australian Water Corporation
Annual Financial Statements
for the year ended 30 June 2025

South Australian Water Corporation
Statement of comprehensive income
For the year ended 30 June 2025

	Notes	2025 $'000	2024 $'000
Income			
Revenue from ordinary activities	4	**1,767,652**	1,552,610
Other income	5	**1,309**	16,076
Total income		**1,768,961**	**1,568,686**
Expenses			
Depreciation and amortisation expense	6	**(281,650)**	(309,110)
Borrowing costs	6	**(359,861)**	(310,838)
Electricity expense		**(103,109)**	(72,425)
Services and supplies	6	**(225,416)**	(203,998)
Operational and service contracts		**(339,914)**	(273,665)
Employee benefits expense	6	**(199,488)**	(159,088)
Other expenses	6	**(69,535)**	(82,677)
Total expenses		**(1,578,973)**	**(1,411,801)**
Profit before income tax equivalents		**189,988**	**156,885**
Income tax equivalent expense	7	**(54,873)**	(41,087)
Profit after income tax equivalents		**135,115**	**115,798**
Other comprehensive income			
Items that will not be reclassified to net result			
Gain/(loss) on revaluation of infrastructure, plant and equipment assets	30(a)	**76,653**	(931,418)
Income tax relating to items of other comprehensive income	7(c)	**(19,050)**	286,203
Other comprehensive income for the year, net of tax		**57,603**	**(645,215)**
Total comprehensive result		**192,718**	(529,417)
Total comprehensive result for the year is attributable to:			
The SA Government as owner		**192,718**	(529,417)

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

	Notes	2025 $'000	2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents	27	**4,350**	3,543
Receivables	8	**214,788**	203,261
Inventories	9	**13,698**	11,497
Tax receivables	19	**-**	8,691
Intangible assets	12	**2,418**	5,353
Other current assets	10	**18,349**	15,404
Total current assets		**253,603**	**247,749**
Non-current assets			
Deferred tax assets	11	**111,263**	105,457
Intangible assets	12	**146,576**	159,691
Infrastructure, plant and equipment	13	**11,762,375**	11,063,744
Right-of-use assets	15	**59,543**	143,699
Other non-current assets	16	**2,674**	2,837
Total non-current assets		**12,082,431**	**11,475,428**
Total assets		**12,336,034**	**11,723,177**
LIABILITIES			
Current liabilities			
Payables	17	**280,712**	253,010
Financial liabilities/borrowings	18	**43,842**	51,010
Tax liabilities	19	**818**	-
Provisions	20	**40,883**	34,449
Other current liabilities	21	**29,015**	27,552
Total current liabilities		**395,270**	**366,021**
Non-current liabilities			
Payables	22	**2,336**	2,003
Financial liabilities/borrowings	23	**8,173,855**	7,705,443
Deferred tax liabilities	24	**594,314**	523,960
Provisions	25	**39,215**	35,786
Other non-current liabilities	26	**297,836**	307,107
Total non-current liabilities		**9,107,556**	**8,574,299**
Total liabilities		**9,502,826**	**8,940,320**
Net assets		**2,833,208**	**2,782,857**
EQUITY			
Contributed equity		**251,050**	250,429
Asset revaluation surplus	30(a)	**2,268,443**	2,219,755
Retained earnings	30(b)	**313,715**	312,673
Total equity		**2,833,208**	**2,782,857**

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

	Notes	Contributed equity $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 1 July 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	30	-	(9,158)	9,158	-
Income tax relating to components of other comprehensive income	7(c)	-	(18,807)	-	(18,807)
Gain on revaluation of infrastructure, plant and equipment assets	30(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	34	-	-	(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.

	Notes	Contributed equity $'000	Asset revaluation surplus $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2023		**249,792**	**2,868,715**	**300,082**	**3,418,589**
Deferred income tax finance lease	7(c)	-	-	(165)	(165)
Restated total equity at the beginning of the financial year		**249,792**	**2,868,715**	**299,917**	**3,418,424**
Profit for the year		-	-	115,798	115,798
Transfer to retained earnings on (disposal)/transfer from asset revaluation surplus	30	-	(3,910)	3,910	-
Income tax relating to components of other comprehensive income	7(c)	-	286,368	-	286,368
Gain on revaluation of infrastructure, plant and equipment assets	30(a)	-	(931,418)	-	(931,418)
Total comprehensive result for the period		**-**	**(648,960)**	**119,708**	**(529,252)**
Transactions with the SA Government in their capacity as owners:					
Contributions of equity*		637	-	-	637
Dividends provided for or paid	34	-	-	(106,952)	(106,952)
		637	**-**	**(106,952)**	**(106,315)**
Balance at 30 June 2024		**250,429**	**2,219,755**	**312,673**	**2,782,857**

*In 2023/24, SA Water received the following contributions of equity:
- $0.583m was received for the Government Employee Housing Scheme Acquisition which was used to facilitate the transfer of buildings between the Department for Infrastructure and Transport and SA Water;
- $0.054m from the SA Government to partially fund the opening of South Australian reservoirs for recreational use.

