Annual Report
2023-2024

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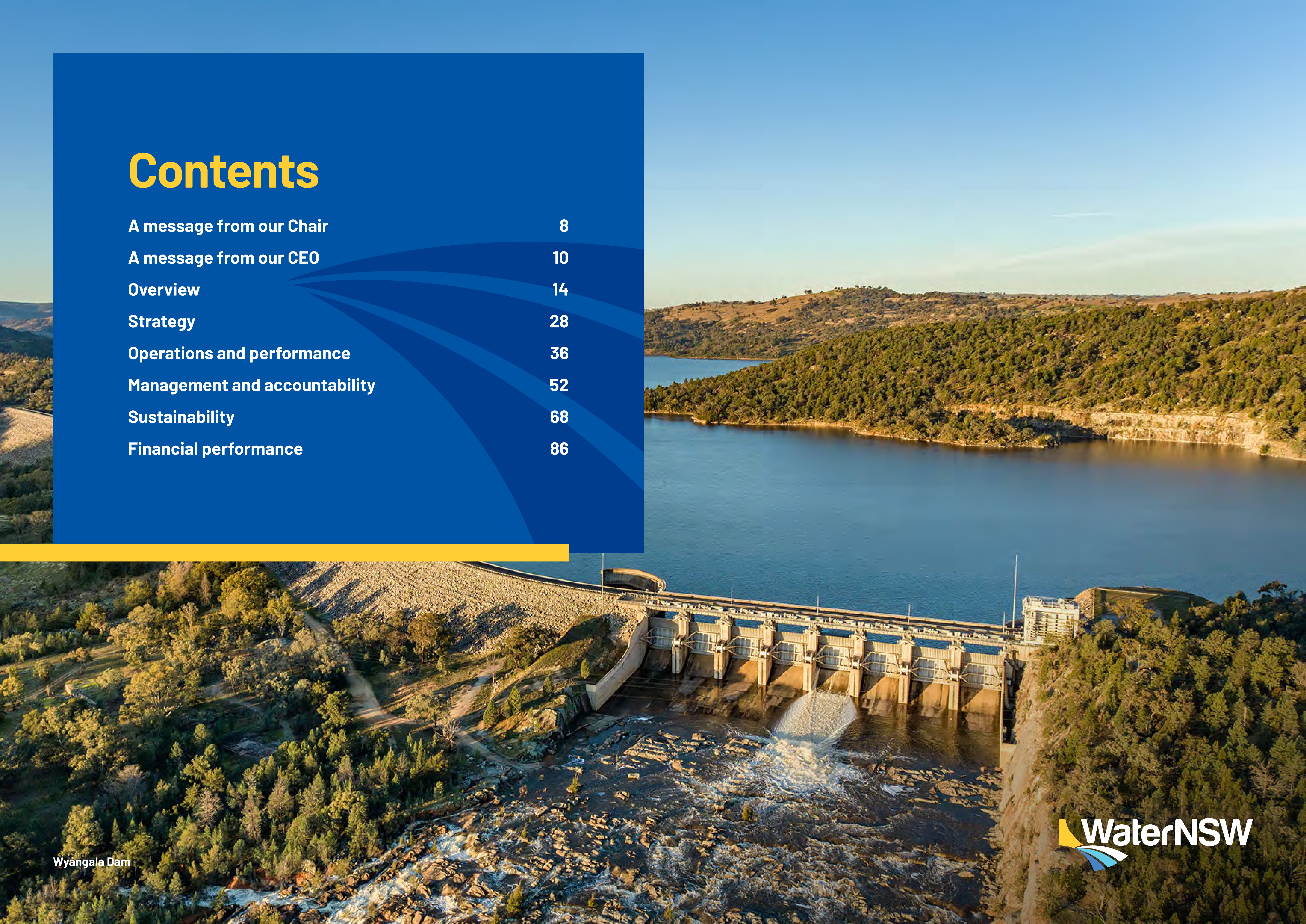


Wyangala Dam

Acknowledgement of Country

Our work with First Nations people is important to us. We acknowledge and have a great appreciation for the knowledge and connection that First Nations people have with water and land, and we are committed to building, supporting and strengthening our partnerships with First Nations people across our operations.

Image: At our 2024 National Reconciliation Week event, we launched a dedicated reconciliation wall that stands as a reminder for us to walk together as one. Our reconciliation paintings are surrounded by artwork that proudly acknowledges the local Burramattagal people, a clan of the Dharug. WaterNSW staff: Duane Byrnes, Scott Willoughby, Caroline Haddad, Russell Hill, Felicity Rooney, Kaliela Thornton and Michael Brown.

Letter to Shareholder Ministers

The Hon. Daniel Mookhey MLC
Treasurer
52 Martin Place
SYDNEY NSW 2000

The Hon. Courtney Houssos MLC
Minister for Finance
52 Martin Place
SYDNEY NSW 2000

Dear Shareholder Ministers

We are pleased to submit the Annual Report of WaterNSW for the year ended 30 June 2024 for presentation to the Parliament of NSW.

This Annual Report has been prepared in accordance with the *State Owned Corporations Act 1989* and the *Government Sector Finance Act 2018*.

Yours sincerely

Peter Duncan AM Chair	Andrew George Chief Executive Officer and Managing Director

Carcoar Dam

Peter Duncan AM

41 major dams across the state

Managing $4.2 billion worth of assets

A message from our Chair

WaterNSW operates the state's dams, capturing and storing water, and then supplying it ready for distribution – for the environment, agriculture, industry and the community.

> We play a vital role at the source of the state's water – operating 41 major dams across the state and managing a Regulatory Asset Base of $4.2 billion worth of assets.

This year we continued to face climate-related and economic challenges, however despite the complexities of the external environment, WaterNSW delivered strong outcomes.

I would like to acknowledge the collective efforts by our people across the organisation for the significant progress made towards WaterNSW's Corporate Strategic Plan.

Pertinent to the Plan is putting customers and communities at the heart of what we do, and there were many outstanding achievements in this regard.

Given our shared cost-of-living challenges, it was paramount that we engaged our customers and communities in decisions related to costs and the services we provide. I'm proud of the extensive customer consultation work undertaken over the past year, involving thousands of customers and stakeholders, to ensure we listened intently and took action to address the needs of the state's water users.

Ultimately, the prices we charge our customers are determined by the Independent Pricing and Regulatory Tribunal (IPART) who ensures that our costs remain prudent and efficient.

As one of the agencies tasked with managing water in NSW, WaterNSW works in close collaboration with Department of Climate Change, Energy, the Environment and Water (DCCEEW) and the Natural Resources Access Regulator (NRAR) and there have been some pleasing outcomes on collaborative projects and work. This includes the preparation of a joint pricing proposal to IPART for Water Administration Ministerial Corporation (WAMC) services, and progress toward a joint vision for a Digital Technology Roadmap that supports a more collaborative and efficient technology environment for water sector agencies and our customers. I encourage continued and effective collaboration across the water sector to address the key issues and challenges facing the state's water supply and services. The next five years will be a crucial time for WaterNSW to prioritise the needs of the state's water users while responding to the significant amount of regulatory change, economic factors, and the implications of climate change.

Our Board continues to increase its understanding around the direct impacts of climate on our operations and the water sector more broadly, including the need for increased reporting and disclosures on climate-related information.

Our current Board composition includes members that have strong credentials in environmental and water management from both a policy and management perspective. This ensures the Board can assess and validate with confidence Environmental, Social and Governance (ESG) initiatives, and climate related proposals submitted by management.

There are a couple of notable Board updates this reporting period. In November 2023, we farewelled public health expert Professor Andrew Wilson who had served on the Board since 2014. Professor Wilson was a highly regarded member of the Board and we thank him for his contribution.

I'm pleased to share that the Hon Bob Debus AM has commenced as a Board Director for a three-year term until 2027. Mr Debus has led a distinguished career working at the highest levels of Government, both state and federal, including serving as a senior Minister in portfolios including Attorney-General, Emergency Services and Home Affairs. With his background in law, public policy and passion for the environment, Mr Debus brings skills and experience that contribute to ensuring the Board's continued leadership and oversight required for WaterNSW.

We remain committed to delivering against our strategic priorities, meeting the needs of our customers and communities, and to maintaining business sustainability.

I thank my fellow Board members for their continued dedication and guidance, and acknowledge the diligence and success of WaterNSW Executives and teams this past year. On behalf of the Board of WaterNSW, we extend gratitude to WaterNSW's dedicated employees, and extend our thanks to customers, communities, industry partners and stakeholders across the water sector for their ongoing feedback and support.

I endorse this report to our shareholders, customers, stakeholders and communities.

Peter Duncan AM
Chair

Andrew George

94% of participants engaged were satisfied with our pricing consultation process

A message from our CEO

Front-of-mind for WaterNSW this past year has been our customers, and we've been listening closely to understand how we can best meet the needs of water users into the future, particularly as the broader macro-economic environment and cost-of-living increases take their toll. That is why we have a **strong focus at WaterNSW on supporting affordability and maintaining downward pressure on costs.**

Listening to our customers and being respected by them and the communities we serve is extremely important to us.

This is one of our five Strategic Priorities as part of our Corporate Strategic Plan that guides how we work. This reporting period, I am pleased to share some of our achievements towards our priorities over the past year.

A significant achievement this year has been our **increased engagement efforts** - undertaking our most complex and extensive customer consultation on a pricing submission to date. We engaged with thousands of customers, communities and stakeholders across the state including through in-person briefings, online working groups and attending industry and community events to better understand their unique needs and challenges.

We **listened and responded to feedback**, and these insights have helped inform the foundations of our pricing proposal to IPART for the 2025-2030 period.

As always, we remain committed to taking a **safety-first approach** in everything we do. We have a vision to create an injury and illness-free workplace based on a generative safety culture where everyone goes home safe, every day. In FY24 overall safety performance outcomes improved. We experienced a 5 percent drop in overall incidents including serious and near miss events, and I'm proud to share that we saw a significant increase in reporting of hazards, meaning our people feel safe and empowered to report hazards, and are more vigilant than ever – no matter how small a hazard may seem.

Over the past year, our organisation has continued to rise to the challenges of unpredictable weather conditions. We started the reporting period with expectations of oncoming drought conditions, however the effects of El Nino were not as persistent as predicted, with much of the state experiencing wetter than expected conditions. This resulted in the 16th flood in the Hawkesbury-Nepean valley since the 2017-19 drought and led to high storage levels across many of our regional NSW dams.

These high storage levels in regional NSW supported high water allocations, and one of the best water years for irrigation customers in recent times. The higher than forecast water sales resulted in improved financial performance in FY24.

We understand just how volatile the Australian climate can be and how quickly drought conditions can occur. We've been working in the background to **prepare for the next drought.** Whether this happens in the months or years ahead, we'll be ready to navigate the challenges and support our customers and the community through an undeniably tough period.

Like our customers, we're seeing an **increase in costs** due to the inflationary environment. **We're working hard to reduce our costs** and one way we're embedding a prudent financial focus is through our Business Transformation Program, one of our our Strategic Initiatives which aims to achieve $26 million in annual recurrent savings by June 2025. Several major cost reduction projects have already been delivered and others are slated for the months ahead. This effort will ensure we avoid incurring around $133 million worth of operating costs over the next five years, and we continue to review scenarios where we can further reduce costs.

This is an important focus of our pricing submission too, given other costs that are outside of our control, such as higher interest rates. For example, the previous rural valley price determinations were set in 2021 when interest rates were at a 20-year low. Since then, interest rates have increased significantly, and this will impact customer charges.

Our Operations team have been hard at work implementing our **Operations Renewal Program** which in the 2023-24 period saw a record expenditure of $141 million invested across a large range of projects across NSW. Key projects include updates to the Warragamba and Kangaroo Valley pipelines and major maintenance works to Chaffey and Hume Dams. We also progressed insurance works to repair damage caused by flooding in recent years. Repairs were completed at a number of impacted sites including Tallowa Dam Road, Avon Dam Road, Woronora Earth Bridge and Heritage Wall, as well as the Warragamba Dissipator Wall Post Tension Anchors – all of which required a huge amount of planning and external resourcing to complete.

We continue to build a more sustainable future and this year we announced our involvement in two additional pumped hydro projects – the Upper Hunter Hydro and Western Sydney Pumped Hydro Projects.

These projects are part of our **Renewable Energy and Storage Program**, leveraging the state's water, land and assets to support achieving the state's objectives for an affordable, secure and low emission energy market, as well as our own sustainability goals.

Monitoring **water quality in regional NSW** is critical and we are committed to supporting local water utilities with this responsibility. This past year we have lent our expertise to local water utilities under the NSW Government's Town Water Risk Reduction Program, to help local water utilities better understand hazards in the catchments and provide water monitoring data and water quality management advice.

Our contribution to **catchment resilience** also extends to the response to the Menindee Lakes fish deaths, where WaterNSW is supporting the NSW Government to implement solutions to prevent future deaths, including deploying an oxygenation trial into the Darling River at Menindee in early 2024. This is one of the key recommendations from the Office of Chief Scientist and Engineer's review into the deaths.

We recognise and acknowledge that First Nations people have a deep cultural, physical and spiritual connection to water and land. Our Innovate Reconciliation Action Plan (RAP) guides us to embed and strengthen the impact of the reconciliation work we've started, and further develop employment and procurement pathways to support the **improvement of cultural, social and economic outcomes with First Nations** communities. In FY24, First Nations employee representation increased to 3.2 percent from 1.4 percent in FY23.

This reporting period we've also formed a team of Cultural Heritage Field Advisors, who work right across the state directly engaging with native title groups, Traditional Owners and community representatives so that we approach our projects in a respectful way, and to ensure First Nations people have the opportunity to share their knowledge on Country.

Our Digital team has also worked hard to deliver our **Water Market Systems update**, enabling a more efficient digital experience for customers by offering a range of self-service capabilities and features for all water users.

Our solid FY23/24 **Financial Performance** reflects good fiscal management and control, with our operating expenses coming in under budget – a favourable outcome.

> While our organisation continues to strive towards achieving our objectives, we know that the external environment and needs of the state's water users is ever changing.

Our **new Operating Licence** is also now in force, endorsed by Minister for Water The Hon Rose Jackson, taking effect from 1 July 2024. It encompasses a greater focus on water quality monitoring and the expansion of our scientific and education role beyond Greater Sydney to encompass the entire state.

Looking forward, we've also **refreshed our Strategic Initiatives to support the delivery of our Corporate Strategic Plan**, to prioritise our customers, safety, regulatory change and economic and financial headwinds. These priorities will stay top-of-mind and setting these strategic initiatives for financial year 2024-25 will hold us to account to ensure we continue to deliver on our objectives.

Finally, I would like to thank our people for their dedication, expertise and drive to achieve our strategic goals and deliver water, when and where it matters. Our people are the reason why I believe we are in good stead for the year ahead. I also extend my respect and gratitude to our customers, industry and the communities we serve for their partnership, trust and support.