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

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

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts from customers		**1,627,144**	1,447,689
Payments to suppliers and employees		**(987,819)**	(822,298)
Interest received		**243**	231
Receipts from community service obligations		**143,019**	138,442
Receipts from contributions		**47,023**	17,237
Receipts from government grants		**1,644**	1,389
Borrowing costs paid		**(362,274)**	(311,017)
Income tax equivalents paid		**(16,667)**	(17,731)
Income tax equivalents refunded		**16,800**	5,934
Net cash inflow from operating activities	**28**	**469,113**	**459,876**
Cash flows from investing activities			
Payments for construction and purchase of infrastructure, plant and equipment		**(781,437)**	(654,087)
Payments for intangible assets		**(12,503)**	(18,435)
Proceeds from sale of infrastructure, plant and equipment		**639**	15,601
Proceeds from sale of renewable energy certificates		**2,970**	1,105
Net cash (outflow) from investing activities		**(790,331)**	**(655,816)**
Cash flows from financing activities			
Proceeds from borrowings		**1,685,300**	1,318,600
Repayment of borrowings		**(1,203,300)**	(996,890)
Proceeds from equity contributions		**621**	637
Dividends paid	34	**(142,988)**	(106,952)
Repayments of finance lease liability		**(17,608)**	(21,483)
Net cash inflow from financing activities		**322,025**	**193,912**
Net increase/(decrease) in cash and cash equivalents		**807**	(2,028)
Cash and cash equivalents at the beginning of the financial year		**3,543**	5,571
Cash and cash equivalents at end of period	**27**	**4,350**	**3,543**

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*. South Australian Water Corporation is a for-profit entity for the purpose of preparing the financial statements. Where the Treasurer's Instructions are more prescriptive than the equivalent Australian Accounting Standards, SA Water has applied the Treasurer's Instructions in the application of accounting frameworks.

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

The Corporation's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention, except for infrastructure, plant and equipment 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.

(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 2025.

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

2 Financial risk management

(a) *Market risk*

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

(i) Interest rate risk exposures - financial liabilities

The Corporation's financial liabilities are exposed to interest rate risk. The Corporation constantly analyses its interest rate exposure and consideration is given to 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 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. There is no exposure to interest rate risk for fixed rate debt at balance date, so it is excluded from the sensitivity analysis.

At 30 June 2025 it has been assumed that a reasonably possible shift in interest rates over the next reporting period could be 1.00% upwards and -1.00% downwards.

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

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

2 Financial risk management (continued)

(a) *Market risk (continued)*

(ii) Electricity price risk exposures

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

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

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

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

Permitted electricity derivatives include exchange traded futures and electricity swaps.

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

There were no electricity swaps or exchange traded futures recognised at 30 June 2025 so sensitivity analysis was not applicable.

(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, 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.

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

2 Financial risk management (continued)

(c) *Liquidity risk*

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

Contractual maturities

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

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

At 30 June 2025	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Non-derivatives					
Non-interest bearing liabilities*	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.

2 Financial risk management (continued)

(c) *Liquidity risk (continued)*

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

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

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

(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:

	2025 Carrying amount $'000	**2025** Fair value $'000	2024 Carrying amount $'000	2024 Fair value $'000
Long term borrowings (note 23)	**8,098,810**	**7,945,593**	7,618,810	7,180,282

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

3 Accounting estimates and judgements

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

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

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

- Contributed assets (refer note 4);
- Emissions certificates (refer note 12);
- Configuration or customisation in a cloud computing environment (refer note 12);
- Asset valuation methodology and useful lives of assets (refer note 6 & note 13);
- Impairment of assets (refer note 13);
- Unbilled water sales (refer note 4 & note 8);
- Provisions (refer note 20 & note 25).

4 Revenue from ordinary activities

	2025 $'000	2024 $'000
Revenue from contracts with customers		
Water and sewer rates and charges	**1,342,902**	1,190,162
Contributed assets and developer fees	**101,064**	55,273
Recoverable works	**80,553**	85,160
Fees and charges	**78,522**	56,261
	1,603,041	**1,386,856**
Other revenue		
Community service obligations	**146,265**	144,738
Government grants	**15,838**	18,363
Rents	**2,133**	2,308
Miscellaneous	**139**	114
Interest	**236**	222
Interest - finance leases	**-**	9
	164,611	**165,754**
Total	**1,767,652**	**1,552,610**

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 in property values.

Contributed assets and developer fees

Contributed assets principally arise from:

(i) Mains extensions contributions:

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

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

(ii) Gifted assets:

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

(iii) Miscellaneous capital contributions:

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

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

(iv) Augmentation charges:

All persons who receive development approval between 1 July 2024 and 30 June 2025 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.

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.

4 Revenue from ordinary activities (continued)

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 the service is provided.

Community service obligations (CSOs)

The Corporation is required under its charter to provide a number of non-commercial services to the community on behalf of the Government. The Government provides SA Water with funding to compensate for these non commercial activities. The main CSOs 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.

In the 2024/25 financial year the Corporation reviewed its accounting treatment of emission certificates relating to RECs and ACCUs. As a result of this review the receipt of non-monetary LGC's from the Australian Government have been reclassified from fees and charges to government grants. In the prior year an amount of $7.1m has also been reclassified.

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.

4 Revenue from ordinary activities (continued)

Disaggregation of revenue from contracts with customers (continued)

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	**43,786**	**34,736**	**78,522**
Total revenue from contracts with customers	**1,114,960**	**488,081**	**1,603,041**

30 June 2024	Water $'000	Wastewater $'000	Total $'000
Revenue from contracts with customers			
Water and sewer rates and charges	827,865	362,297	1,190,162
Contributed assets and developer fees	29,626	25,647	55,273
Recoverable works	75,706	9,454	85,160
Fees and charges	28,747	27,514	56,261
Total revenue from contracts with customers	**961,944**	**424,912**	**1,386,856**

5 Other income

	2025 $'000	2024 $'000
Net gain on disposal of infrastructure, plant and equipment	**341**	13,878
Gain on derecognition of right-of-use asset	**190**	-
Reversal of prior year infrastructure, plant and equipment revaluation decrement*	**778**	2,061
Net gain on disposal of renewable energy certificates	**-**	137
Total	**1,309**	**16,076**