Andrew George
Chief Executive Officer and Managing Director


Greater Sydney Catchment

Burrinjuck

Overview

Our business at a glance

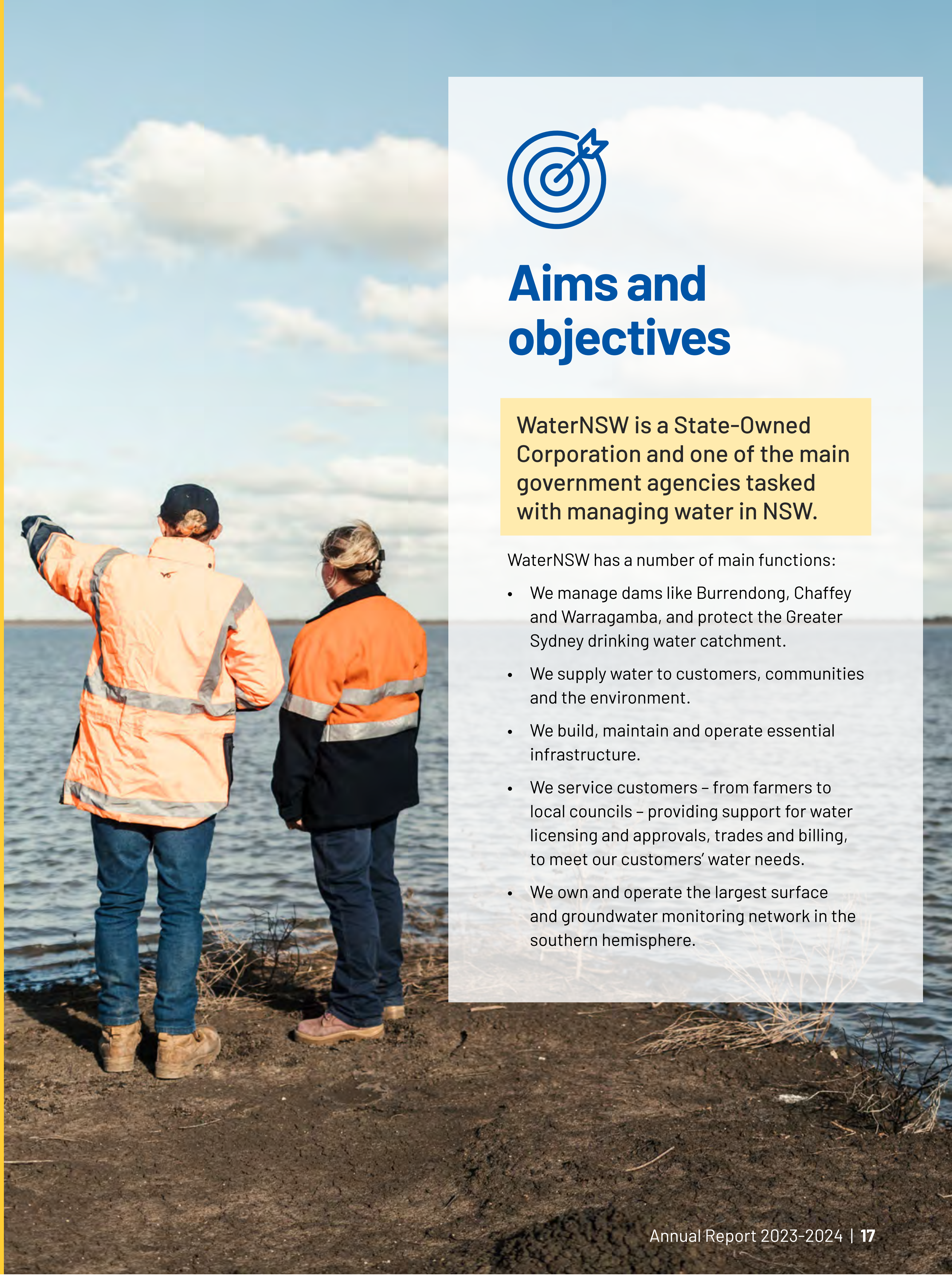
WaterNSW operates the state's dams, capturing and storing water, and then supplying it ready for distribution – for the environment, agriculture, industry and the community.

- We supply **two-thirds** of all water used in NSW
- **We're at the source** of the state's water, we're not at the taps
- The water we supply is used by more than **8 million people** across NSW
- **We follow the rules,** we do not make the rules
- We're the **source of vital infomation,** like river and dam storage levels

WaterNSW

Our year at a glance

613 gigalitres of water supplied to urban customers across Greater Sydney	**3.2%** First Nations employees (an increase of 1.4% on last year) 90% of employees completed Cultural Heritage management training
5,436 gigalitres of water delivered to customers in regional and rural NSW	**40%** internal mobility rate (staff promoted or moved to other roles within the business)
$4.5m raised through new revenue streams	**45,000+** enquiries handled by our Customer Service Centre
$141.1m record investment to maintain and upgrade our assets	**5,565** licence and approval applications assessed
2,500 stakeholders engaged in detailed conversations about our Pricing Proposal for 2025-2030	**90%** satisfaction score for leadership development programs
5% decrease in safety incidents	**3,700** students educated on curriculum linked excursions and incursions
33% improvement in proactive Work Health and Safety reporting	**71,000** visitors to Warragamba Dam Visitor Centre



Aims and objectives

WaterNSW is a State-Owned Corporation and one of the main government agencies tasked with managing water in NSW.

WaterNSW has a number of main functions:

- We manage dams like Burrendong, Chaffey and Warragamba, and protect the Greater Sydney drinking water catchment.
- We supply water to customers, communities and the environment.
- We build, maintain and operate essential infrastructure.
- We service customers – from farmers to local councils – providing support for water licensing and approvals, trades and billing, to meet our customers' water needs.
- We own and operate the largest surface and groundwater monitoring network in the southern hemisphere.

Charter

Water NSW Act 2014

WaterNSW is a State-Owned Corporation established under the *Water NSW Act 2014* and operates under an operating licence. The functions of WaterNSW under the Act are to:

- Capture and store water and to release water:
    - to persons entitled to take the water, including release to regional towns
    - for any other lawful purpose, including the release of environmental water.
- Supply water to the Sydney Water Corporation.
- Supply water to water supply authorities and to local councils or county councils prescribed by the regulations.
- Supply water to licensed network operators or licensed retail suppliers within the meaning of the *Water Industry Competition Act 2006*.
- Supply water to other persons and bodies, but under terms and conditions that prevent the person or body concerned from supplying the water for consumption by others within the State unless the person or body is authorised to do so by or under an Act.
- Construct, maintain and operate water management works (including providing or constructing systems or services for supplying water).
- Protect and enhance the quality and quantity of water in declared catchment areas.
- Manage and protect declared catchment areas and water management works vested in or under the control of WaterNSW that are used within or for the purposes of such areas.
- Undertake flood mitigation and management.
- Undertake research on catchments generally, and in particular on the health of declared catchment areas.
- To undertake an educative role within the community.

Water NSW Regulation 2020

A key responsibility of WaterNSW is identifying and managing impacts on water quality in the declared catchment areas. In order to protect water quality, the Water NSW Regulation 2020 restricts access to lands immediately adjacent to the storages used for drinking water supplies. It also provides for regulatory powers to manage pollution activities that impact water quality.

In Special Areas, (those lands adjacent to water storages in the Greater Sydney drinking water catchment) access may be prohibited or certain activities restricted to protect water quality and ecological health.

The Water NSW Regulation 2020 (which operates under the *Water NSW Act 2014*) provides WaterNSW with the power to legally enforce access restrictions.

WaterNSW has enforcement powers under the *Protection of the Environment Operations Act 1997* to penalise anyone found to be polluting in the catchment that may impact on water quality. WaterNSW keeps a public register of all notices issued under the *Protection of the Environment Operations Act 1997*.

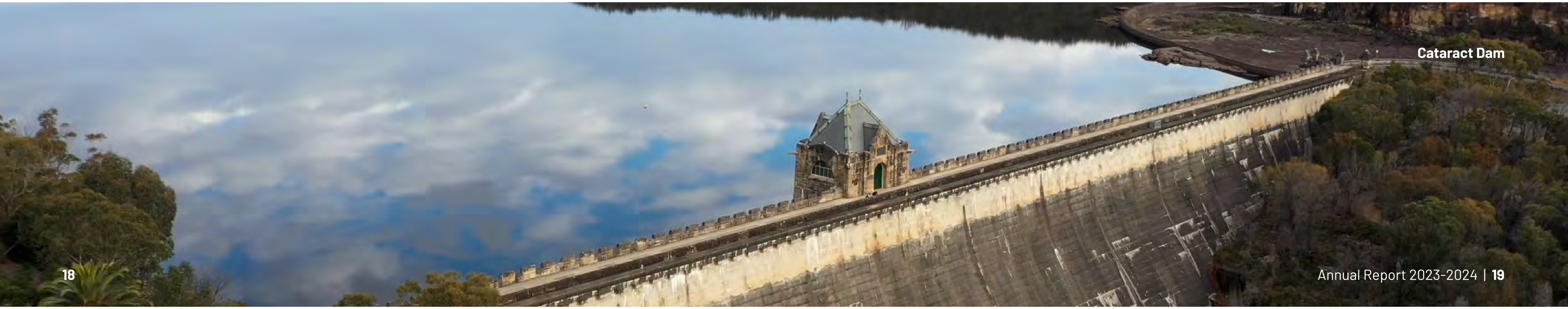
Water Management Act 2000 and Water Act 1912

The objectives of the *Water Management Act 2000* are to provide for the sustainable and integrated management of the water sources of the state for the benefit of both present and future generations and, in particular:

- ecologically sustainable development
- protect, enhance and restore water recourses
- recognise and foster social and economic benefits
- recognise the role of the community
- provide efficient and equitable sharing of water
- management of water sources with other aspects of the environment including native vegetation and native fauna
- encourage the sharing of responsibility and efficient use of water
- encourage best practice management and use of water.

In NSW, the regulator and policy maker for water resource management is the Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW). NSW DCCEEW develops natural resource management policy frameworks, strategies and plans related to water management. NSW DCCEEW is accountable for water sharing plans, which define the rules for sharing the water resources of each regulated river valley between consumptive users and the environment. These water sharing plans are made under the *Water Management Act 2000*. WaterNSW operates in accordance with these plans and delivers water to customers and the environment. Customer water accounts are credited with their shares of available water and, as they use their water, their usage is debited from their accounts.

The majority of water access licences are issued under the *Water Management Act 2000* but some are still issued under the *Water Act 1912*. The operating licence for WaterNSW also confers on WaterNSW certain functions of the Minister administering the *Water Management Act 2000* and the *Water Act 1912*.



Cataract Dam

Operations and pricing

WaterNSW's activities are guided and regulated by:

Operating licence – WaterNSW operates under an operating licence granted by the Minister on the recommendation of the Independent Pricing and Regulatory Tribunal (IPART). The operating licence enables WaterNSW to exercise its functions under the *Water NSW Act 2014*. IPART conducted a review of WaterNSW's operating licence in early FY 2023-24.

Water sharing plans and licensing – WaterNSW operates in accordance with water sharing plans and delivers water to customers and the environment. Based on the water sharing plan rules, the available water resources are shared throughout the year, allowing water for the environment and for consumptive use.

The water licences and approvals granted to WaterNSW regulate its access to water resources in its area of operations:

- Water access licences authorise WaterNSW to take and use water.
- Water supply work and water use approvals set out how the water management works are to be operated, including the amount of water that WaterNSW must make available for environmental flows.

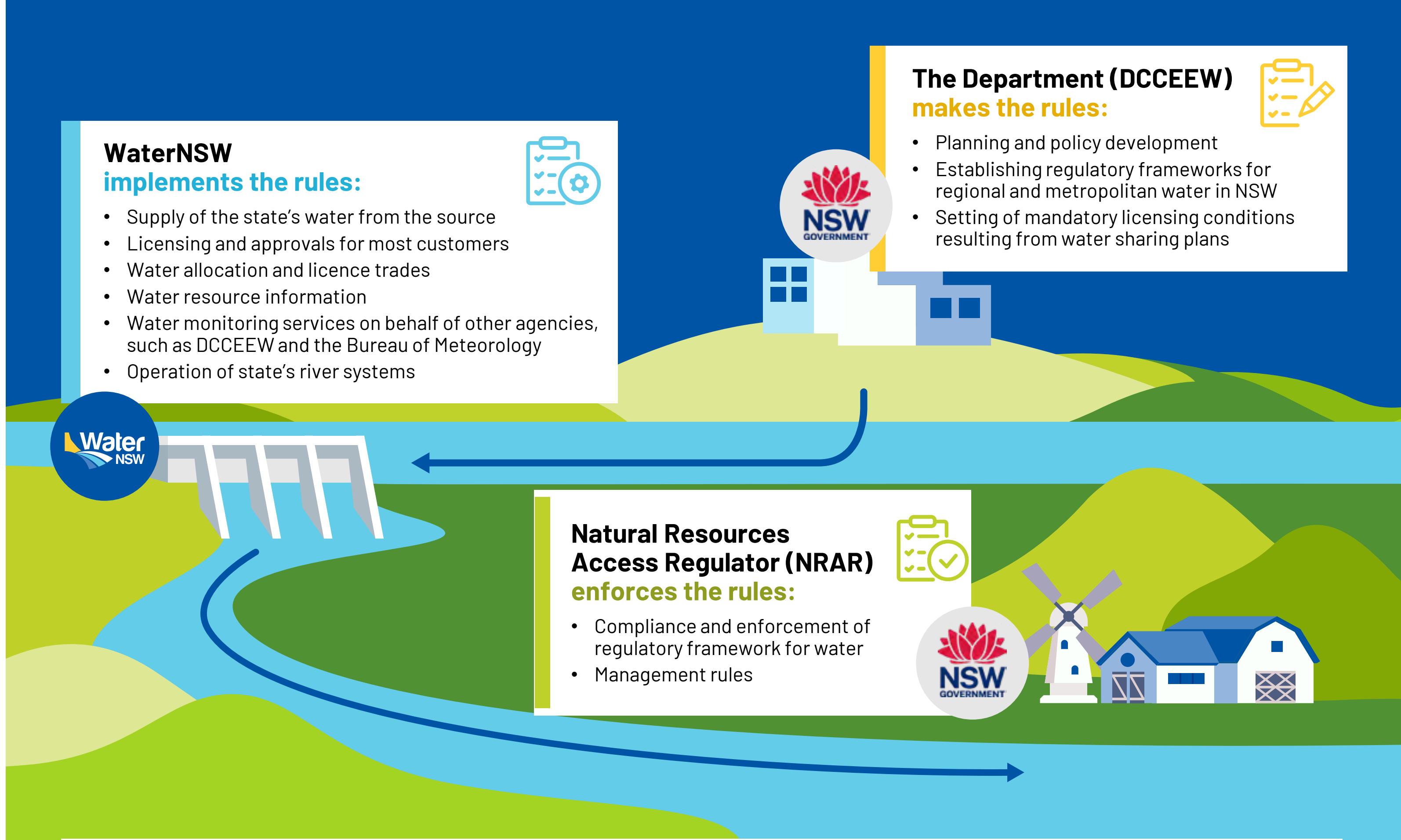
Catchment audits – the *Water NSW Act 2014* requires that there be an independent audit of the health of the declared Sydney catchment area at least every three years. The audit report is provided to the Minister responsible for WaterNSW – see the Catchment audit section for information on the most recent audit.

Catchment health indicators – Catchment audits are required to assess the health of the declared catchment areas using a list of indicators developed under Section 41 of the *Water NSW Act 2014* and listed in the operating licence. WaterNSW is required to:

- evaluate the findings of the catchment audit to the extent to which they relate to its activities and risks to water quality
- incorporate the findings of the audit into its risk framework, and its programs and activities relating to catchment management
- report to the Minister on its progress to achieve improvements in catchment health, to prevent degradation of existing catchment health and to maintain existing catchment health, having regard to the findings.

NSW Water Strategy – the NSW Water Strategy sets the overarching vision for 12 regional and two metropolitan water strategies, tailored to the individual needs of each region in NSW. Together, the strategies will improve the resilience of NSW's water services and resources.

Price determinations – about every four to five years, IPART sets the maximum bulk water prices that WaterNSW can charge our customers. WaterNSW was subject to four price determinations in 2023-24 – see the implementation of price determinations section for more information.



Key government relationships

Water agencies – roles and responsibilities

WaterNSW, the NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW), and the Natural Resources Access Regulator (NRAR) have developed a Roles and Responsibilities Agreement that came into effect on 30 June 2021.

The agreement is required for WaterNSW to meet its operating licence and sets out how the three agencies collaborate and work together to deliver key water management functions under the Water Administration Ministerial Corporation (WAMC).

The agreement details each agency's role in performing the functions of WAMC, and provides a framework for resolving any interagency issues, along with the identification of improvement opportunities.

Memoranda of Understanding (MoU)

MoU are a requirement of the *Water NSW Act 2014*. The memoranda:

- establish cooperative relationships with regulatory agencies
- develop consultative processes to consider operational, strategic, and public health and environmental issues
- allow for exchange data and information.

The MoU with NSW Health recognises the role of that agency in relation to water quality standards and public health.

The MoU with the Environment Protection Authority recognises the role of that agency in protecting the environment of NSW.

The MoU with Sydney Water recognises the role Sydney Water plays in water supply augmentation planning for Greater Sydney.

WaterNSW also has a range of non-statutory MoUs with other stakeholders.

Management and structure

As at 30 June 2024

Board

The Board sets the overall policy, strategy and direction of WaterNSW. All decisions relating to the operation of WaterNSW are made by or under the authority of the Board in accordance with Section 20L of the *State Owned Corporations Act 1989*.

Refer to the Board section for more information on directors, meetings and governance.

Executive

The Executive Managers report to the Chief Executive Officer.

Andrew George

Chief Executive Officer and Managing Director
BE (Hons), FIE Aust, CPEng, EngExec, GAICD

Andrew is the Chief Executive Officer and Managing Director of WaterNSW, responsible for managing the state's dams and bulk water supply infrastructure and servicing a diverse range of customers – including the environment, agriculture, industry and the community, throughout regional NSW and Greater Sydney.

Recognised as an innovative thinker who approaches complex problems with an enquiring and solutions-focused mindset, Andrew has been involved in the strategic transformation of the NSW water sector, both as an Executive of WaterNSW since its inception in 2015, and more recently as CEO and Managing Director since 2020.

Andrew brings a decade of experience in successfully implementing organisational transformation programmes and sector reforms, delivering shareholder, customer and community value in a complex regulatory environment.

With 15 years' experience in water utilities, Andrew has excelled in leadership roles spanning regulatory and market strategy, government relations, engineering, asset management, and major infrastructure delivery.

Andrew holds a Bachelor of Civil and Environmental Engineering (Honours) from the University of Technology Sydney, is a Fellow of Engineers Australia and is a Graduate of the Australian Institute of Company Directors.

Andrew is also a Director of WaterNSW Infrastructure Pty Ltd.

Beth Winchester

Executive Manager – Safety, People and Culture
BComm, CPA

Beth is an experienced senior leader across multiple business functions. After several finance roles within the Lend Lease Group, Beth transitioned into human resources, holding positions that included Regional and Global leadership responsibilities. Beth then became Executive General Manager People & Culture for Fuji Xerox Australia Pty Ltd where she was responsible for the Human Resources, Internal Communications and Property portfolios of the Australian operations for 12 years.

Beth has held a number of volunteer committee and board positions including serving on the KU Board for a 5-year term.

As Executive Manager – Safety, People and Culture, Beth and her team work to:

- deliver people and culture operations such as policies, payroll, recruitment framework
- lead strategic projects and functions such as employee engagement, workforce planning, industrial relations strategy, fostering positive employee relations in order to create a strong performance culture
- develop and deliver learning and development frameworks and capability uplift programs for all employees
- develop work health and safety policies, procedures and standards and ensure they are implemented across WaterNSW.

Clair Cameron

Executive Manager – Corporate Affairs
BA Comm, MHL

A highly practised senior leader, Clair has over 20 years' experience leading Communications, Stakeholder Engagement and Public Affairs teams working on complex projects in the private and public sectors.

Clair is passionate about listening and engaging stakeholders at all levels and advising at a strategic level on issues management and communications. Prior to joining WaterNSW, Clair spent six years in leadership roles at the NSW Environment Protection Authority. Prior to that she led communications functions for organisations including Meat and Livestock Australia and FTI Consulting.

As Executive Manager – Corporate Affairs, Clair works with her team to:

- safeguard and build Water NSW's brand and reputation
- lead WaterNSW's engagement with stakeholders and the community
- manage engagement with industry, government and First Nations communities
- provide community education
- manage WaterNSW's internal and external communications.

David Stockler

Executive Manager – Customer Services
Cert Bus, Fin & Marketing, GAICD

David is a highly practised leader in the field of customer experience and operations, having developed his skills over many years working in the utilities and telecommunications sectors.

David joined WaterNSW in early 2016 after serving in senior positions at Optus and AGL, amongst others. In addition to his role at WaterNSW, David previously served 6 years as a non-executive Director of the NSW Energy & Water Ombudsman.

As Executive Manager – Customer Services, David works with his team to:

- ensure excellence in customer services, communications, and digital capabilities
- manage customer water ordering, account management requests, issues and complaints
- manage billing and revenue collection
- assess and determine customer licence and approval applications and water trading in compliance with regulations.

Fiona Smith

Executive Manager – Strategy and Performance
BSc, MBA, GAICD

Fiona has over 30 years of experience in the water industry and joined WaterNSW upon its formation, having previously worked for the Sydney Catchment Authority. Fiona's experience includes catchment protection, land management, regulatory and compliance management, sustainability, water planning and management, treatment, distribution, wastewater treatment and reuse.

In addition to her role, Fiona is a Non-Executive Director of Water Research Australia.

As Executive Manager – Strategy and Performance, Fiona and her team work to:

- develop WaterNSW's corporate strategy including monitoring and reporting
- lead the long-term operations strategy on science, assets and water management
- coordinate IPART submissions and related issues like operating licence audits and reviews
- develop and advise on regulatory and policy proposals and reforms
- drive transformation projects in collaboration with other portfolios, monitor and report
- set key operational and strategic indicators in collaboration with other portfolios to proactively manage performance and report on their results
- manage environmental planning and sustainability initiatives.

Joe Pizzinga

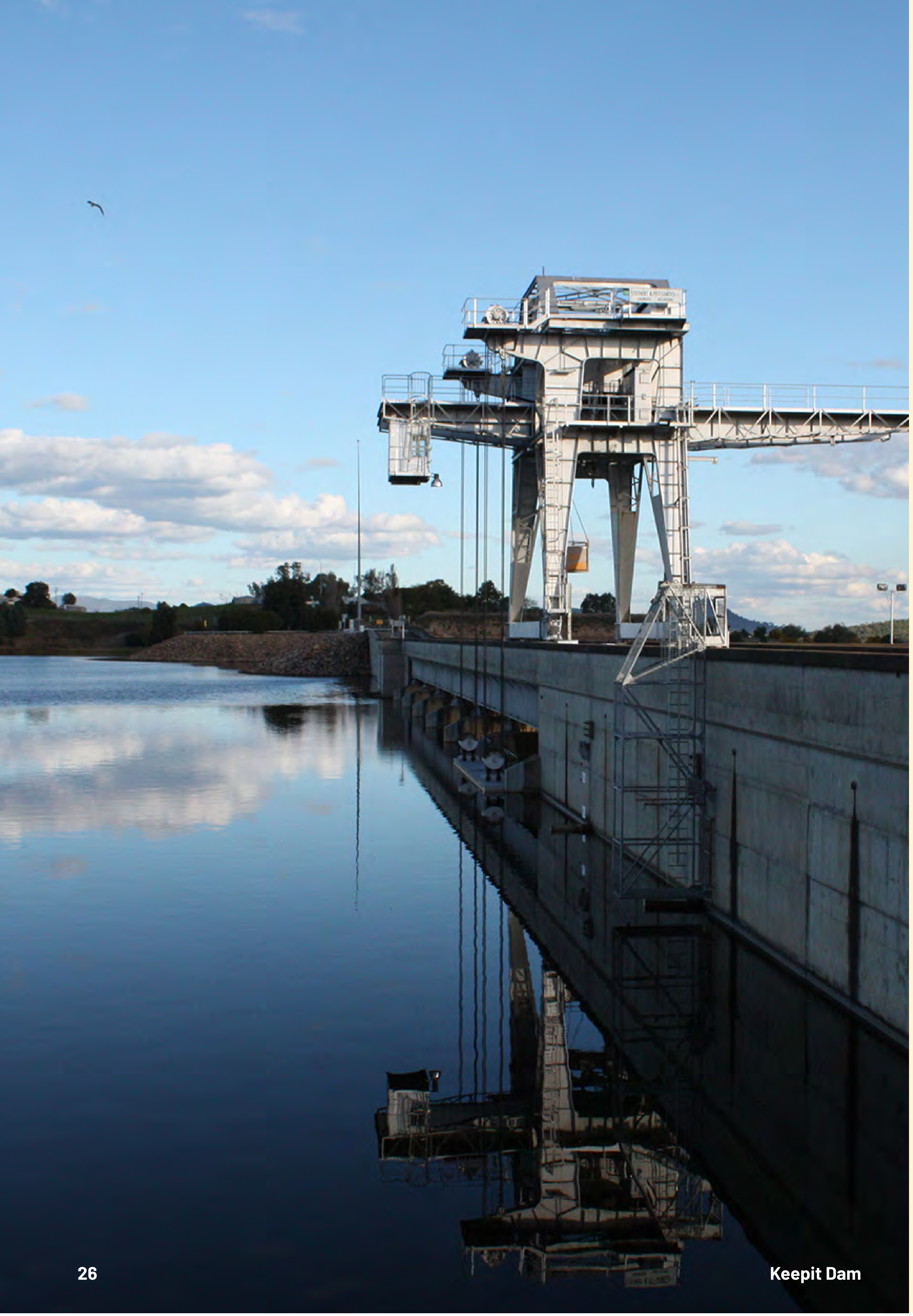
Executive Manager – Finance, Legal and Risk
BCom (Acc/LLB), AMP Harvard, Fellow of CPA Australia

Joseph Pizzinga is an experienced financial leader, with a respected catalogue of Chief Financial Officer roles in the utilities industry. Joe's aptitude for finance and business operations was finessed during his five years as CFO of Ausgrid, and nearly another five years prior to that at Endeavour Energy.

Joe is a Fellow of the Australian Society of Certified Practicing Accountants and has a degree in Commerce, majoring in Accounting and Business Law. Joe has also previously attended Harvard Business School where he undertook Harvard's Advanced Management Program.

As Executive Manager – Finance, Legal and Risk, Joe works with his team to:

- manage financial planning, budgeting reporting and governance
- manage the procurement functions
- manage the commercial aspects of WaterNSW's the land and properties holdings, including faciities management
- provide legal advice, including company secretary responsibilities
- provide the internal audit and corporate risk management and compliance functions.



Keepit Dam

Leeanne Chau

Executive Manager – Digital and Chief Information Officer
BBus

Leeanne is a people focused leader, well-respected for her depth and breadth of experience across the private and public sectors, combined with a passion to deliver digital-enabled value to capitalise on the opportunities technology and data provide for innovative transformation.

Leeanne has successfully led large-scale transformational initiatives across digital, data and technology and key strategic programs at APA Group, Australian Taxation Office, Ausgrid and Deloitte Consulting.

As Chief Information Officer and Executive Manager – Digital, Leeanne works with her team to:

- drive digital transformation and ways of working
- maintain core information technology infrastructure systems, data and policy
- provide technical expertise on digital initiatives
- identify and deliver initiatives to enhance our digital services
- oversee cybersecurity measures and legislative obligations.

Ronan Magaharan

Executive Manager - Operations
BE (Elec), BSc (Comp)

Ronan is an experienced leader in operations, water planning, engineering, asset management, and major infrastructure delivery. His experience has been gained predominantly in the water and power generation industries.

Joining WaterNSW in early 2016 as Manager, Asset Maintenance and Services, Ronan was promoted to the position of Executive Manager Assets at WaterNSW in December 2018. Prior to WaterNSW, he worked at Snowy Hydro for eight years in a variety of engineering and senior management roles.

As Executive Manager – Operations, Ronan and his team work to:

- manage assets (built infrastructure and natural assets such as land) and water systems to secure and deliver water supply to customers
- analyse demand and supply to ensure the on time and efficient delivery of water
- respond to incidents where direct water supply is affected (such as floods, droughts and heavy rainfall) to ensure continued safe water supply and operation of assets
- monitor and maintain safe, high-quality water
- continuously improve operations to strive for excellence.

Hume Dam

Strategy

Our vision

To support the resilience of NSW communities through our leadership in delivering water services, for generations to come.

Our purpose

Water, delivered when and where it matters.

Our vision and purpose form part of our Corporate Strategic Plan. This plan sets out the future of WaterNSW and provides a shared vision for all WaterNSW employees to enable us to work together on these priorities of the business, ultimately with the aim of meeting the needs of our customers and communities across NSW.

Our purpose is summed up in one simple statement that goes to the heart of all that we do and our core business.

Our vision recognises the importance of WaterNSW in ensuring the prosperity and continued growth of communities across NSW by providing an essential service that can be relied upon.

WaterNSW

Strategic priorities

We have five strategic priorities that are targeted to guide us in achieving our purpose and vision.

Delivering operational excellence - We have deep expertise in technical and operational elements of water delivery. We will continually extend this expertise to deliver safe, reliable and affordable water management and delivery.

Developing our people and capabilities - We will develop and employ a diverse, high performing workforce. One that is responsive to the needs of our customers and the communities we serve.

Respected by the customers and communities that we serve – We aim to be even more trusted to support the social, cultural and economic prosperity of our customers and communities. We will deliver this through transparent decision making and having a greater community presence.

Working together in partnership – We are committed to working together in partnership with our stakeholders to manage sustainable, secure and healthy water resources.

Building a sustainable future – We will play our part in creating a more resilient water system. One which enables thriving communities and healthy ecosystems while reducing our environmental footprint – so we do not cost the earth.

Strategic initiatives

Ten strategic initiatives, under these strategic priorities, were launched or continued in 2023-24. The strategic initiatives are key to meeting our long-term goals and are key performance indicators.

Cost Transformation Program

Delivering operational excellence

The Cost Transformation Program was established to deliver cost savings and efficiencies across the business and support the strategic priorities of WaterNSW. Over the three years to June 2024, the initiative has realised $19.7m in annualised operating cost savings, with a target of a further $2.3m in FY25.

We have introduced new governance structures, including an Executive Level Steering Committee to help drive a greater focus on transformational scale savings across the organisation. This has been instrumental in helping identify and plan major efficiency initiatives which will transform our business over the next four years and realise significant savings.

The recurrent savings achieved to-date will mean that we will now avoid $133million in operating costs from being passed on to customers in our next regulatory pricing period, between 2025 and 2030.

Future Operations

Delivering operational excellence

Future Operations is a program of prioritised projects aimed at optimising our core operational activities (field operations, water planning and delivery, asset planning and delivery) and functions through revised practices, processes, cross skilling and technology enablers.

Importantly, this initiative has seen updated flood manuals developed for gated storages, including the Flood Incident Management Protocols. A detailed review of our asset maintenance plans is also now underway, with work planned to continue into FY26. This work focuses on ensuring we are doing the right work at the right time, and as efficiently as possible – to balance risk with customer affordability.

Digital Transformation (Technology Roadmap FY26-30)

Delivering operational excellence

Digital Transformation underpins strategic investments identified by WaterNSW and will form the basis of the next regulatory submission for digitally enabled services, thereby formulating the transformation plan through to 2030. In designing and delivering on this initiative, customers and our people have been placed at the centre, supported by a joint water sector vision and strong relationships between WaterNSW, NSW DEECCW and NRAR. For more detail see the Digital Technology Roadmap case study.

WAVE Update (Water Market Systems Program)

Delivering operational excellence

Water Market Systems (WMS) delivers an advanced digital experience, allowing customers to transact with the water agencies, using their preferred contact channel. An enhanced Customer Portal will enable several self-service capabilities and features for all water users.

WaterNSW has partnered with NSW DCCEEW to include delivery of the Water Licence Improvement Program alongside WMS. This functionality will support our teams and customers with a common vision and technology platform, making it easier for our customers to do business.

Capability Uplift and Early Entry Programs

Developing our people and capabilities

Through our traineeships and graduate programs, WaterNSW aims to not only bring exciting new talent into the business, but to also use this opportunity to potentially increase female and First Nations representation. This is a key aspect of our Early Entry Programs, where identified groups are provided with opportunities to gain experience in the workplace and develop the skills, knowledge and confidence to grow and thrive. Workforce development, career pathways and succession planning to address occupational shortages and the loss of technical knowledge within niche roles will be vital to establishing a sustainable model for building and nurturing talent into the future.

The development of a Competency Management Framework is identifying the technical competencies for critical roles and provides a robust and fit for purpose approach to aligning current and future skill needs. This initiative is directly aligned to our WHS ISO 45001 Accreditation and supports the maintenance of a safe and healthy workplace. We have transitioned to online Safety Site Inductions for both employees and contractors to improve the user experience and compliance standards and have reduced mandatory corporate eLearning by 30 percent.

Through the Capability Uplift and Early Entry Programs, WaterNSW has achieved an internal mobility rate of 40 percent for recruitment. We have also upgraded the Leadership Development programs to align with our strategic priorities and contemporary learning approaches, to optimise skills retention and value. These programs have been highly successful and well attended, with an average satisfaction score of 90 percent. Under this initiative, we have redefined the five Learning Pathways to improve cost management, reporting, quality and safety performance.

Safety and Wellbeing

Developing our people and capabilities

The Safety Frontier Program is focused on uplifting the safety culture at WaterNSW to a generative safety culture to prevent injuries to our people, contractors and the public while improving health and wellbeing outcomes of employees.