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	2025 $'000	2024 $'000
Depreciation and amortisation			
Infrastructure, plant and equipment	13	**245,551**	270,396
Intangible assets	12	**20,429**	23,837
Right-of-use assets	15	**15,670**	14,877
Total depreciation and amortisation		**281,650**	**309,110**
Borrowing costs			
Interest paid/payable on short term and long term borrowings		**356,090**	305,761
Interest expense on lease liabilities		**3,771**	5,077
Total borrowing costs		**359,861**	**310,838**
Services & supplies			
Water planning management		**35,136**	33,983
External fees and charges		**32,118**	28,154
Cost of goods/services provided		**33,591**	33,834
Materials and chemicals		**34,394**	31,540
Licences		**30,552**	25,702
Other services and supplies		**24,881**	21,371
Facility maintenance		**10,770**	10,927
Operational taxes		**10,884**	10,126
Plant, equipment and vehicles		**10,941**	5,862
Short-term leases		**1,152**	2,397
Consultancy costs		**997**	102
Total services & supplies		**225,416**	**203,998**
Employee benefits			
Salaries and wages		**136,688**	118,265
Superannuation contribution		**37,748**	19,183
Annual leave		**16,765**	14,761
Long service leave		**7,436**	5,804
Workers compensation		**851**	1,075
Total employee benefits		**199,488**	**159,088**
Other expenses			
Write-off in value of infrastructure, plant and capital WIP		**38,839**	29,502
Net bad and doubtful debts		**20,311**	138
Infrastructure, plant and equipment revaluation decrement		**8,257**	49,504
Write-off in value of intangible capital WIP		**1,541**	2,731
Net loss on disposal of renewable energy certificates		**463**	-
Net loss from electricity derivatives at fair value through P&L		**-**	802
Impairment loss renewable energy certificates		**124**	-
Total other expenses		**69,535**	**82,677**

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:

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

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

Borrowing costs

Borrowing costs include interest expense, government guarantee fees, 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 scheme and several non-state government superannuation schemes. With relation to the state government superannuation scheme, the Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

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

Derivatives

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

6 Expenses (continued)

Derivatives (continued)

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

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

Water planning management

In accordance with Section 6 of the Public Corporations Act 1993, SA Water are directed to pay 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*

	2025 $'000	2024 $'000
Current tax on profits for the year	**9,375**	9,037
Deferred tax	**45,497**	32,050
Amounts under provided in prior years	**1**	-
	54,873	**41,087**

	2025 $'000	2024 $'000
Deferred income tax included in income tax expense comprises:		
Increase in deferred tax assets (note 11)	**(6,995)**	(8,055)
Increase in deferred tax liabilities (note 24)	**52,492**	40,105
	45,497	**32,050**

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

	2025 $'000	2024 $'000
Profit from continuing operations before income tax expense	**189,988**	156,885
Tax at the Australian tax rate of 30.0% (2024: 30.0%)	**56,996**	47,066
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Loss on sale of land	**13**	-
Revaluation increment	**(29)**	-
ADP intangible asset amortisation	**510**	510
Government grants	**(2,618)**	(2,626)
Provision for employee benefits	**-**	(8)
Gain on sale of land	**-**	(3,855)
	54,872	**41,087**
Amounts under provided in prior years	**1**	-
Income tax expense	**54,873**	**41,087**

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

	2025 $'000	2024 $'000
Gain/(loss) on revaluation of infrastructure, plant and equipment (note 24 & 11)	**18,807**	(286,368)
Leased infrastructure assets (note 24)	**243**	165
	19,050	**(286,203)**

8 Current assets - Trade and other receivables

	2025 $'000	2024 $'000
Receivables		
Rates receivable (water and sewer)	**71,656**	51,437
Sundry debtors*	**54,785**	48,798
Impairment loss on receivables (note 8(a))	**(20,620)**	(310)
Accrued unbilled water usage	**87,884**	83,789
	193,705	**183,714**
Other receivables		
Community service obligations	**21,083**	19,547
	214,788	**203,261**

*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 2025 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 customers 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:

	2025 $'000	2024 $'000
Opening balance at 1 July	**310**	174
Increase in the allowance*	**20,386**	234
Amounts written off	**(1)**	(1)
Amounts reversed	**(75)**	(97)
Closing balance at 30 June	**20,620**	**310**

*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.

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

8 Current assets - Trade and other receivables (continued)

(a) *Impaired trade receivables (continued)*

	2025 $'000	2024 $'000
At 30 June the ageing of rates receivable is as follows:		
Not past due	**11,980**	5,059
Past due 22 - 60 days	**16,029**	18,845
Past due 61 - 90 days	**6,375**	8,986
Past due 91 - 120 days	**1,356**	672
Past due > 120 days*	**35,916**	17,875
	71,656	**51,437**

	2025 $'000	2024 $'000
At 30 June the ageing of sundry debtors is as follows:		
Not past due	**48,967**	40,269
Past due 31 - 60 days	**4,673**	7,674
Past due 61 - 90 days	**211**	176
Past due 91 - 120 days	**57**	211
Past due > 120 days	**877**	468
	54,785	**48,798**

*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.

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

(b) *Fair value and credit risk*

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

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

9 Current assets - Inventories

	2025 $'000	2024 $'000
Raw materials and stores	**13,405**	11,339
Allowance for obsolete stock	**(116)**	(139)
Work in progress	**409**	297
	13,698	**11,497**

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

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

10 Current assets - Other current assets

	2025 $'000	2024 $'000
Interest receivable	**18**	25
Prepayments	**18,331**	15,379
	18,349	**15,404**

For the current and comparative period emissions certificates (Renewable Energy Certificates and Australian carbon credits) have been reclassified from 'other current assets to 'current intangible assets' measured at cost in accordance with *AASB 138 Intangible Assets* (refer note 12).