This initiative contributed to enhancements to ensure our Workplace Health and Safety (WHS) management system remained accredited with international standards (ISO45001:2018). It also focused on improving our approach to WHS risk management and competency.

There has also been a reduction in severity in both our incident severity rate (zero Class 3 incidents) and combined LTIFR (a reduction from 1.9 to 1.2). We have also observed a 33 percent improvement in WHS hazard reporting year on year, a positive outcome as we strive to be a generative safety culture. Improved reporting and shared learnings are hallmarks of such a culture. For more detail see the Work Health and Safety update.

Pricing Submission for 2025-2030

Respected by the customers and communities we serve

In September 2024, WaterNSW lodged its pricing proposal to IPART for the 2025-2030 period. The development of the WaterNSW pricing submission is critical to both the sustainability of WaterNSW's water delivery functions as well as commercial activities and other charges to water users. The pricing proposal covers the prudent costs to run our business, maintain our assets and outlines new capital works, within the requirement to maintain our investment grade credit rating.

This is our first pricing proposal prepared under IPART's 3Cs framework, which places greater emphasis on embedding customer preferences into the proposal and demonstrating the prudency and efficiency of our activities and costs. This is also our first pricing proposal that reflects WaterNSW as a single organisation providing bulk water and water management services to both rural and urban customers. Previously, the pricing determinations were split between IPART and the Australian Competition & Consumer Commission (ACCC).

We have embraced the new 3Cs framework and the opportunity it presents to align with our Corporate Strategy and its key direction of putting customers at the heart of our business. To this end, we have significantly expanded our engagement activities, entered into a new era of transparency with regard to sharing our financial information and we have sought deeper conversations across the breadth of the business to better understand our customers' needs and priorities for this determination. For more detail see the customer engagement and IPART Pricing Proposal 2025-2030 case studies.

We place our customers at the forefront of our decision making, while looking to deliver customer expectations at the most efficient cost. While we have focused on our costs that we can control, there are additional costs due to increased licensing obligations, government charges and higher interest rates, that we cannot control.

We have acted prudently and efficiently to keep bills as low as possible – ensuring customers are not paying for costs we can avoid or for risks that we are best placed to manage. Our efforts to curtail costs, however, have not been sufficient to avoid material price increases over the 2025-30 determination period if fully passed on to customers. For more detail see Implementation of Pricing Determinations.

Notable challenges we face over the coming five years include navigating a continuing uncertain macroeconomic environment, addressing the impacts of climate change and managing assets within acceptable risk tolerances while building greater resilience.

The costs for conferred functions provided by WaterNSW on behalf of the Water Administration Ministerial Corporation (WAMC) are the subject of a separate joint submission with the NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW) and the Natural Resources Access Regulator (NRAR).

Following the pricing proposal being submitted in September 2024, we are actively supporting IPART with its review of our proposal, and engaging with customers and other stakeholders as IPART makes its determination.

Reconciliation Action Plan (RAP)

Respected by the customers and communities we serve

Our Innovate RAP was officially endorsed by Reconciliation Australia in August 2023 and is our guide to embedding and strengthening the impact of our reconciliation work and commitment, started through our Reflect RAP in 2021. Our RAP is supported by a governance framework which includes an external First Nations Yarning Circle advisory group and an internal Ngulaway RAP working group.

In the past year through our RAP we have delivered events including National Reconciliation Week, NAIDOC Day and the Aboriginal Support Network development days. To support our employees and ensure their growth on our RAP journey we have developed an online level one training package for cultural competency and awareness (completed by 86 percent of staff), cultural heritage management training (completed by 90 percent of staff), and face to face level two cultural heritage management training (completed by 21 percent of eligible staff). We have delivered excellent results in First Nations employment, increasing identified employees from 1.4 percent in 2023 to 3.2 percent in FY24.

In our Operations projects, Cultural Heritage management and assessment has occurred on 116 projects at WaterNSW with 68 completed and 48 currently a work in progress. This proactive engagement has resulted in the positive outcome of a significant reduction in the need for Aboriginal Heritage Impact Permits, with only two applications required. For more detail see the Reconciliation Action Plan update.

Growing Non-Regulated Revenue

Working together in partnership

WaterNSW is focused on the development of new revenue streams to help strengthen our financial sustainability by growing our non-regulated revenue base including areas that align with NSW Government priorities.

WaterNSW recognised non-regulated revenue in FY24 of $60.7m (12 percent of total WaterNSW revenue) and is looking to increase this result by implementing a recently endorsed business development plan which outlines a proposed approach to grow new revenue opportunities over the next five years. This includes building on the Town Water Risk Reduction Program (TWRRP), developing carbon and biodiversity credit revenue and identifying untapped leasing opportunities through optimised land use, including revenue from leasing our land for renewables projects.

WaterNSW is an expert on water quality and dam safety, and we're sharing our knowledge to help local water utilities in regional NSW by partnering with NSW DCCEEW on the TWRRP through an initial $10 million program, of which $4.5 million was received in FY24.

Our Renewable Energy and Storage Program is also a key part of this strategic initiative. In FY24 WaterNSW signed Development Deeds with Upper Hunter Hydro and Zen Energy, which together with a Development Deed signed in FY23 with ACEN resulted in $1.9 million of non- regulated revenues in FY24.

For more detail see the TWRRP case study.

Environmental, Social and Governance (ESG) Strategy and Action Plan

Building a sustainable future

This initiative focuses on meeting our sustainability and governance objectives, while recognising existing ESG activities and ensuring current gaps and opportunities are addressed.

As part of the ESG program, a comprehensive carbon footprint and net-zero pathway is in development, encompassing the identification and quantification of initiatives aimed at reducing carbon emissions.

A program contributing to biodiversity objectives and federal koala conservation efforts involves early work to create koala habitat revegetation projects, including initiatives such as implementing hazard control burns to minimise impacts on koalas and their existing habitats.

A climate change risk assessment and adaptation plan is in development to identify the risks to WaterNSW's assets and operations, and to allow for adaptation actions to be planned. Additionally, a framework for evaluating WaterNSW's land to create opportunities for carbon and biodiversity credit generation is in development. For more detail see our ESG Program update.

Renewable Energy and Storage Program

Building a sustainable future

The program seeks to facilitate private sector investment in large scale renewable energy or long duration storage projects, utilising WaterNSW's land or assets. The program has been designed to contribute to several WaterNSW strategic priorities.

WaterNSW awarded the first development agreement under the program to ACEN Australia in December 2022 for a proposed 800 MW, 12-hour duration pumped hydro energy storage project located at Lake Burrendong within the NSW Government's Central-West Orana Renewable Energy Zone. ACEN Australia also received $7 million in feasibility study funding through the NSW Government's Pumped Hydro Recoverable Grants Program.

In February 2024, WaterNSW awarded a development agreement to Upper Hunter Hydro (UHH) to investigate two large pumped hydro projects capable of storing more than 1000 MW for 8-12 hours – as much power as one million household batteries. As a result of the agreement, Upper Hunter Hydro will get access to areas of WaterNSW's land and reservoirs at Glenbawn and Glennies Creek dams, outside Scone and Singleton in the Hunter Valley.

The Western Sydney Pumped Hydro proposal, which could potentially power half a million homes, or almost 30 percent of Sydney households, was announced in April 2024. The project proposes utilising a disused coal washery site and under this project, it will be rehabilitated and shift from coal, to creating renewable clean energy, helping to create a sustainable future. The site is located 24km upstream of the Warragamba Dam wall.

For more detail see the Renewable Energy and Storage Program update.


Warragamba Dam

Operations and performance

Significant operations and activities

Overview

We take care of the state's water at the source – capturing, storing, delivering.

We use our expertise to carefully capture and store our most vital natural resource. We then supply that water ready for distribution, for the environment, agriculture, industry and the community.

Water storage

With 41 major dams across the state, we play a vital role at the source of the state's water, delivering two-thirds of all water used in NSW.

Greater Sydney

In Greater Sydney, WaterNSW collects water from river catchments to the south and west of Sydney, and stores it in 21 dams including Warragamba, Nepean, Cataract and Avon dams. We transport stored water from these dams via our network of rivers, pipes and canals to Sydney Water and other water utilities, who treat and supply the water to households.

Warragamba Dam is Greater Sydney's major supply dam, with a storage capacity of 2,064,680 ML. Warragamba Dam, along with our metropolitan and Shoalhaven dams, store water ready for transfer to Prospect Water Filtration Plant, operated by Sydney Water, which supplies about 80 per cent of Sydney's drinking water.

The Greater Sydney system is complex yet highly flexible, allowing us to draw water from different storages for supply to Sydney Water, as well as local councils.

Regional NSW (Rural Valleys)

WaterNSW captures, stores and delivers water across 20 large dams in regional NSW. These dams are located across the state on 12 major river systems including Border Rivers, Gwydir, Namoi, Peel, Lower-Darling, Murray, Murrumbidgee, Bega/Brogo, Hunter/Paterson, Richmond, Lachlan, and Macquarie.

In addition to capturing, storing and delivering water, some regional dams are permitted to be used for flood mitigation, where water may be released in anticipation of rainfall to allow additional airspace to capture inflows.

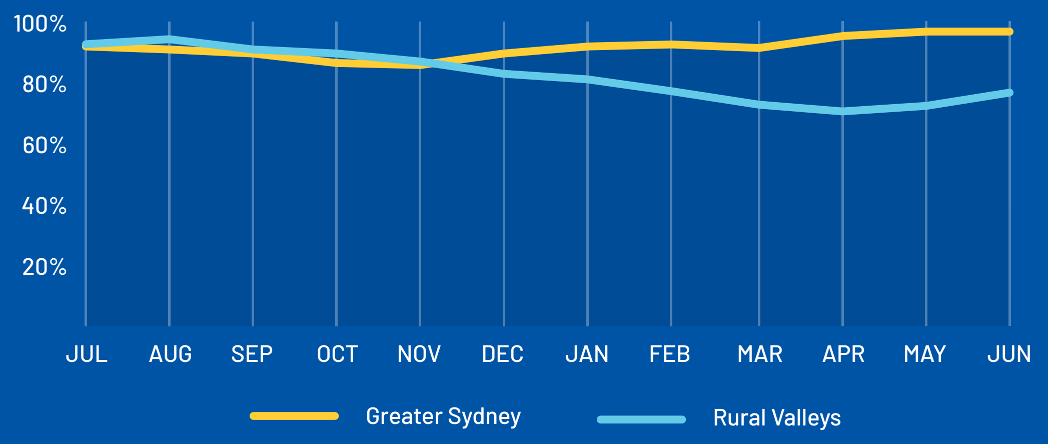
WaterInsights

We're the source of vital information, giving customers and communities access to the information they need – like river and dam storage levels. This near real-time data helps our customers, communities and industry partners to make informed decisions such as business and on-farm planning and deciding when to visit one of our dams for recreation.

WaterInsights is our interactive web data tool and covers more than 800 water sources in NSW. It provides access to everything our customers and water users need to know about water resources and how they are managed. This includes dam storage levels, inflows, outflows, river heights, forecast rainfall and historical data.

Storage levels 30 June 2020 to 30 June 2024

Storage volumes are measured in gigalitres (GL) which is one billion (1,000,000,000) litres of water.



Water delivery

We are WaterNSW and we deliver water when and where it matters.

The water we supply is used by more than 8 million people across NSW. Our customers range from small family businesses to farmers, irrigators, councils, utilities, industry and environmental water holders like the State and Australian governments, that use water to protect our ecosystems and keep rivers flowing.

While we deliver the state's water from the source, it's ultimately our customers like Sydney Water, local councils and local water utilities across regional NSW that treat and supply the water to households.

We know every drop of water counts and we are always focused on developing innovative ways to conserve this vital natural resource. This past year, we have reviewed our water ordering processes through to delivery to maximise benefits for our customers and to get a better understanding of customer demand and forecasting. As part of this, we're also reviewing ways to minimise water losses in the operation of our river system models.

We hold ourselves to the highest standards in water delivery, ensuring that 99 percent of water orders are released within one day of scheduled release. For the 1 percent of orders not released within one day, we are open and transparent with our customers.

Greater Sydney

In Greater Sydney, our major customer is Sydney Water. We deliver most of the water required by Sydney Water via our network of pipelines and canals, to Prospect, Orchard Hills and Warragamba Water Filtration Plants.

In 2023-24, WaterNSW delivered 516 gigalitres of water to Sydney Water, who then treated and supplied that water to households and businesses in Greater Sydney.

Regional NSW (Rural Valleys)

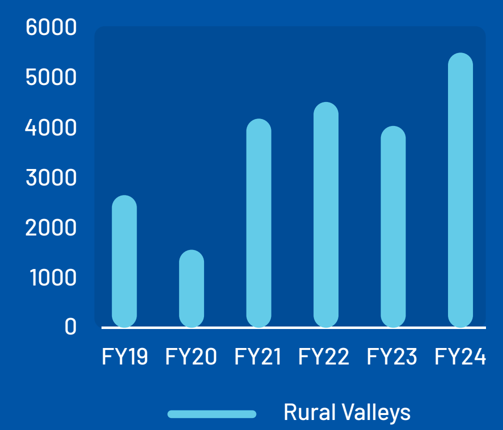
We're an essential part of local communities across regional NSW. We deliver water to our customers who include farmers and irrigators, local councils, family businesses and industry. When our customers place a water order, we release this from our dams down the river system, for their use.

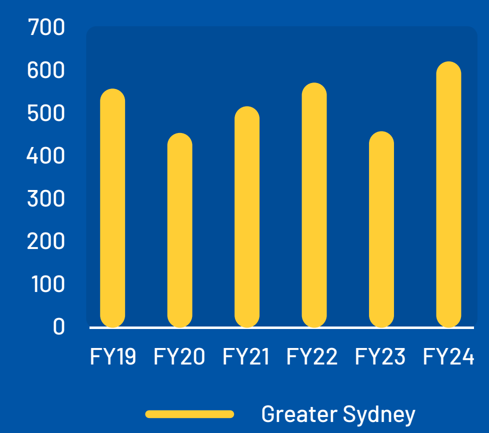
We also release and deliver water to customers including the State and Australian Government Environmental Water Holders for the environment via their licensed (or 'held') environmental water, to keep ecosystems and rivers healthy.

In 2023-24, WaterNSW delivered 5,436 gigalitres of water in regional NSW.

Water sales volumes FY19-FY24

Volumes are shown in gigalitres (GL) which is one billion (1,000,000,000) litres of water.





Case study: Operations Renewal Program

Given the scale and complexity of WaterNSW's operations, and the infrastructure supporting this, significant ongoing investment is required to maintain the capability of infrastructure and supporting systems and deliver on our strategic priority to "Deliver Operational Excellence".

The Operations Renewals Program was developed to maintain the capability of our infrastructure and provide operational excellence and customer support at the most efficient cost possible. The program also ensures compliance obligations, operating licence and regulatory requirements are met.

The program aims to achieve:

- operational capability to meet customer service obligations
- compliance with current regulatory and operating licence obligations
- asset stewardship to optimise the life cycle cost.

In FY24, we invested a record $141.1 million into the program. Notable works included:

- **Warragamba pipeline valves and controls upgrades:** This ongoing program of work ensures the reliable and efficient operation of the pipelines. The first phase of the Warragamba pipeline valves and controls upgrade was completed in late 2023. Works in FY24 included replacing and refurbishing major valves and control systems, improving security systems and access and installing pressure monitoring and fault-detection systems.
- **Warragamba pipeline maintenance works:** Additional work to recoat and reseal sections of the Warragamba pipeline was also undertaken. This involved removing the old coating from the pipeline and applying a new protective layer and joint sealing to improve the durability and environmental resilience of the asset.

- **Kangaroo Valley pipeline renewal project:** To ensure the reliability and resilience of this vital infrastructure, works were undertaken to upgrade the 2.5 kilometre above-ground pipeline and replace structural bearings to improve drainage systems.
- **Chaffey Dam:** From mid-2023, we carried out snag installation works along the Peel River between Chaffey Dam and Tamworth as part of the offsets program for the short-term approval for temporary operation of Chaffey pipeline during drought in 2020.
- **Flood remediation works:** We progressed insurance works to repair damage caused by flooding in recent years. Repairs were completed at a number of impacted sites including Tallowa Dam Road, Avon Dam Road, Woronora Earth Bridge and Heritage Wall, as well as the Warragamba Dissipator Wall Post Tension Anchors.

Case study: Water Data Groundwater Project

This year, we launched a Water Data Groundwater pilot project, installing telemetry on 14 groundwater sites around Tamworth to trial the transmission of data from these sites via our new consolidated data platform. The primary benefit of this project is a reduction in site visits required, reducing from an average of six visits a year to one.

The trial has been deemed a success and under phase one we will roll out the technology to an additional 630 groundwater sites in FY25.

Roll out to the remaining 1,200 sites (phase 2) will occur through the next IPART determination period, upgrading to the new technology through our renewals program.

Phase one of the project will deliver several key benefits including:

- $1.4 million savings over five years
- 2,550 staff hours saved per annum
- 2,550 hours of driving saved per annum – delivering on our safety objective
- 34.2 CO_2 saved per annum – contributing to our strategic priority of "Building a sustainable future"
- Increasing groundwater measurements from an average of six measurements per year to 365 measurements, providing a significant increase in data for customers, supporting the sustainable allocation of groundwater.

Dam safety

WaterNSW is committed to ensuring our dams meet the highest safety standards to protect life, property and the environment from dam failures.

We have a robust Dam Safety Management System in place which provides a systematic approach to managing dam safety risks. This is essential, not only to meet our statutory obligations, but to ensure the safety of our employees and the communities we serve.

Dam safety requirements are achieved through a structured program of surveillance and monitoring. Our professional and technical staff are responsible for all aspects of dam safety including surveillance, investigations, risk analysis, planning and prioritisation, project initiation and oversight and regulatory compliance and reporting.

Avon Dam

Case study: Dam of the Future – Unmanned Aerial Vehicle Drone Monitoring

WaterNSW's robust monitoring and surveillance program is a 'front line of defence' for the safe operation of our major dams and is one way we deliver operational excellence.

In partnership with an international organisation, we have embarked on a groundbreaking pilot that utilises Artificial Intelligence (AI) technology to enhance our structural monitoring and condition assessment of our dams.

The project involves a series of condition assessments using a state-of-the-art geospatial technology and skilfully fusing and analysing optical, thermal and acoustic data captured using unmanned aerial vehicles in conjunction with AI capabilities.

The deployment of unmanned aerial vehicle data collection technology and powerful machine learning has enabled the efficient detection and quantification of surface and sub-surface defects in dam structures.

Key outcomes of the pilot include:

- an effective, data-rich and highly adaptable solution to dam safety surveillance and comprehensive approach to asset management
- digital models of our dams provide reliable structural monitoring and enable informed decision-making processes
- precise change detection and development of deterioration models through high-resolution digital baseline
- applying this technology to monitor large spillway structures and developing frameworks for data analysis using a range of platforms, techniques and processes.

Case study: Town Water Risk Reduction Program

Improving access to safe drinking water in regional NSW is important and we are committed to supporting local water utilities with this responsibility.

A key way we are doing this is through the NSW Government's Town Water Risk Reduction Program (TWRRP), an initiative which aims to address challenges facing local water utilities in managing dam safety and drinking water quality risks, in regional towns.

WaterNSW has been funded by NSW DCCEEW to deliver a key component of phase two of the program following our involvement in phase one.

Our current scope of works for the program includes:

- **Source water quality component** - providing advice and sharing knowledge to improve drinking water quality risk management in regional towns.
- **Dam safety component** - delivery of five-yearly risk reports to increase the number of councils in compliance with NSW Dams Safety Regulations.
- **Administering a water quality monitoring program** across the local water utilities we have partnered with. This includes collecting monthly samples at key locations and testing for up to 15 parameters to help them better understand the water that feeds into their filtration plants.

Key outcomes from phase two of the project includes:

- Supporting 14 local water utilities to improve the way they manage source water quality including identifying solutions to manage any risks and hazards in their source water.
- Knowledge sharing through training and workshops to enable local water utilities to upskill their local council officers, providing long term and continued benefits.
- Expanded on our water quality monitoring capabilities through the procurement and installation of new equipment across regional NSW. The benefits to local water utilities will include early warning during adverse water quality events and data to inform their ongoing management systems.
- Support to a further 10 local water utilities by our team of dam specialists in the delivery of their five-yearly risk reports for their declared dams, meeting compliance with the *NSW Dams Safety Act*.

Implementation of pricing determinations

Regulatory arrangements

In 2023-24 WaterNSW was subject to:

- New South Wales price regulation for monopoly services under the *Independent Pricing and Regulatory Tribunal Act 1992 (NSW)*
- Commonwealth price regulation in the Murray Darling Basin under the:
  - *Water Act 2007 (Commonwealth)*
  - Water Charge Rules (WCR) 2010 made under section 92 of the *Water Act 2007*
  - Australian Competition and Consumer Commission (ACCC) Pricing principles for price approvals and determinations under the WCIR of July 2011.

From 1 July 2025 IPART set WaterNSW's infrastructure charges for the Murray-Darling Basin valleys under state law and does not need an exemption under the WCR to do so.

About every four to five years, IPART sets the maximum bulk water prices that WaterNSW can charge our customers

and the maximum prices that WAMC can charge for water planning, management and regulated services. IPART also regulates the prices that Sydney Water, Hunter Water, the Central Coast Council, Essential Water and the Sydney Desalination Plant can charge their customers.

At an interval of no longer than five years, IPART recommends the terms and conditions of the operating licences for Sydney Water, Hunter Water and WaterNSW. The licences set the terms and conditions that each utility must adhere to in order to protect customers, ensure service quality and reliable supply, and assess the impact of the utility on the environment. IPART regulates the performance of the businesses by monitoring their compliance against their operating licences each year. IPART's regulatory framework aims to ensure the water businesses' services meet the needs of their customers and the community. IPART completed a review of WaterNSW's operating licence in FY24 and a new licence commenced on 1 July 2024.

IPART review of water utility regulation

IPART released a final report in November 2022 that set out a new framework for enabling the regulated water utilities to deliver better value for money to their customers and address key challenges, such as climate change and a growing population.

IPART's 3Cs framework (customers, costs, credibility) outlines how the performance of monopoly water businesses can be improved to lift the performance of the water sector, encourage innovation to deliver greater value to customers, and promote a customer focus in the businesses.

IPART will apply its new 3Cs framework for the upcoming round of pricing reviews for WaterNSW bulk water services and WAMC services from 1 July 2025. See the pricing proposal website for how WaterNSW is engaging with our customers and communities to embed their preferences into our pricing proposal for lodgement with IPART in September 2024.

Price determinations

Price determinations set out the maximum prices and methodologies for calculating the maximum prices WaterNSW can charge its customers for the services described in the relevant determinations. WaterNSW has implemented the outcomes of the decisions and determinations by charging customers the maximum prices as set out in or as calculated by the relevant pricing determinations.

WaterNSW's budget and financial targets in the annual Statement of Corporate Intent are also set to achieve the outcomes in these pricing determinations while aiming to deliver greater value to our customers and communities, and exceed NSW Treasury's financial targets.

Refer to IPART's website for WaterNSW's pricing proposal and further information on pricing determinations.

Case study: Engaging our customers

We live and work side-by-side with our customers and communities right across NSW.

Being respected by the customers and communities we serve is one of our strategic priorities and an important way we connect with our customers is through our Customer Advisory Groups (CAGs), a group of nominated customer representatives based in 10 regions across the state.

Each CAG comprises a cross-section of stakeholders including regulated and unregulated river customers, groundwater, stock and domestic and environmental water users, irrigators, major and local water utilities, local government and Aboriginal Cultural water users.

We regularly meet with our CAGs to share updates on topics and issues relevant to each region such as water delivery, asset maintenance and pricing. Importantly though, we attend to listen.

We use this face-to-face time to better understand the unique needs and challenges of our customers and valleys and take on board feedback to ensure we continue to meet the needs of our customers and the state's water users.

Key topics discussed across many of our CAGs this year included highly valued services and outcomes in our pricing conversations, water planning and delivery, flood operations and drought preparedness, maintenance updates and WaterInsights, our interactive web data tool.

Field days

Another way we are hearing directly from our customers and the community is by attending agricultural field days across regional NSW.

Field days provide an important opportunity for our team of local experts to meet, listen and engage with our customers and for the local community to find out more about our role in capturing, storing and delivering water.

Over the past year, we have attended Tocal Field Days in the Hunter Valley, Riverina Field Days in Griffith and Primex Field Days in Casino.

Case study: WaterNSW IPART Pricing Proposal 2025-2030

The Independent Pricing and Regulatory Tribunal (IPART) is the independent pricing regulator for water, public transport and local government.

IPART sets the maximum prices WaterNSW can charge for farmers, irrigators, industrial users and town water suppliers, and every five years we undertake a pricing proposal process.

As part of this process, WaterNSW submits a pricing proposal document that outlines our business plans and the revenue required to deliver water to customers and the community.

To prepare our proposal for the 2025-2030 period, we undertook extensive stakeholder engagement, our largest and most in depth ever consultation, that spanned our customers, the community and water users, to find out which WaterNSW services and business areas should be prioritised, and were most valued, to ensure that we can respond to the challenges our customers face when it comes to water.

This engagement included consultation with our Water Working Groups – online forums that combined feedback from stakeholder groups – our Customer Advisory Groups and First Nations stakeholders, to provide a comprehensive picture of the needs and priorities of NSW water users.

The Water Working Groups were the first of their kind and included collaboration with NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW) and Natural Resources Access Regulator (NRAR).

The active engagement and contributions of these stakeholders has enabled WaterNSW to build trust and develop a proposal which speaks to customer priorities. The outcomes and performance measures derived from our pricing engagement are captured in our final proposal, submitted to IPART in September 2024.

Over the past 18 months our Pricing Proposal 2025-2030 engagement and consultation achieved:

- **41,000** customers received our email and newsletter outlining our pricing proposal plans
- **9,193** visits to the WaterNSW 2025-2030 Pricing Proposal website
- **2,500** people engaged via in-person briefings, surveys, field days and meetings
- **1,200** hours of pricing discussions via 5 rounds of Customer Advisory Groups
- **1,182** hours of online discussion across **21** Water Working Groups
- **1,070** phone calls made to recruit and sustain participation in the Water Working Groups
- **959** surveys completed by participants
- **139** page report capturing data and insights endorsed by the participants from the Water Working Groups
- **25** towns and regions visited as part of our engagement with First Nations and Customer Advisory Groups, and presence at field days
- **22** investment proposals considered by the Water Working Groups regarding WaterNSW Bulk Water Delivery and WAMC.
- **12** First Nations meetings with **50** First Nations stakeholders.

Case study: Boosting the customer experience through the Digital Technology Roadmap

We have an ambition to provide value to our customers and communities by transforming the way we collaborate through technology across the water agency 'ecosystem'. At the start of the financial year, the 2035 Joint Technology Roadmap was developed between WaterNSW, NSW DCCEEW and NRAR, which aims to facilitate a unified approach across the key agencies to prioritise future technology investments in the water sector.

The roadmap aligns to the NSW Water vision, complementing each organisation's strategic objectives and future technology aspirations.

To fulfill the 2035 technology ambition and roadmap, we have scoped out key opportunity spaces and technology initiatives that were co-developed across the three organisations, including maintaining the existing corporate, enterprise and joint-agency 'ecosystem' IT systems and networks, as well as boosting efficiencies to meet customer service levels, to minimise and manage costs for our customers.

Key benefits and outcomes of the 2035 Technology Roadmap include:

- Productivity and process efficiency within and across the water agency technology ecosystem, to enable cost reduction and adoption of the right technologies.
- A single unified experience for customers across the water sector: updates to our systems means the water agencies are informed when customer data and information is updated and safely shared, and joint services between organisations ensure a seamless customer experience, streamlining communication and boosting the customer's end user experience.

- Improved responsiveness from customer interactions: simple and seamless service channels within and across the joint-agency technology ecosystem, with digitised and dynamic account management; including ordering, trading, account balances and rules to better service the customer experience.
- Easy access to information that is personalised, relevant and easily downloadable for analysis to meet transparency needs of both customers and the wider community.
- Systems and data resilience that enable safe connections for remote workers, infrastructure growth to support future needs and obligations, and contemporary cyber security practices to meet privacy obligations.

Statement of Corporate Intent

Each year WaterNSW agrees on a Statement of Corporate Intent with our shareholders. The Statement outlines the objectives, business strategy and performance targets for key financial and non-financial measures. The Statement is available at waternsw.com.au.

Performance targets and outcomes

	Measure	Target	Result
Financial	Returns to shareholders[1]	$88.5m	$82.8m
	Regulated opex[2]	$223.3m	$219.9m
	Regulated capex[2]	$253.4m	$197.2m
	Capital structure	51.8%	49.0%
	EBITDA[3]	$222.9m	$235.5m
Non-financial	Incident severity rate	Zero class 4 or 5, and no more than 1 class 3 incident	Zero class 3, 4 or 5 and one class 2 incident
	Customer satisfaction	Aggregate performance against value, trust, service delivery and ease of doing business KPIs is within target performance range from annual VOC survey	On Target
	Water quality	97.5% of water available for supply meets agreed standards	99.89%
	Water delivery	Operational losses no more than 3% of total sales volumes (24-month rolling average)	1.7%
	Employee engagement	57% (a 2.5% improvement on FY23 result of 56%)	61%
	Corporate strategy	100% of strategic initiatives meet expectations	80%
	Environmental	100% of ESG program plan met	75%

[1] Returns to shareholders is calculated on an accrual basis. This measure includes current income tax, government guarantee fee (GGF), dividend, and return of capital. The GGF is paid to NSW Treasury in accordance with competitive neutrality principles. It is based on the differential between the market rate of borrowings for a private sector business of a similar risk and WaterNSW's cost of debt obtained from TCorp, which borrows using the State's credit rating.

[2] Regulated expenditure is expenditure that is included in our price determinations issued by IPART.

[3] Earnings before interest, taxation, depreciation and amortisation.

Regulated operating expenditure was lower than target, mainly due to a slower update in metering compliance due to weather and compliance date extensions which resulted in lower than budgeted spend on contractors. While the cost transformation initiative did not achieve all of the expected savings, this was offset by lower expenditure on salary and wages and information technology.

Regulated capital expenditure was lower than target. While FY24 was another strong year for the Operations Renewal Program, which invested a record $141.1 million, deferral of the execution phase to FY25 for the Warragamba resilience and Warragamba environmental flows projects resulted in lower expenditure.

Earnings before interest, tax, depreciation and amortisation was higher than target, largely due to higher revenue ($19.2 million) as high storage levels in regional NSW supported higher water allocations and sales volumes. This was partly offset by higher operating expenditure, mainly due to higher salary and wages expenses as a result of lower allocation of employee time to capital expenditure and a lower than expected vacancy rate. The cost transformation initiative also achieved lower than expected savings during FY24 due to resourcing, conflicting priorities and scheduling constraints.

Net debt to regulated asset base was lower than target, as lower capital expenditure reduced the level of borrowings required.

Returns to shareholders were lower than target due to a lower government guarantee fee due to reduced borrowings, and lower current income tax due to utilisation of additional prior year tax losses from accelerated tax deductions under the Federal Government's COVID-19 economic recovery measures.

The **incident severity rate** measures incidents with potential for severe harm and classifies them on a scale from one (negligible/no hurt) to five (fatality) based on the actual harm observed.

There were no injuries classified as class three (moderate hurt) during the financial year.

The focus this year has been on improving risk management though the introduction of a critical risk framework and public safety. One injury was classified as class two (minor hurt) and 20 as class one (negligible /no hurt) during the financial year. Analysis of these incidents show they all fall within the 12 critical risks identified by our critical risk program.

The **customer satisfaction** measure quantitatively gauges customer sentiment across ease of doing business, trust, value and service delivery for WaterNSW, as well a qualitative assessment of results from surveys of customers and interviews with key stakeholders. WaterNSW received commendations for enhancing our customer experience through improvements in interactions with the help desk and local river operations teams, and refinements to the applications and assessments process.

The overall **quality of water available for supply** was 99.89 percent which is above the target of 97.50 percent.

Raw water supplied for treatment largely met the Australian Drinking Water Guidelines for health-related characteristics. In collaboration with Sydney Water and NSW Health, we optimised treatment processes and minimised impacts on drinking water customers, effectively preparing us to manage a widespread, significant water quality incident across the Greater Sydney network. In addition, water quality improvements in the Fish River Water Supply were the result of improved plant management, responses to major pipe breaks, and better communication through monthly forums with Lithgow Council, Oberon Council and Energy Australia.