11 Non-current assets - Deferred tax assets

	Notes	2025 $'000	2024 $'000
The balance comprises temporary differences attributable to:			
Doubtful debts		**6,147**	54
Obsolete stock		**35**	42
Infrastructure, plant and equipment		**41,546**	41,591
Intangible assets		**37**	-
Pooled assets		**37**	46
Payables		**2,245**	1,823
Audit fee payable		**148**	155
Government grants		**10,109**	10,272
Employee benefits		**15,813**	13,842
Deferred lease incentives		**173**	173
Lease liability - right-of-use assets		**(16,557)**	(14,010)
Unearned customer contributions		**947**	136
Unearned income		**1,867**	2,513
Provisions		**6,441**	5,358
Lease make good provision		**(60)**	(60)
Provision for workers compensation		**205**	203
		69,133	**62,138**
Amounts recognised directly in equity:			
Unearned customer contributions		**2,335**	2,335
Revaluation of Infrastructure, plant and equipment	30	**(137)**	(136)
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
		37,733	**37,734**
Recognition of leases - AASB 16			
Recognition of new leases		**7,330**	5,605
Lease liability remeasurement		**10**	10
Amounts over provided in prior years		**(30)**	(30)
Lease derecognition*		**(2,913)**	-
		4,397	**5,585**
Total deferred tax assets		**111,263**	**105,457**

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

	2025 $'000	2024 $'000
Movements:		
Opening balance at 1 July	**105,457**	95,455
Charged to the statement of comprehensive income (note 7(a))	**6,995**	8,055
Charged to equity (note 30(a))	**(1)**	154
Recognition of new leases - AASB 16	**1,725**	1,820
Lease liability remeasurement	**-**	3
Lease derecognition*	**(2,913)**	-
Amounts over provided in prior years	**-**	(30)
Closing balance at 30 June	**111,263**	**105,457**

Deferred tax assets expected to be recovered within 12 months	**36,149**	28,514
Deferred tax assets expected to be recovered after more than 12 months	**75,114**	76,943
	111,263	**105,457**

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

12 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 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	-	-	-	(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

12 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 2024								
Opening net book amount	36,909	6,737	4,500	34,171	51,073	41,159	3,165	177,714
Additions	10,744	-	-	-	-	-	-	10,744
Purchases	-	-	-	-	-	-	3,535	3,535
Government grant	-	-	-	-	-	-	7,094	7,094
Additions transferred from work in progress	(19,917)	39	-	18,912	-	966	-	-
Reclassifications	966	-	-	-	-	-	-	966
Revaluation	-	-	-	-	-	-	(490)	(490)
Amortisation charge	-	-	-	(22,137)	(1,700)	-	-	(23,837)
Disposals	-	-	-	-	-	-	(957)	(957)
Surrender	-	-	-	-	-	-	(6,994)	(6,994)
Asset write-down	(2,731)	-	-	-	-	-	-	(2,731)
Closing net book amount	**25,971**	**6,776**	**4,500**	**30,946**	**49,373**	**42,125**	**5,353**	**165,044**
At 30 June 2024								
Cost	25,971	6,776	4,500	314,326	70,982	42,125	5,353	470,033
Accumulated amortisation	-	-	-	(283,380)	(21,609)	-	-	(304,989)
Net book amount	**25,971**	**6,776**	**4,500**	**30,946**	**49,373**	**42,125**	**5,353**	**165,044**

Current*	**5,353**
Non-current	**159,691**
	165,044

*Emissions certificates

12 Intangible assets (continued)

Issued water licences

The South Australian Government has issued water licences to the Corporation upon adoption of the relevant Water Allocation Plan for the water resource given effect by the *Landscape South Australia Act 2019*. Some of these licences have conditions attached which restrict the use of the allocations endorsed thereon. All licences are held to underpin the water security of SA Water customers. These 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 Mount Lofty Ranges licences; and
- Far North region licences.

Purchased water rights

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

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

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

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

12 Intangible assets (continued)

Easements

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

Application software

Application software is valued at cost as per *AASB 138 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.

Emissions certificates

In the 2024/25 financial year the Corporation reviewed its accounting treatment of emission certificates relating to RECs and ACCU's. As a result of this review emission certificates have been reclassified from other current assets (note 10) to current intangible assets (note 12). Prior year comparatives have also been reclassified.

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.

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.

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.

12 Intangible assets (continued)

ADP intangible asset

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

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

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

13 Non-current assets - Infrastructure, plant and equipment

	Work in progress Water & Sewerage $'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	-	-	-	(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.

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

	Work in progress Water & Sewerage $'000	Work in progress Renewable energy $'000	Land $'000	Renewable energy $'000	Plant and equipment $'000	System Infrastructure assets $'000	Other property, plant and equipment $'000	Total $'000
Year ended 30 June 2024								
Opening net book amount	860,994	-	378,905	272,579	31,392	10,014,021	58,428	11,616,319
Additions*	690,577	1,231	-	-	-	38,594	-	730,402
Additions transferred from work in progress	(359,225)	-	1,513	-	6,551	340,457	10,704	-
Depreciation charge	-	-	-	(13,014)	(3,987)	(237,296)	(16,099)	(270,396)
Reclassified to intangibles	(966)	-	-	-	-	-	-	(966)
Asset write-down	(28,351)	-	-	-	-	(1,151)	-	(29,502)
Disposals	-	-	(1,408)	-	(393)	(1,451)	-	(3,252)
Revaluation increase/(decrease)	-	-	35,884	(47,251)	-	(967,494)	-	(978,861)
Closing net book amount	**1,163,029**	**1,231**	**414,894**	**212,314**	**33,563**	**9,185,680**	**53,033**	**11,063,744**
At 30 June 2024								
Cost or fair value	1,163,029	1,231	414,894	235,652	76,831	16,695,313	384,801	18,971,751
Accumulated depreciation	-	-	-	(23,338)	(43,268)	(7,509,633)	(331,768)	(7,908,007)
Net book amount	**1,163,029**	**1,231**	**414,894**	**212,314**	**33,563**	**9,185,680**	**53,033**	**11,063,744**

13 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	69,572	357,093	78,781	9,758,165	262,128	10,525,739
Accumulated depreciation	-	(51,172)	(46,208)	(3,460,782)	(204,725)	(3,762,887)
At 30 June 2025 net carrying amount	69,572	305,921	32,573	6,297,383	57,403	6,762,852
Revalued assets based on cost model						
Cost	58,882	356,834	76,831	9,192,808	309,512	9,994,867
Accumulated depreciation	-	(35,068)	(43,268)	(3,300,188)	(262,174)	(3,640,698)
At 30 June 2024 net carrying amount	58,882	321,766	33,563	5,892,620	47,338	6,354,169

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 14 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.

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

13 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 2025.

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

Infrastructure, plant and equipment (continued)
Fair value model

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

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

Input	**Impact on fair value measurement**	**For 30 June 2025 (water and sewerage CGU)**	**For 30 June 2025 (ZCEF CGU)**
Discount rate	Asset value would increase as the discount rate decreases.	Nominal post-tax Weighted Average Cost of Capital (WACC) of 4.66% (2024: 4.63%).	Nominal post-tax Weighted Average Cost of Capital (WACC) of 5.37% (2024: 5.31%).
Perpetual growth rate	Asset value would increase as the perpetual growth rate increases.	2.57% (2024: 2.58%)	N/A
CPI rate	Asset value would increase as CPI increases.	2025/26 is based on the 2025/26 State Budget approved CPI increase. 2026/27 and 2027/28 is based upon RBA inflation forecast and 2028/29 onwards utilises a glide path to a long term rate of 2.50%	2025/26 is based on the 2025/26 State Budget approved CPI increase. 2026/27 and 2027/28 is based upon RBA inflation forecast and 2028/29 onwards utilises a glide path to a long term rate of 2.50%
Period of discounting	Asset value would increase as period of discounting increases.	5 years (with an estimate of terminal value).	26 years (with a defined future point of 2051, in line with the cash-flow period for ZCEF)
Cash inflows:			
Service and usage revenue	Asset value would increase if future revenue increases.	Estimates of future revenues were based on SA Water's 2025/26 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 2025/26 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.
Cash outflows:			
Operating expenditure	Asset value would increase as operating expenditure decreases.	Operating expenditure is based on the 2025/26 State Budget.	Operating expenditure is based on the operating estimates and maintenance profiles of the ZCEF assets.
Capital expenditure	Asset value would increase as capital expenditure decreases.	Capital expenditure is based on the 2025/26 State Budget.	Capital expenditure is based on the 2025/26 State Budget.

13 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	4.66%	4.76%	4.56%
Calculated fair value of infrastructure, plant and equipment ('$000)	$11,769,000	$11,103,500	$12,501,800
Resulting change ('$000)		($665,500)	$732,800

(ii) Perpetual nominal growth rate	Rate applied %	If higher +0.1%	If lower -0.1%
Nominal Post tax rate	2.57%	2.67%	2.47%
Calculated fair value of infrastructure. plant and equipment ('$000)	$11,769,000	$12,454,400	$11,146,000
Resulting change ('$000)		$685,400	($623,000)

(iii) Sustainable Capital Expenditure	Value applied $	If higher $10.0m	If lower $10.0m
Nominal post-tax value	$479.1m	$489.1m	$469.1m
Calculated fair value of infrastructure, plant and equipment ('$000)	$11,769,000.00	$11,368,000	$12,169,700
Resulting change ('$000)		($401,000)	$400,700

Sensitivity analysis (ZCEF)

(I) Discount rate	Rate applied %	If higher +0.1%	If lower -0.1%
Nominal post-tax rate	5.37%	5.47%	5.27%
Calculated fair value of renewable energy assets ('$000)	$199,482	$197,213	$201,788
Resulting change ('$000)		($2,269)	$2,306

(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)	$199,482	$221,297	$177,091
Resulting change ('$000)		$21,815	($22,391)

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

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

Infrastructure, plant and equipment (continued)
Impairment of assets

AASB 136 *Impairment of Assets* requires for-profit entities, at each reporting date, to undertake an assessment for impairment indicators for its non-current assets including infrastructure, plant and equipment. Where there is an indication of impairment, an impairment test is undertaken for a CGU and the recoverable amount is estimated. SA Water has two 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 2025, 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.

14 Fair value measurements

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

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

(a) *Fair value measurements*

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

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

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

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

The following table presents the Corporation's non-financial assets measured and recognised at fair value at 30 June 2025.

(i) Recognised fair value measurements

30 June 2025	Notes	**2025 $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Recurring fair value measurements					
Non- Financial Assets	13				
Land		**440,138**	-	**440,138**	-
System infrastructure assets		**9,736,844**	-	-	**9,736,844**
Renewable energy assets		**197,660**	-	-	**197,660**
Plant and equipment and other		**95,286**	-	-	**95,286**
Total non-financial assets		**10,469,928**	-	**440,138**	**10,029,790**

14 Fair value measurements (continued)

(a) Fair value measurements (continued)

(i) Recognised fair value measurements (continued)

30 June 2024	Notes	2024 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Recurring fair value measurement					
Non-financial assets	13				
Land		**414,894**	**-**	**414,894**	**-**
System infrastructure assets		**9,185,680**	**-**	**-**	**9,185,680**
Renewable energy assets		**212,314**	**-**	**-**	**212,314**
Plant and equipment and other		**86,596**	**-**	**-**	**86,596**
Total non-financial assets		**9,899,484**	**-**	**414,894**	**9,484,590**

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

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

(ii) Disclosed fair values

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

The carrying amounts of cash and cash equivalents, trade receivables, payables and other current liabilities are assumed to approximate their fair values due to their short-term nature. SA Water does not hold any non-current receivables.