Water delivery was impacted by two unexpected major rainfall events in the south (Murrumbidgee) resulting in order forecasting inaccuracy by the large irrigation customers, leading to increased end of system losses (operational surplus). Excluding these customer order rejections, WaterNSW operational water losses were below the target of 3 percent. Work is being done with key irrigation customers to devise methods to minimise system losses for future delivery periods due to weather variability and large customer order forecasting inaccuracy.

Employee engagement has improved on the previous year. See the engagement section for more information.

Corporate Strategy measure assesses delivery of our strategic initiatives. Out of the 10 strategic initiatives, four were assessed as moderately not meeting the originally planned expectations for FY24 - those being Cost Transformation, Future Operations, Safety Frontier and the ESG Program. Together, progress against our ambitious Corporate Strategic initiatives were deemed to have slightly underperformed as of 30 June 2024, and largely due to resourcing being redirected to other operational and regulatory priorities that emerged during the year. To mitigate similar risks in FY25, we're developing a high-level schedule and resource heat map to identify potential resource constraints in key business areas. This will inform reprioritisation and an adaptive approach to mitigate delivery delays wherever possible.

Oberon Dam

Management and accountability

Board

Governance

Under Section 20L of the *State Owned Corporations Act 1989*, all decisions relating to the operation of WaterNSW are to be made by or under the authority of the Board; and the Chief Executive Officer and Managing Director is responsible for the day to-day management of WaterNSW in accordance with the general policies and specific directions of the Board.

The Board has adopted a Charter which builds on the key legislation and instruments set out above. The Charter is reviewed annually to ensure it remains consistent with WaterNSW's objectives and best practice corporate governance.

The Board has also adopted a Code of Conduct that applies to all directors which sets out, among other things, the standards in accordance with which they are expected to act.

NSW Government Commercial Policy Framework

NSW Treasury Policy and Guidelines Paper TPP17-10 Guidelines for Governing Boards of Government Businesses is a component of the NSW Government's Commercial Policy Framework. The Commercial Policy Framework is a suite of policies aiming to replicate in commercially focused government businesses the disciplines and incentives that lead private sector businesses toward efficient commercial practices.

The purpose of the Guideline is to outline the Government's expectations for standards of corporate governance that should be adopted by all governing boards of NSW Government businesses, which includes WaterNSW. Boards are required to use 'if not, why not' reporting in the adoption of the recommendations in these Guidelines.

WaterNSW has adopted the standards of corporate governance contained in TPP17-10. Informal arrangements that are consistent with the spirit of the recommendations exist in relation to having a timely disclosure policy.

Performance review

The Board is committed to undertaking annual board performance reviews. Every three years the review is conducted by an external and independent facilitator. The external review is due FY25. The Board conducted a self-review in FY24 and a summary of the recommendations and actions planned to address them was shared with NSW Treasury.

Indemnity and insurance

Schedule 10 of the *State Owned Corporations Act 1989* provides the legislative basis for WaterNSW to indemnify its Officers against certain liabilities incurred in their capacity as officers. In line with this and the WaterNSW Constitution, directors have been granted an indemnity with the prior approval of the voting shareholders as required by the NSW Treasury Policy and Guidelines Paper TPP 18-04 Directors and Officers Indemnity Policy for State Owned Corporations.

WaterNSW has a number of insurance polices under the NSW Treasury Managed Fund Scheme (NSW TMF). These policies include but are not limited to public liability, property, workers compensation and motor vehicle insurance.

Directors during the financial year to 30 June 2024

The Board usually has eight directors comprising a non-executive Chair, six non-executive directors and one executive director (the Chief Executive Officer). On 3 November 2023 the term of appointment of non-Executive Director Professor Andrew Wilson expired, leaving seven duly appointed directors on the Board as at 30 June 2024.

The non-executive Directors are appointed by the voting shareholders as set out in the *Water NSW Act 2014* and hold their office for a period of up to five years, which may be renewed by the Shareholders.

The Directors come from a wide range of backgrounds and bring to the Board an appropriate mix of skills and experience to enable WaterNSW to meet its objectives.

Peter Duncan AM,
Chair

Grad Dip Management; Assoc Dip Applied Science

Peter Duncan has more than 40 years of experience in government and infrastructure, working at local, state and national levels. He has held various senior public sector roles including local government, Premier and Cabinet, Transport for NSW, Primary Industries and for the Olympic Coordination Authority.

His current appointments include Chair of WaterNSW, ARTC, NSW Local Government Boundaries Commission, non-executive director of the Westpac Rescue Helicopter Service, Inland Rail Pty Ltd and board member of Infrastructure NSW and the James Martin Institute for Public Policy.

Peter is the principal of an advisory business, chairs the Northern Rivers regional advisory committee of the Rescue Helicopter Service.

Patricia Forsythe AM

BA Dip Ed FAICD

Patricia is Chancellor of the University of Newcastle and brings more than 30 years of experience in government and public policy including as a past member of the NSW Legislative Council, as Executive Director of the Sydney Business Chamber and recently as Australian High Commissioner to New Zealand. Patricia has served on boards in the government, higher education and not-for-profit sectors and is a Fellow of the Australian Institute of Company Directors and on the Newcastle Advisory Committee, Venues NSW.

Bruce Berry

BComm, MBA, GAICD

Bruce Berry has more than 31 years of business experience covering construction, property, financial management, infrastructure, and project finance in both Asia and Australia. Bruce was with Lend Lease Corporate for 22 years and with AMP Capital for 8 years. During this period, he held several senior management positions including Fund Manager for a diversified infrastructure fund and was seconded as the CFO for ASX listed DUET.

Kaye Dalton

BSc (Forestry)

Kaye has more than 30 years of experience working in the natural resource and water sectors and is a former Non-Executive Director of Murrumbidgee Irrigation Limited. Kaye has designed and managed complex water recovery projects aimed at returning water to the environment and has a background in water policy and water reform. Kaye is Managing Director of The Risorsa Group Pty Ltd, a consulting company specialising in engagement and communication in the water industry.

Professor Andrew Wilson

BMed Sci, MBBS (Hons), PhD, FRACP, FAFPHM

(Term of appointment expired 3 November 2023)

Professor Wilson is Co-Director of the University of Sydney Menzies Centre for Health Policy and Professor of Public Health in the School of Public Health. He leads the NHMRC Prevention Partnership Centre and is Chair of the Pharmaceutical Benefits Advisory Committee for the Australian Department of Health. He has specialist qualifications in clinical medicine and public health, and a PhD in epidemiology.

Andrew George

BE (Hons), FIE Aust, CPEng, EngExec, GAICD

Andrew is the Chief Executive Officer and Managing Director of WaterNSW. Recognised as an innovative thinker who approaches complex problems with an enquiring and solutions-focused mindset, Andrew has been involved in the strategic transformation of the NSW water sector, both as an Executive of WaterNSW since its inception in 2015, and more recently as CEO and Managing Director since 2020.

Andrew brings a decade of experience in successfully implementing organisational transformation programmes and sector reforms, delivering shareholder, customer and community value in a complex regulatory environment.

With 15 years' experience in water utilities, Andrew has excelled in leadership roles spanning regulatory and market strategy, government relations, engineering, asset management, and major infrastructure delivery.

Andrew holds a Bachelor of Civil and Environmental Engineering (Honours) from the University of Technology Sydney, is a Fellow of Engineers Australia and is a Graduate of the Australian Institute of Company Directors.

Andrew is also a Director of WaterNSW Infrastructure Pty Ltd.

Mark Barber

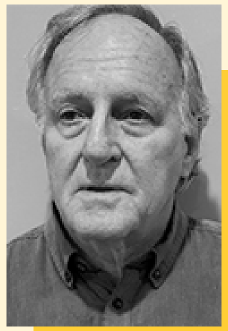
MA Fin, Grad Dip Agribusiness/ Marketing, Dip FM Management, MAICD

Mark has more than 30 years of experience in agribusiness investment management and operations. Mark's agricultural investment and operations experience spans Hassad Australia, Laguna Bay and currently Elders. Mark was the Agribusiness Practice Leader at ACIL Tasman for 10 years working in agriculture and water economics and policy. Mark is also a non-executive director of Agribusiness Australia and Remount. Remount is a not-for-profit organisation providing horsemanship skills for returned and serving service men and women suffering stress related problems.

Victoria Taylor

Grad Cert Water Policy & Gvnce, GAICD

Victoria has more than two decades of experience in primary industries policy, governance, and communications, particularly in irrigated agriculture. She is a Non-Executive Director of Horticulture Innovation Australia and Chair of AgriFood Innovation Institute at the Australian National University. Ms Taylor is also the Head of Sector Building at Cellular Agriculture Australia, a part-time role focused on the regulatory, policy and research settings required to develop the potential of future foods in Australia.



Bob Debus AM

BA, LLB

Bob Debus has a background in law and public policy and a strong commitment to the protection of the environment. He has had a long career working in leadership roles at the highest levels of Government, serving as a senior Minister in both the NSW and Australian governments in portfolios such as Attorney-General, Emergency Services and Home Affairs. He has significant experience in natural resource management and environmental policy, having been NSW's longest serving Environment Minister, and through his current roles as Chair of the non- government organisations Wilderness Australia and the Great Eastern Ranges Initiative.

Remuneration

	2022-23	2023-24
Number of board members during the year	8	9*
Total remuneration	$0.5 million	$0.5 million

* Professor Andrew Wilson's term of appointment expired on 3 November 2023.

Independent board member remuneration excludes remuneration paid to the Chief Executive Officer, whose remuneration is reported as part of the Executive Leadership Team. Further information on key management personnel compensation is included in the audited financial statements.

Committees

The Board has established the following standing committees.

Committee	Purpose
Asset and Investment	Assists the Board in fulfilling its responsibilities regarding investments in assets and operating programs and noncore business. the Asset Management System and the Dam Safety Management System. Advises the Board on the alignment of our investments with our strategies, including our Environment, Social and Governance Strategy (ESG)) and regulatory obligations (including in relation to asset and dam safety), and oversees WaterNSW investment governance frameworks and the delivery of our investment programs.
Audit and Risk	Assists the Board in fulfilling its responsibilities for audit, risk, assurance, regulatory compliance, financial reporting and Environment, Social and Governance (ESG) obligations with particular focus on governance.
Safety, People and Culture	Assists the Board in fulfilling its people and safety responsibilities. Oversees WaterNSW's strategic development and initiatives with respect to Diversity and Inclusion, Reconciliation Action Plan, and Modern Slavery as part of its Environment, Social and Governance (ESG) strategy.
Sustainability and Service Delivery	Assists the Board in ensuring there are effective systems and strategies in place to deliver our services to customers and communities with a customer centric and sustainability focus. Assists the Board in ensuring effective and accountable systems are in place to protect and monitor the quality and quantity of water in declared catchment areas and across NSW with the aim to protect public health in relation to WaterNSW's supply of bulk and treated drinking water. The Committee also oversees the development and implementation of our ESG strategy and the WaterNSW IPART pricing proposals.
Nominations	Assist the Board in relation to new director appointments.

Meetings

Board meetings are held in accordance with the Board Charter and WaterNSW's Constitution, following an annual schedule of set meeting dates. Additional meetings are called when directors see fit.

The table below reflects meetings attended by directors in their capacity as a member only, however directors are able to attend any meeting as an observer.

	Board	A&I [1]	A&R [2]	SP&C [3]	S&SD [4]	Nom [5]
Peter Duncan [6]	10 (10)	3 (3)	-	-	-	-
Kaye Dalton [7]	11 (11)	-	-	3 (3)	3 (3)	-
Mark Barber	10 (11)	3 (4)	-		4 (4)	-
Bruce Berry	11 (11)	4 (4)	6 (7)	-	-	-
Patricia Forsythe	10 (11)	-	7 (7)	4 (4)	-	-
Victoria Taylor	10 (11)	-	7 (7)	1 (1)	4 (4)	-
Andrew Wilson [8]	4 (4)	-	-	1 (1)	0 (1)	-
Bob Debus [9]	1 (2)					
Andrew George	11 (11)	-	-	-	-	-

1. Asset and Investment
2. Audit and Risk
3. Safety, People and Culture
4. Sustainability and Service Delivery
5. Nominations
6. On leave of absence from 26 April 2023 to 4 September 2023
7. Appointed Presiding Director from 26 April 2023 to 4 September 2023
8. Term of appointment expired on 3 November 2023
9. Bob Debus appointed May 2024

( ) Indicates the number of meetings held during the time a director held office or was appointed a member during the reporting period.

Executive

Executive remuneration by band 2023-24

	Average TRP Range	Male	Female
Band 4+	$519,436 to $600,015	1	
Band 3	$368,527 to $519,435	3	4
Band 2	$292,945 to $368,526		
Band 1	$205,377 to $292,944		

Percentage of total remuneration

	2022-23	2023-24
Total executive remuneration	$3.7 million	$3.7 million
Total employee remuneration including executive remuneration	$163.1 million	$183.9 million
Executive remuneration as a percentage of total remuneration	2.3%	2.0%

Further information on executive remuneration is included in the audited financial statements.

Employees

On 30 June	2022-23	2023-24
Total employees	959	1078
Number of employees – Aboriginal and Torres Strait Islander	10	34

Engagement

The results from the 2024 Employee Engagement Survey show an engagement score of 61 percent, up 5 percentage points from 2023 and 4 percentage points from 2022. This is a great result, and we are very pleased to see the improvement. Participation has continued to increase year on year, up to 83 percent in 2024 from 56 percent in 2022.

Collaboration represented the biggest increase, 20 percentage points, which was well above similar benchmarks across the Australian and New-Zealand water industry.

Overseas travel

There has been no overseas travel in FY24.

Reward and recognition

Through our Splash recognition program, we proudly value and appreciate the contributions of our people and encourage everyone to recognise their colleagues when demonstrating and living our values and delivering great results.

There are four program elements to Splash:

- The Ripple Effect builds a culture of appreciation. 245 Values eCards were sent to say thank you and recognise individuals and teams who are living our values.
- Milestones celebrates the contribution of employees who reach service milestones. 276 employees were recognised during the year at 36 locations across NSW.
- Dam Good Awards recognise our stand-out achievers each quarter. During 2023-24 there were 60 winners (47 individuals and 13 teams) from 206 nominees (156 individuals and 50 teams).
- Splash Annual Awards recognise the individuals and teams who have delivered significant and exceptional results each year. In 2023-24 there were 43 winners (1 individual and 6 teams) selected from 120 finalists (69 individuals and 51 teams).

Consultants

A consultant is a person or organisation engaged by WaterNSW under contract on a temporary basis to provide recommendations or high-level specialist or professional advice to assist decision-making by WaterNSW. The table below lists consultant expenses for 2023-24.

Name	Project	$'000
Aither Pty Ltd	Commonwealth water market reform – improving efficiencies of inter valley trades	91
Hydrology and Risk Consulting Pty Ltd	Dam safety and investment framework strategy	52
Engagements costing less than $50,000	Four engagements	107
Total excluding GST		**250**

Legal change

Changes in Acts and subordinate legislation.

Water NSW Act 2014

During FY24 a review was initiated of the *Water NSW Act 2014*, which is expected to be amended in late 2025 to provide explicit heads of power for specific matters regulated by the Water NSW Regulation 2020.

Water NSW Regulation 2020

The Water NSW Regulation 2020 is due to be repealed on 1 September 2025. Water NSW is working with the Department of Climate Change, Energy the Environment and Water to re-make these regulations.

Public Interest Disclosures Act 2022 (PID Act 2022)

The *PID Act 2022* took effect on 1 October 2023 and replaced the previous *Public Interest Disclosures Act 1994*. The *PID Act 2022* introduced significant reforms to how public interest disclosures are made, received and handled and provides for greater protections to be afforded to individuals who make disclosures. The existing WaterNSW Reporting and Responding to Alleged Wrongdoing and Criminal Conduct Procedure was substantially revised having regard to the new legislation and guidance from the NSW Ombudsman, and has been renamed the Public Interest Disclosure Policy. The *PID Act 2022* imposes substantial training requirements on agencies. WaterNSW has developed a program of training to meet these requirements.