The fair value of financial instruments that make up the long term borrowings disclosed in note 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 13.

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

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 13 for information relating to unobservable inputs and valuation processes.

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

The recurring fair value measurements for those asset classes using significant unobservable inputs (level 3) is disclosed under note 13.

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

	Land $'000	Buildings $'000	Plant and equipment $'000	Infrastructure assets $'000	Total $'000
Year ended 30 June 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	(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.

	Land $'000	Buildings $'000	Plant and equipment $'000	Infrastructure assets $'000	Total $'000
Year ended 30 June 2024					
Opening balance at 1 July 2023	531	57,400	4,983	89,031	151,945
Additions	-		6,066	-	6,066
Lease liability remeasurement	11		-	554	565
Depreciation	(23)	(5,597)	(3,530)	(5,727)	(14,877)
Closing net book amount at 30 June 2024	**519**	**51,803**	**7,519**	**83,858**	**143,699**
At 30 June 2024					
Cost	623	82,002	24,435	118,306	225,366
Accumulated depreciation	(104)	(30,199)	(16,916)	(34,448)	(81,667)
Net book value	**519**	**51,803**	**7,519**	**83,858**	**143,699**

15 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 18 and 23).

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 2025 there is 23 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.

15 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. In accordance with the agreement ownership of the assets were transferred to SA Water. These assets have been reclassified from leased infrastructure assets to system infrastructure assets,

At 30 June 2025 the remaining lease liability has been remeasured using the indexes applicable at this date.

16 Other non-current assets

	2025 **$'000**	2024 $'000
Prepayments	**2,674**	2,837

17 Current liabilities - Payables

	2025 **$'000**	2024 $'000
Interest payable	**57,534**	59,948
Trade creditors	**203,534**	175,150
Other creditors	**19,644**	17,912
	280,712	**253,010**

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.

18 Current liabilities - Financial liabilities/borrowings

	2025 $'000	2024 $'000
Lease liabilities	**7,242**	16,410
Short term borrowings	**36,600**	34,600
	43,842	51,010

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

(a) *Risk exposures*

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

(b) *Fair value disclosures*

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

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

19 Current liabilities - Tax liabilities/(receivables)

	2025 $'000	2024 $'000
Provision for current income tax movements during the year were as follows:		
Opening balance at 1 July	**(8,691)**	(5,951)
Income tax paid	**(16,667)**	(17,731)
Income tax refunded	**16,800**	5,934
Current year's income tax provision (note 7(a))	**9,375**	9,037
Amounts under provided in prior years	**1**	20
	818	(8,691)

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.

20 Current liabilities - Provisions

	2025 $'000	2024 $'000
Employee benefits	**23,260**	20,674
Asset decommissioning	**11,170**	7,165
Damages and claims	**255**	627
Workers compensation	**1,076**	1,005
Other provisions	**5,122**	4,978
	40,883	**34,449**

(a) Movements in provisions

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

2025 Current	**Asset decommissioning $'000**	**Damages and claims $'000**	**Workers compensation $'000**	**Other $'000**	**Total $'000**
Opening balance at 1 July	7,165	627	1,005	4,978	13,775
Provisions recognised	4,000	79	1,490	300	5,869
Payments made during year	(674)	(1,294)	(485)	(707)	(3,160)
Re-measurement adjustments	143	843	(934)	551	603
Transfer from/(to) non-current provisions	536	-	-	-	536
Closing balance at 30 June	**11,170**	**255**	**1,076**	**5,122**	**17,623**

Provisions are recognised when the Corporation has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

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

Asset decommissioning

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

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

Damages and claims

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

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

20 Current liabilities - Provisions (continued)

Damages and claims (continued)

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

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

Workers compensation

The Corporation is registered with ReturnToWorkSA as a government self-insurer and is responsible for the management and liability of all workers' compensation claims. The provision is for the estimated cost of ongoing payments to employees as required under current legislation. The Corporation's provision is an actuarial estimate of the outstanding liability as at 30 June 2025 provided by KPMG Financial Services Consulting Pty Ltd.

Other provisions

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

21 Current liabilities - Other current liabilities

	2025 $'000	2024 $'000
Government grants	**9,902**	10,426
Unearned income	**4,529**	5,409
Deposits from customers	**3,645**	3,485
Contract liabilities	**10,939**	8,232
	29,015	27,552

Revenue totalling $6.9m was recognised in 2024/25 that was included in contract liabilities at 1 July 2024. There was no revenue recognised which related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

22 Non-current liabilities - Payables

	2025 $'000	2024 $'000
Employment on-costs	**2,336**	2,003

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.

23 Non-current liabilities - Financial liabilities/borrowings

	2025 $'000	2024 $'000
Lease liabilities	**75,045**	86,633
Long term borrowings	**8,098,810**	7,618,810
	8,173,855	**7,705,443**

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 18). The Government provides a guarantee in respect of these borrowings pursuant to the provisions of the *Public Finance and Audit Act 1987*.

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

23 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 2025	Land $'000	Buildings $'000	Plant and equipment $'000	Infrastructure assets $'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.

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

Current	**16,410**
Non-current	**86,633**
	103,043

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.

24 Non-current liabilities - Deferred tax liabilities

	2025 $'000	2024 $'000
The balance comprises temporary differences attributable to:		
Prepayments	**2,019**	1,829
Lease incentive asset	**84**	84
Infrastructure, plant and equipment	**36,900**	(19,412)
Right-of-use asset	**(24,643)**	(20,633)
Finance lease receivable	**(1,321)**	(1,321)
	13,039	**(39,453)**
Amounts recognised directly in equity		
Revaluation of infrastructure, plant and equipment	**516,704**	497,900
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	**7,601**	7,357
Lease incentive asset	**(84)**	(84)
	552,991	**533,943**
Recognition of new leases	**7,331**	5,606
Lease liability remeasurement	**(7)**	(7)
Lease derecognition*	**(2,913)**	-
Amounts under provided in prior years	**23,873**	23,871
	28,284	**29,470**
Total deferred tax liabilities	**594,314**	**523,960**

	2025 $'000	2024 $'000
Movements:		
Opening balance	**523,960**	768,135
Credited to the Statement of Comprehensive Income (note 7)	**52,492**	40,105
Charged to equity (note 30(a) & 30(b))	**19,050**	(286,049)
Recognition of new leases - AASB 16	**1,725**	1,820
Lease remeasurement	**-**	3
Lease derecognition*	**(2,913)**	-
Amounts over provided in prior years	**-**	(54)
Closing balance at 30 June	**594,314**	**523,960**
Deferred tax liabilities to be settled within 12 months	**1,969**	1,779
Deferred tax liabilities expected to be settled after more than 12 months	**592,345**	522,181
	594,314	**523,960**

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

25 Non-current liabilities - Provisions

	2025 $'000	2024 $'000
Employee benefits	**29,449**	25,467
Workers compensation	**3,138**	3,155
Asset decommissioning	**4,943**	5,479
Lease make good	**1,447**	1,447
Other provisions	**238**	238
	39,215	**35,786**

(a) *Movements in provisions*

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

2025 Non-current	**Workers compensation $'000**	**Asset decommissioning $'000**	**Lease make good $'000**	**Other $'000**	**Total $'000**
Opening balance at 1 July	3,155	5,479	1,447	238	10,319
Transfer to current provisions	-	(536)	-	-	(536)
Re-measurement adjustments	(17)	-	-	-	(17)
Closing balance at 30 June	**3,138**	**4,943**	**1,447**	**238**	**9,766**

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 decreased from 4.31% in 2024 to 3.95% in 2025. The decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase 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 $5.052m and employee benefit expense of $5.052m. 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 2024 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 2025 was valued by KPMG Financial Services Consulting Pty Ltd.

Lease make good

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

Other provisions

This includes a constructive obligation relating to site remediation.

26 Non-current liabilities - Other non-current liabilities

	2025 $'000	2024 $'000
Government grants	**295,942**	305,213
Unearned income*	**1,894**	1,894
	297,836	**307,107**

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

27 Reconciliation of cash

	2025 $'000	2024 $'000
Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the items in the statement of financial position as follows:		
Cash and cash equivalents	**4,350**	3,543

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

(a) *Fair Value*

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

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

	2025 $'000	2024 $'000
Net profit for the year	**135,115**	115,798
Add/(less) non-cash items:		
Depreciation and amortisation	**281,650**	309,110
Amortisation of government grant revenue from liabilities	**(11,017)**	(11,258)
Government grant revenue from renewable energy certificates	**(4,821)**	(7,094)
Gifted assets	**(57,559)**	(38,594)
Net gain on disposal of infrastructure, plant and equipment	**(341)**	(13,949)
Net loss/(gain) on disposal of renewable energy certificates	**458**	(148)
Infrastructure, plant and equipment revaluation decrement reversal	**(778)**	(2,061)
Infrastructure, plant and equipment revaluation decrement	**8,257**	49,504
Write-off in value of infrastructure, plant and equipment and capital WIP	**38,839**	29,502
Write-off in value of intangible capital WIP	**1,541**	2,731
Gain on derecognition of right-of-use-asset	**(190)**	-
Impairment loss renewable energy certificates	**124**	-
Change in assets and liabilities:		
(Increase) in receivables	**(11,527)**	(16,613)
(Increase) in inventories	**(2,201)**	(726)
(Increase) in prepayments	**(2,789)**	(2,003)
Decrease in interest receivable	**7**	-
Decrease in current intangible assets	**8,203**	7,485
(Increase) in deferred tax assets	**(6,995)**	(8,055)
Decrease/(Increase) in income tax receivable	**8,691**	(2,739)
Increase in income tax equivalents refunded	**16,800**	5,934
(Decrease) in trade creditors	**(4,996)**	(10,164)
Increase in provision for employee benefits	**6,568**	3,289
Increase in provision for workers compensation	**54**	644
Increase in other operating liabilities	**24,625**	14,563
(Decrease) in derivative financial liability	**-**	(289)
Increase in government grants	**1,644**	1,389
Increase/(decrease) in other provisions	**3,241**	(531)
Increase in deferred tax liabilities	**52,492**	40,105
(Decrease) in income tax payable	**(15,982)**	(5,954)
Net cash inflow from operating activities	**469,113**	**459,876**

29 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 2025 and 30 June 2024 were as follows:

	2025 $'000	2024 $'000
Interest bearing borrowings (note 18 & 23)	**8,217,697**	7,756,453
Less: cash and cash equivalents (note 27)	**(4,350)**	(3,543)
Net debt	**8,213,347**	7,752,910
Total assets	**12,336,034**	11,723,177
Gearing ratio	66.6%	66.1%

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 2025 or the year ended 30 June 2024, in recognition that SA Water 's debt/asset gearing ratio was maintained above the predetermined minimum gearing target of 45%.

30 Asset revaluation surplus and retained earnings

(a) *Asset revaluation surplus*

	2025 $'000	2024 $'000
Revaluation surplus - infrastructure, plant and equipment	**2,268,443**	2,219,755
	2,268,443	**2,219,755**

Movements:

Infrastructure, plant and equipment revaluation surplus		
Opening balance at 1 July	**2,219,755**	2,868,715
Revaluation of infrastructure, plant and equipment*	**76,653**	(931,418)
Movements in deferred tax liability (note 24)	**(18,806)**	286,214
Transfer to retained profits on disposal	**(9,158)**	(3,910)
Movements in deferred tax assets (note 11)	**(1)**	154
Closing balance at 30 June	**2,268,443**	**2,219,755**

*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.