Privacy and Personal Information Protection Act 1998 (PPIP Act)

Amendments to the *PPIP Act* commenced on 28 November 2023 which brought State Owned Corporations, such as WaterNSW, within the scope of the legislation. A new Mandatory Notification of Data Breach scheme was also introduced into the *PPIP Act* from that date. WaterNSW has voluntarily complied with the Information Protection Principles contained in the *PPIP Act* for several years and, in doing so, had developed a Privacy Policy, and Privacy Management Plan, which were reviewed and revised following commencement of the *PPIP Act* amendments. A new Data Breach Policy was also developed to meet the requirements of the new MNDB scheme. Further information on WaterNSW's *PPIP Act* policy and plan is set out in the access to information section of this Annual Report.

Significant judicial decisions affecting WaterNSW or users of our services.

There were no significant judicial decisions affecting WaterNSW during 2023-24.

Risk management and insurance

WaterNSW is committed to embedding and maintaining a positive culture of risk management that enables the ongoing development and innovation of our operations through strategic initiatives while supporting the efficient delivery of essential water supply to our customers. The objective of WaterNSW's Risk Management Framework is to preserve and where possible, create value for the community and our partners. The framework aligns to ISO 31000:2018, the International Risk Management Standard and NSW Treasury Policy TPP20-08 *Internal Audit and Risk Management Policy for the NSW Public Sector*.

Strategic, financial and operational risks events that may impact the achievement of corporate objectives are documented in the Corporate Risk Management Plan and categorised by Business Risk Category. Identified risks are assessed to determine the appropriate treatment and are managed to levels that are tolerable and in line with the Board approved Risk Appetite Statement.

Documented risk events and identified emerging risks are reviewed and assessed on an ongoing basis by Executive Leadership Team members in consultation with subject matter experts, with identified changes reported to the Board Audit and Risk Committee on a quarterly basis.

WaterNSW has a comprehensive insurance program through the Treasury Managed Fund which is managed by icare. Our insurance includes workplace injury, legal liability, loss or damage to assets, travel, and volunteer workers, and Principal Arranged Insurance for major works projects. The insurance program is reviewed annually to effectively limit the potential financial consequences of risks where applicable.

Risk category	Risk description
Strategic	• Identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing environment • Poorly executing strategic projects resulting in non-delivery of expected benefits, modified scope, financial loss and/or reputational impacts
Financial	• Insufficient liquidity to fund day to day operations • Insufficient equity and debt funding to support the activities required to achieve business objectives • Financial loss or gain from exposure to foreign exchange, interest rate and commodity markets • Financial loss from a third party failing to meet their financial payment obligations as and when they fall due
People and culture	• Culture deviating from the desired culture • Insufficient quantity and quality of human resources • Wilful wrongdoing from both internal and external sources
Health and safety	• Physical and mental injury and illness to employees, contractors, the public and other interested parties from events and hazards that can cause harm
Compliance	• Non-compliance with relevant obligations arising from contractual, statutory, regulatory and policy / procedure
Environment	• Harm to the environment arising from intentional and unintentional events and hazards
Digital and data	• Cyber intrusion and the related impacts on operational disruption, loss of control and data compromise • Loss, corruption, failure to secure or securely dispose of records, information or data • Technology, applications and systems that are not fit for purpose and/or their availability and integrity are compromised
Business disruption	• The risk of major disruption to critical operations that would require the incident management procedure / plan and supporting response plans | and protocols
Assets and infrastructure	• Assets and infrastructure are not available, not fit for purpose or in poor condition due to damage, degradation, inappropriate selection or mismanagement
Water quality and security	• Quality of water supplied to customers and community falls below the minimum required levels • Short and long-term supply of water is inadequate for the needs of the customers and community
Customers and stakeholders	• Failure to build trust with our customers and stakeholders through providing transparent, meaningful and timely information and engagement

Glennies Creek Dam

Access to information

Government Information (Public Access) Act 2009

The Government Information (Public Access) Act 2009 (GIPA Act) aims to facilitate public access to government information. The *GIPA Act* provides rights to information that are designed to meet community expectations of more open and transparent government. It encourages the routine and proactive release of government information, including information held by providers of goods and services by government agencies.

The *GIPA Act* requires WaterNSW to make publicly available information about the agency contained in any document tabled in Parliament by, or on, its behalf. WaterNSW is also required to make available a disclosure log containing details of government information already released under the *GIPA Act*. These documents are available at waternsw.com.au.

Proactive release of information

Section 7 of the *GIPA Act* requires WaterNSW to review our program for the proactive release of information that may be of interest to the public at least every 12 months.

During 2023-24, WaterNSW conducted regular reviews of the content and currency of information available on its website and welcomed any feedback from staff, customers and members of the general public to make accessing our information easier.

WaterNSW's program for the proactive release of information included reviews of information held by WaterNSW that may be of interest to the public (that is, not already released proactively), GIPA applications (informal and formal) received to see what categories of information are requested, information produced in the last year that may be of interest to the public to release proactively, and the initiatives, developments or projects that WaterNSW would like the public to know about.

WaterNSW proactively released information on its website about our dams, water storage, water delivery, water quality, catchment protection, water data, projects and extreme weather response.

WaterNSW is committed to the delivery of customer service, providing our customers with the highest level of services and support, as efficiently as possible. WaterNSW is also committed to helping educate our community about our current projects and programs of work.

WaterNSW also utilises social media accounts, including on Facebook, X, Instagram, LinkedIn and YouTube, providing our customers and the communities of NSW with up-to-date information about WaterNSW.

Applications received by WaterNSW

During 2023-24 WaterNSW received thirty-five valid applications under the *GIPA Act*. Thirty-one applications were decided in accordance with s58 of the *GIPA Act*. As shown in the following tables, two were transferred to other agencies, two had their processing period extend into 2024-25 (noting that these were combined into one application). The tables below set out where there was a public interest against disclosure.

Type of applicant

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm if information is held	Application withdrawn	**Total**
Media	-	-	-	-	-	-	-	-	-
Members of Parliament	-	-	-	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	3	3	-	-	-	-	-	-	6
Members of the public (other)	10	12	-	1	1	-	-	1	25
Total	**13**	**15**	**-**	**1**	**1**	**-**	**-**	**1**	**31**

Type of application

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm if information is held	Application withdrawn	**Total**
Personal information applications	-	-	-	-	-	-	-	-	-
Other than personal information	13	15	-	2	1	-	-	2	33
Part personal information applications and part other	-	1	-	-	-	-	-	-	1
Total	**13**	**16**	**-**	**2**	**1**	**-**	**-**	**2**	**34**

*The above table includes 3 outcomes from the 2022-23 reporting period

Conclusive presumption of overriding public interest against disclosure

Public interest consideration listed in Schedule 1	Number of times used
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	2
Excluded information	-
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-
Total	**2**

More than one public interest consideration can apply to an access application and, if so, each consideration is recorded (but only once per application). This also applies in relation to the following table.

Other public interest considerations against disclosure

Public interest consideration listed in Schedule 14	Number of occasions application not successful
Responsible and effective government	3
Law enforcement and security	1
Individual rights, judicial processes and natural justice	18
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	1
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-
Total	**23**

The above public interest considerations against disclosure includes 1 outcome from the 2022-23 reporting period with one application withdrawn and information not held for the other application.

Timeliness of response

Response time	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	31
Decided after 35 days (by agreement with the applicant)	1
Not decided within time (deemed refusal)	-
Total	**32**

Timeliness includes 3 outcomes from the 2022-23 reporting period. Timeliness excludes 2 application which were withdrawn.

Applications received under Part 5

Response time	Decision varied	Decision upheld	Total
Internal review	-	-	-
Review by Information Commissioner1	-	-	-
Internal review following recommendation (section 93)	-	-	-
Review by NCAT	-	-	-
Total	**0**	**0**	**0**

Two applications are being reviewed, decision will extend to the 2024-25 reporting period.

Applications transferred to other agencies

Response time	Number of applications
Agency-initiated transfer	2
Applicant-initiated transfer	-
Total	**0**

Two applications are being reviewed, decision will extend to the 2024-25 reporting period.

Privacy and Personal Information Protection Act 1998 (PPIP Act)

WaterNSW is committed to the effective management of personal and health information. The Privacy Statement at waternsw.com.au provides information in relation to WaterNSW's management of such information. Detailed information about how we manage and protect personal and health information is included in our Privacy Management Plan, while our Data Breach Policy sets out our procedures for responding to data breaches and meeting notification and recording obligations under the Mandatory Notification of Data Breach scheme (Pt 6A, *PPIP Act*). Our Privacy Policy shows we are committed to the effective management of personal and health information.

WaterNSW did not receive any requests for internal review under Pt 5 of the *PPIP Act* within the 2023-24 reporting period.

External costs of production

No external costs were incurred to produce this report.

Access to Annual Report

This Annual Report is available at waternsw.com.au.

Kangaroo Valley

Environmental, Social and Governance (ESG) program

At WaterNSW, our vision is to support the resilience of NSW communities through our leadership in delivering water services.

We recognise that we have a responsibility to manage the state's water, land and assets in sustainable ways and as such, have implemented an ESG program aligned to our strategic priority of 'Building a Sustainable Future'.

Through this program, we are focused on making transparent decisions that reduce our environmental footprint, improving the resilience and quality of water sources, strengthening our social licence to operate, and creating healthy ecosystems for our communities to enjoy for generations to come.

- net zero — Net zero green house gas emissions
- Enhanced ecosystems
- Ethical and sustainable procurement
- Climate change resilience
- Stronger inclusion and diversity
- Safety and wellbeing of workers and the public
- Measurement and governance

Sustainability

WaterNSW

Catchment resilience

In Greater Sydney, WaterNSW is responsible for protecting the health of the Sydney catchment area to ensure reliable, quality drinking water is available for the 5 million people of Sydney and the Illawarra, Blue Mountains, Southern Highlands, Goulburn and Shoalhaven regions.

> We are passionate about protecting our catchment areas, preserving our Special Areas and supplying the best quality raw water possible to our customers.

The *Water NSW Act 2014* states that we are responsible for ensuring that declared catchment areas and water management works in such areas are managed and protected so as to promote water quality, the protection of public health and public safety, and the protection of the environment.

When it comes to catchment protection and resilience, our role encompasses:

- Managing and protecting declared catchment areas and water management works vested in or under the control of WaterNSW that are used within or for the purposes of such areas.
- Protecting and enhancing the quality and quantity of water in declared catchment areas.
- Undertaking research on catchments generally, and on the health of declared catchment areas.

Catchment Audit

As the agency charged with protecting the quality and quantity of water drawn from the Greater Sydney catchment,

> WaterNSW plays a key role in optimising catchment protection.

The Sydney Drinking Water Catchment Audit is a periodic and statutorily required (Section 42 of the *Water NSW Act 2014*) assessment of the state of the declared catchment. Catchment health indicators include water quality, water availability, biodiversity and habitats, and land use and human settlements.

The audit – conducted since 1999 - is an assessment of key catchment conditions, rather than a review of WaterNSW's performance.

The most recent audit 2019-2022 was published in August 2023 and found ongoing reduction in risk associated with water quality and availability, biodiversity and habitat and land use and urban development. However, the audit found that climate-driven events, including severe drought, bushfires and subsequent heavy rainfall events combined with cumulative impacts have a negative influence on overall catchment health.

The audit includes 24 recommendations to the NSW Government, aimed at further reducing the risks to catchment health. The auditor nominated WaterNSW as the lead agency to implement 12 of the recommendations. WaterNSW continues to review the findings and recommendations in the audit report that are relevant to its operations and regularly reports back to government.

Science Program

WaterNSW conducts a wide range of scientific research and targeted investigations to support risk assessments, increase understanding of pollutant behaviour, improve monitoring and analysis, and prioritise actions to promote catchment health and water quality.

The Science Program is an adaptable program of research that is aligned with business priorities and objectives, comprising of long term and short-term projects tackling complex research questions. Ongoing development of new projects that addresses business needs and which take advantage of collaborative opportunities is critical to providing an agile program.

The 2021-2025 Science Program targets two priority research themes of catchment resilience and integrated water management, alongside an ongoing focus on research communication, emerging risks, and business improvement opportunities from new research and technology.

We completed 11 Science Program projects in FY24, with a further 27 active projects continuing into FY25.

11 projects in FY24

27 projects in FY25

The 2024 research portfolio addressed a wide range of topics including;

- Trialling methods to monitor greenhouse gas emissions from reservoirs
- Algal sources of taste and odour issues in drinking water
- Guidance to manage treated recycled water discharges into lakes and streams
- Modelled GIS scenarios of future land use to support long-term strategic planning
- Best practice guidelines to assess pathogen risk in drinking water
- Quantifying longwall mining impacts on catchment hydrology
- Fluorescent organics sensors to inform reservoir operations and drinking water treatment

Our research findings were presented at the Ozwater 23', Freshwater Science, and the International Water Association Reservoir and Lake Management conferences, and published in several peer-reviewed journal articles. You can find more information in our Annual Catchment Management Report.

Case study: Hydrological monitoring and water balance modelling

WaterNSW identified an opportunity to support catchment hydrological processes and threatened species, such as Littlejohn's Tree Frog, in the Coastal Upland Swamps of the Woronora Plateau.

The need to undertake hydrological modelling in this region arose from the impacts of longwall coal mining, which can fracture the sandstone bedrock beneath the swamps, reducing their ability to retain and release water after rainfall events.

WaterNSW worked with the Water Research Laboratory at UNSW to measure soil moisture levels and environmental conditions at three swamps over several years. The team applied a novel modelling approach to estimate and track changes in daily water balance in a swamp before and after it was undermined. This was then compared to the water balance of an undisturbed swamp.

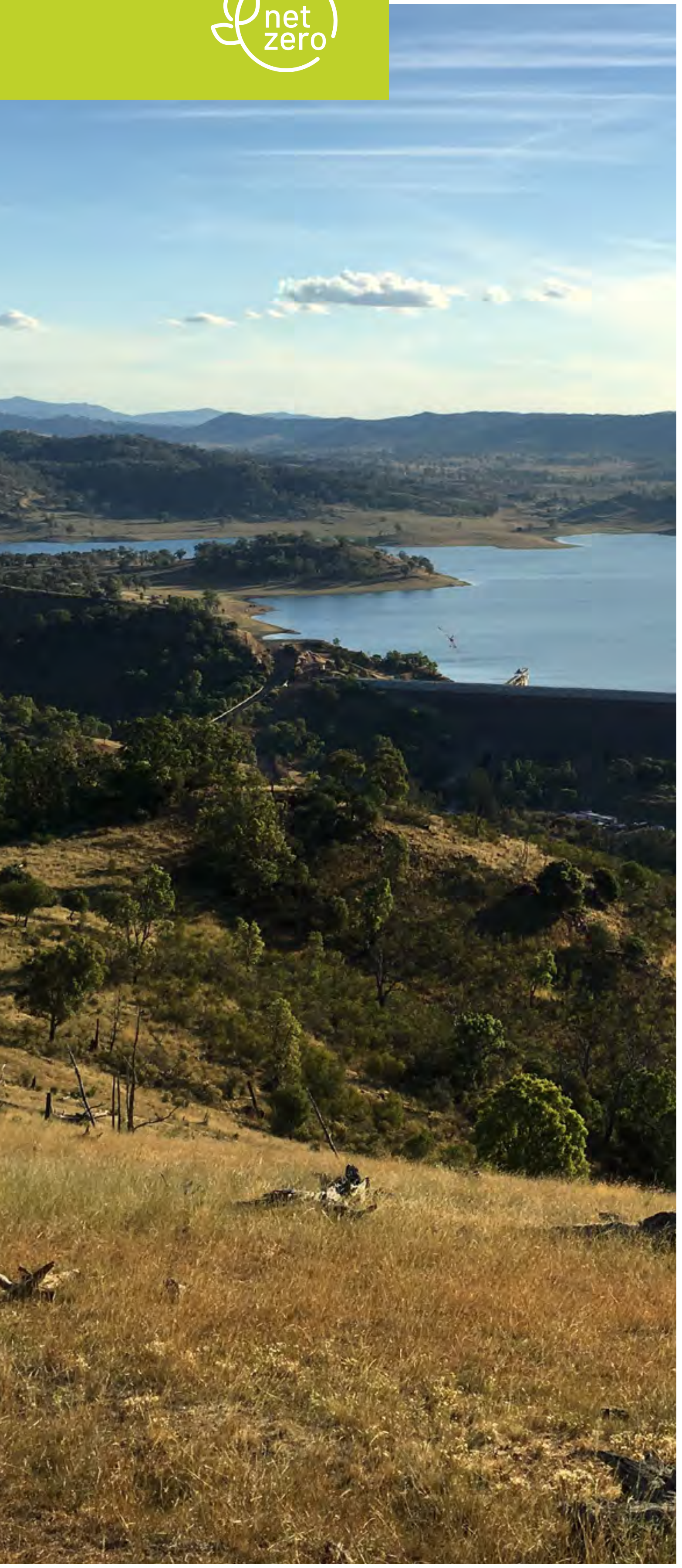
Key research findings included:

- Approximately 1 percent of the swamp's total volume was lost daily after undermining, to the point that much less water is now stored within the swamp. These changes persisted for the duration of monitoring.
- A custom tool has been developed for estimating daily swamp water balances that can quantify hydrological impacts by comparing scenarios with and without mining.
- The modelling results demonstrated that undermining rapidly alters a swamp's hydrology, with undermined swamp storage volume averaging 40 percent less than the model's predictions for an undisturbed scenario.
- The observed groundwater losses and alterations in surface water runoff post-undermining indicate a likely permanent reduction in swamp water holding capacity which has downstream implications for catchment streams that feed Sydney's drinking water supply reservoirs.