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

(b) *Retained earnings*

Movements in retained earnings were as follows:

Opening balance at 1 July	**312,673**	300,082
Profit for the year	**135,115**	115,798
Dividends (note 34)	**(142,988)**	(106,952)
Transfers from asset revaluation surplus	**9,158**	3,910
Movement in deferred tax liability (note 24)	**(243)**	(165)
Closing balance at 30 June	**313,715**	**312,673**

(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.

31 Commitments and contingencies

(a) Capital commitments

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

	2025 $'000	2024* $'000
Within one year	**368,038**	190,238
Later than one year but not later than five years	**63,680**	76,892
Later than five years	**35,000**	35,000
	466,718	**302,130**

* Prior year comparatives have been restated

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

(b) Other expenditure commitments

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

	2025 $'000	2024 $'000
Within one year	**160,451**	197,248
Later than one year but not later than five years	**570,871**	254,362
Later than five years	**60,331**	139,443
	791,653	**591,053**

Other expenditure commitments include commitments pursuant to contracts to:

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

(c) Other contingencies

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

The Corporation has a number of common law claims and civil law claims made against it by various claimants. The estimated maximum exposure facing the Corporation in respect of these claims is $0.755m.

32 Remuneration of auditors

	2025 $'000	2024 $'000
Audit fees paid/payable:		
SA Water annual Public Finance and Audit Act audit	**463**	486

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.

33 Expenditure – SA business and non-SA business

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

	2025 $'000	Proportion SA and non-SA businesses %
Expenditure is inclusive of non-recoverable GST.		
Total expenditure with South Australian businesses	**1,080,833**	91.90
Total expenditure with non-South Australian businesses	**95,326**	8.10
	1,176,159	**100.00**

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

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

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

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

34 Dividends

	2025 $'000	2024 $'000
Dividend paid	**142,988**	106,952
	142,988	**106,952**

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 2024 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 29).

35 Remuneration of employees

	Current employees 2025	**Ex-Employees 2025**	Current employees 2024	Ex-Employees 2024
The number of employees whose remuneration paid and payables falls within the following bands is:				
$166,001 - 171,000**	**n/a**	**n/a**	28	-
$171,001 - 191,000	**96**	**2**	79	2
$191,001 - 211,000	**68**	**1**	36	-
$211,001 - 231,000	**21**	**-**	11	-
$231,001 - 251,000	**9**	**-**	13	1
$251,001 - 271.000	**14**	**3**	5	-
$271,001 - 291,000	**4**	**1**	4	-
$291,001 - 311,000	**2**	**-**	1	-
$311,001 - 331,000	**2**	**-**	2	-
$331,001 - 351,000	**2**	**-**	1	-
$351,001 - 371,000	**-**	**1**	-	-
$371,001 - 391,000	**1**	**-**	-	-
$431,001 - 451,000	**-**	**-**	1	-
$451,001 - 471,000	**-**	**-**	2	1
$471,001 - 491,000	**2**	**-**	1	-
$491,001 - 511,000	**2**	**-**	-	-
$591,001 - 611,000	**-**	**-**	1	-
$611,001 - 631,000	**1**	**-**	-	-
Total	**224**	**8**	**185**	**4**

**This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration for 2023-24.

35 Remuneration of employees (continued)

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 $49.3m (2024: $38.8m).

	2025 $'000	2024 $'000
Targeted voluntary separation packages (TVSPs)		
Amount paid during the reporting period to separated employees:		
TVSPs	-	126
Annual leave and long service leave paid to those employees	-	78
Net cost to SA Water	-	**204**

The number of employees who received TVSPs during the reporting period was nil (2024: 1).

36 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 35 and 37.

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

	2025 Number of directors	2024 Number of directors
The number of Directors of the Corporation (excluding the Chief Executive) whose remuneration paid and payable falls within the following bands is:		
$0	**1**	-
$1 - $19,999	**2**	2
$20,000 - $39,999	**1**	2
$40,000 - $59,999	**3**	3
$80,000 - $99,999	**1**	1
	8	**8**

The total remuneration paid and payable for those directors was $0.28m (2024: $0.30m) which includes superannuation contributions.

37 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 J.M.H Finlay (ceased on 2 August 2024)
Mr C.J Ford (ceased on 2 August 2024)
Ms D.A Picton
Mr K.G Williams
Ms C.C McInerney
Mr D.A Ryan
Ms P.M. Blight (commenced on 3 August 2024)
Mr M. Bhindi (commenced on 3 August 2024)

(b) *Key management personnel*

Key management personnel compensation for the years ended 30 June 2025 and 2024 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
2025*	**19**	**3,908**	**405**	**-**	**-**	**4,313**
2024*	**16**	**3,557**	**336**	**-**	**-**	**3,893**

*Both 2025 and 2024 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.

37 Related party disclosures (continued)

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

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

• SA Water receives community service obligation funding from the SA Government for the provision of certain non-commercial services (Refer to Note 4)

• Lease payments for vehicles supplied by Fleet SA. The lease liability was derecognised on 31 March 2025 (Refer to Note 23)

• The majority of accommodation expenses relate to accommodation supplied by the Department for Infrastructure and Transport (Refer to Note 23)

• Payment of a water planning management fee to the Department for Environment and Water (Refer Note 6)

• Borrowing costs include interest and guarantee fees paid to the South Australian Finance Authority (Refer Note 6)

• Licences include a water licence fee paid to the Essential Service Commission of South Australia (Refer Note 6)

• Short-term and long-term borrowings are received from the South Australian Finance Authority (Refer Note 18 and 23)

• SA Water must pay a dividend to the SA Government in accordance with the Financial Ownership Framework (Refer Note 34)

38 Events occurring after the reporting period

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