As a result of this research, a robust modelling methodology is now available that can be deployed to monitor impacts from other mining developments, with findings contributing to evidence that can be used to advocate for stronger protections.

For example, the monitoring data has been used to support research led by NSW DCCEEW on the habitat requirements of the endangered Giant Dragonfly, further benefiting the long-term custodianship of threatened species that occur on the lands managed by WaterNSW.

This project was also awarded the 2024 NSW R&D Excellence Award by the Australian Water Association.



Case study: Renewable Energy Storage Program

WaterNSW's Renewable Energy and Storage Program signals our commitment to be a socially and environmentally responsible organisation.

It also reflects our innovative thinking in delivering outcomes in the best interests of the environment, our customers and local communities.

By leveraging our land and assets, WaterNSW is helping facilitate long duration storage and generation projects that have the potential to play a key role in the energy market's transition to low emission technologies.

Working collaboratively with the NSW Government and the private sector, the program is designed to complement other government initiatives and assist in achieving the state's objectives for an affordable, secure and low emission energy market.

As a state-owned corporation, WaterNSW will earn a combination of milestone, lease and royalty payments from projects as they progress through planning and into operation. Income received will help to offset WaterNSW operations costs, putting downward pressure on prices for customers, and providing value to the people of NSW through supporting progress towards a net-zero economy.

Many of the potential projects will be regionally based and provide economic and job opportunities for those areas.

WaterNSW's core function of delivering water, when and where it matters, will not be affected and the projects will not impact the amount of water available for water users, including WaterNSW customers, or the environment.

Reconciliation Action Plan (Innovate)

We are committed to delivering our Innovate Reconciliation Action Plan (RAP) and strengthening our approach to early, effective and ongoing engagement using our WaterNSW Co-design principles together with First Nations peoples and communities.

Through our Innovate RAP, we are continuing to strengthen our relationship and partnerships with First Nations communities, further develop employment and procurement pathways, and to support the improvement of cultural, social and economic outcomes within First Nations communities.

We have much more to do, but we are committed to delivering our Innovate RAP.

Some recent outcomes include:

- Employing three Cultural Heritage Field Advisors to work across the state where we are setting new benchmarks in the way we plan and deliver Aboriginal Cultural Heritage on our infrastructure projects. This is not only to meet our responsibilities under legislation, but more importantly to develop our social licence, by going above and beyond what's been done in the past.
- Directly engaging with native title groups, traditional owners, and community representatives so that First Nations people can share their knowledge on country.
- Working towards increasing our number of First Nations employees. In FY24, we increased First Nations employment from 1.5 percent to 3.2 percent.
- Continuing to make WaterNSW an employer of choice for First Nations people, supporting our growing Aboriginal Support Network.

- Dual naming of WaterNSW offices and recreational areas in Albury and Warragamba and co-designing with Traditional Owners to ensure cultural outcomes.
- Building the cultural capabilities of our people, having recently launched new training modules in Aboriginal Cultural Awareness and Cultural Heritage Management.
- Undertaking a procurement project to identify opportunities to engage First Nations businesses early in the procurement planning stage. As part of this work, we are introducing a simpler onboarding process for First Nations small-medium enterprises.

Case study: First Nations Cultural Heritage Assessments

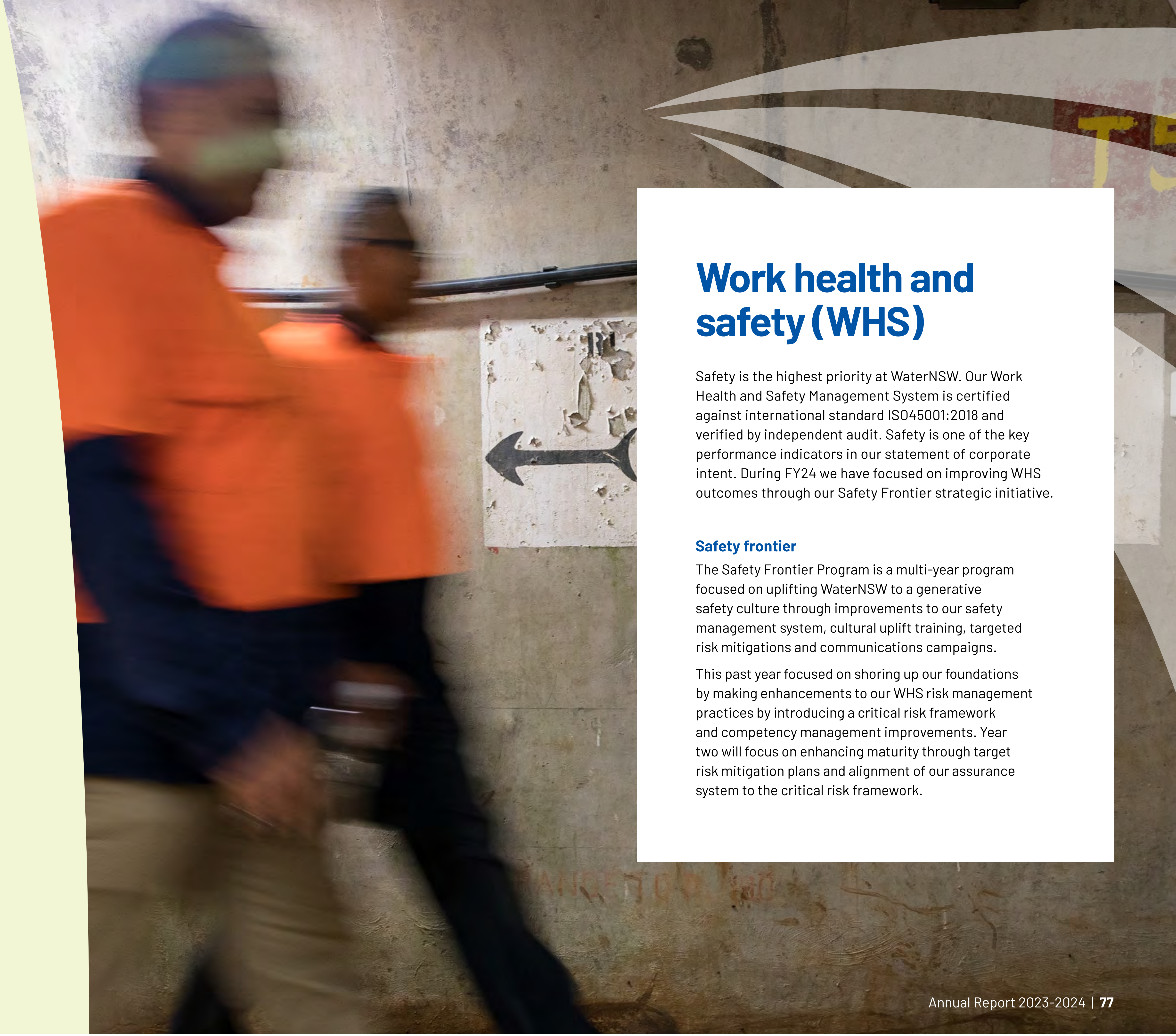
This year, we increased our cultural capabilities by bringing our cultural heritage assessments in-house.
Our Cultural Heritage Field Advisors work across the state, directly engaging with native title groups, Traditional Owners and community representatives so that Traditional Owners and First Nations communities can share their knowledge on country.

In FY24, through the recruitment of three Cultural Heritage Field Advisors, we achieved 63 active cultural heritage assessments and completed 36 due diligence surveys.

> By supporting cross-knowledge transfer in our project delivery space and by bringing cultural heritage management in-house, we estimate our annual avoided costs could be up to $500,000.

We are also committed to building the cultural capabilities of our people, launching three new training modules in Aboriginal Cultural Awareness and Cultural Heritage Management.

The rollout of this training has equipped our organisation with the understandings, learnings and approaches that we need to better engage with First Nations communities.



Work health and safety (WHS)

Safety is the highest priority at WaterNSW. Our Work Health and Safety Management System is certified against international standard ISO45001:2018 and verified by independent audit. Safety is one of the key performance indicators in our statement of corporate intent. During FY24 we have focused on improving WHS outcomes through our Safety Frontier strategic initiative.

Safety frontier

The Safety Frontier Program is a multi-year program focused on uplifting WaterNSW to a generative safety culture through improvements to our safety management system, cultural uplift training, targeted risk mitigations and communications campaigns.

This past year focused on shoring up our foundations by making enhancements to our WHS risk management practices by introducing a critical risk framework and competency management improvements. Year two will focus on enhancing maturity through target risk mitigation plans and alignment of our assurance system to the critical risk framework.

Safety performance

Overall safety performance outcomes have improved at WaterNSW. Whilst we observed an increase in total injuries, this is offset by the reduction in both incident severity and combined lost time injuries frequency rate (LTIFR) - a reduction from 1.9 to 1.2. We have also observed a 33 percent increase in employees proactively reporting WHS incidents and hazards. This is a positive indicator of the willingness and capability to report WHS concerns when compared to the previous year. High reporting rates and sharing of learnings are classic hallmarks of a generative safety culture.

Name	2022-23	2023-24
Total Recordable Injuries (TRI)	13	19
Total Recordable Injury Frequency Rate (TRIFR) [1]	6.1	7.4
Lost Time Injuries (LTI)	4	3
Lost Time Injuries Frequency Rate (LTIFR) [2]	1.9	1.2

[1] TRIFR is calculated by dividing TRI by the total hours worked multiplied by one million.
[2] LTIFR is calculated by dividing the total number of LTIs by the total hours worked multiplied by one million.

Health and wellbeing

WaterNSW has a holistic approach to managing health and wellbeing. Our focus continues on preventative health and wellbeing initiatives including providing our people with access to My Fitness Passport, flu vaccinations, skin cancer checks and providing proactive and practical advice to employees on how they can improve their own health and wellbeing. Our trial of Employee Assistance Program ambassadors has been a success and will be formalised in FY25.

Workforce diversity

Inclusion and Diversity Program

WaterNSW's Inclusion and Diversity Program is a strategic initiative that details how we will create a diverse, high-performing workplace.

We take a comprehensive approach to improving inclusion and diversity. Our program is built around embracing equity, diversity, respect and belonging. Our inclusion and diversity action plan delivered recruitment strategies to encourage gender balance and First Nations candidate attractions through our partnerships with diversity organisations during FY24.

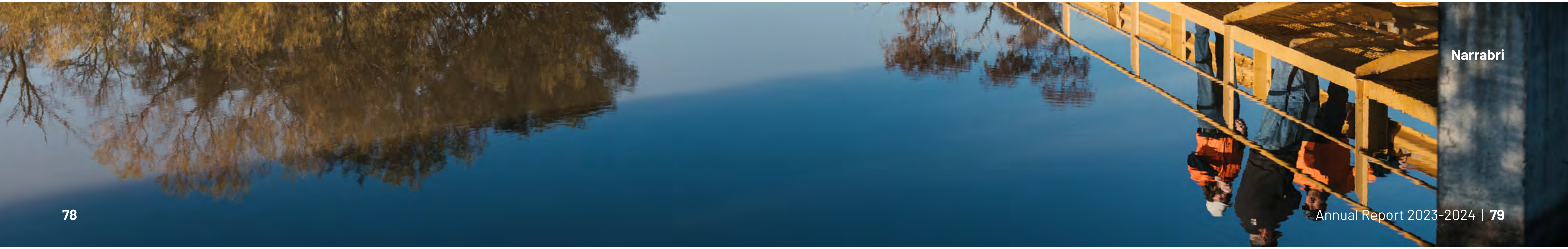
We focused on delivering workplace adjustments and facility accessibility to expand diversity and attract candidates with disability.

To deliver on our Inclusion and Diversity Action Plan and ensure best outcomes for our people, we have established an Inclusion and Diversity Council, as well as an Empower WaterNSW Disability Employee Network.

Trends in the representation of workforce diversity groups

Workforce diversity group	Benchmark (%)	2020-21 (%)	2021-22 (%)	2022-23 (%)	2023-24 (%)
Women [3]	50	30.8	31.1	31.2	31.8
Aboriginal people and Torres Strait Islanders [4]	3.3	1.0	1.1	1.4	3.2
People whose first language spoken was not English [5]	23.2	22.1	22.3	24.9	19.2
People with a disability [6]	5.6	2.2	2.2	1.7	0.9
People with a disability requiring work-related adjustment	N/A	0.5	0.3	0.5	0.3

[3] The benchmark of 50 percent for representation of women across the sector is intended to reflect the gender composition of the NSW community.
[4] The NSW Public Sector AES 2019-25 aims to build on the success of the AES 2014-17 under which the proportion of the workforce identified as aboriginal increased from 2.6 to 3.3 percent overall by 2018 and set an aspirational target of 3 percent (from 1.8 percent) aboriginal employment at each grade of the public sector by 2025.
[5] A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2 percent is the percentage of the NSW general population born in a country where English is not the predominant language.
[6] The diversity target in the Premier's Priority for a World Class Public Service in 2019 incorporated a diversity target aiming to double the representation of people with disability in the NSW public sector from an estimated 2.8 percent to 5.6 percent by 2025.



Trends in the distribution index for workforce diversity groups

A distribution index score of 100 indicates that the distribution of members of the workforce diversity group across salary bans is equivalent to that of the rest of the workforce.

A score of less than 100 means that members of the workforce diversity group tend to be more concentrated at lower salary bands than is the case for other employees. The more pronounced this tendency is, the lower the score will be.

In some cases, the increase may be more than 100, indicating that members of the workforce diversity group tend to be more concentrated at high salary bands than is the case for other employees.

Trends in the distribution index for workforce diversity groups

Workforce diversity group [7]	Benchmark (%)	2020-21 (%)	2021-22 (%)	2022-23 (%)	2023-24 (%)
Women	100	100	98	99	97
Aboriginal people and Torres Strait Islanders	100	Distribution index not calculated	Distribution index not calculated	Distribution index not calculated	96
People whose first language spoken was not English	100	108	108	108	109
People with a disability	100	89	91	Distribution index not calculated	Distribution index not calculated
People with a disability requiring work-related adjustment	100	Distribution index not calculated	Distribution index not calculated	Distribution index not calculated	Distribution index not calculated

A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 23.2 percent is the percentage of the NSW general population born in a country where English is not the predominant language.

The diversity target in the Premier's Priority for a World Class Public Service in 2019 incorporated a diversity target aiming to double the representation of people with disability in the NSW public sector from an estimated 2.8 percent to 5.6 percent by 2025.

[7] Distribution index is not calculated when the number of employees in the workforce diversity group is less than 20 or when the number of other employees is less than 20.

Education

Every year, tens of thousands of people visit the Warragamba Dam Visitor Centre and surrounding recreational grounds overlooking Warragamba Dam. The centre opened in 2010 and includes the permanent "Water For Life" exhibition, with audio-visual material and interactive touch table and displays about the dams and catchments, and the history and future of Sydney's water supply.

Visitor Information Officers engage with visitors, answering questions and supporting visitor learning and the centre is open seven days a week, 10am – 4pm (excluding Good Friday and Christmas Day).

The Warragamba Dam Visitor Centre hosted over 71,000 visitors in FY24, with the Visitor Centre closed briefly due to flood operations in early 2024. In September 2023, WaterNSW partnered with the Powerhouse Museum to deliver Sydney Design Week events in and around the Visitor Centre.

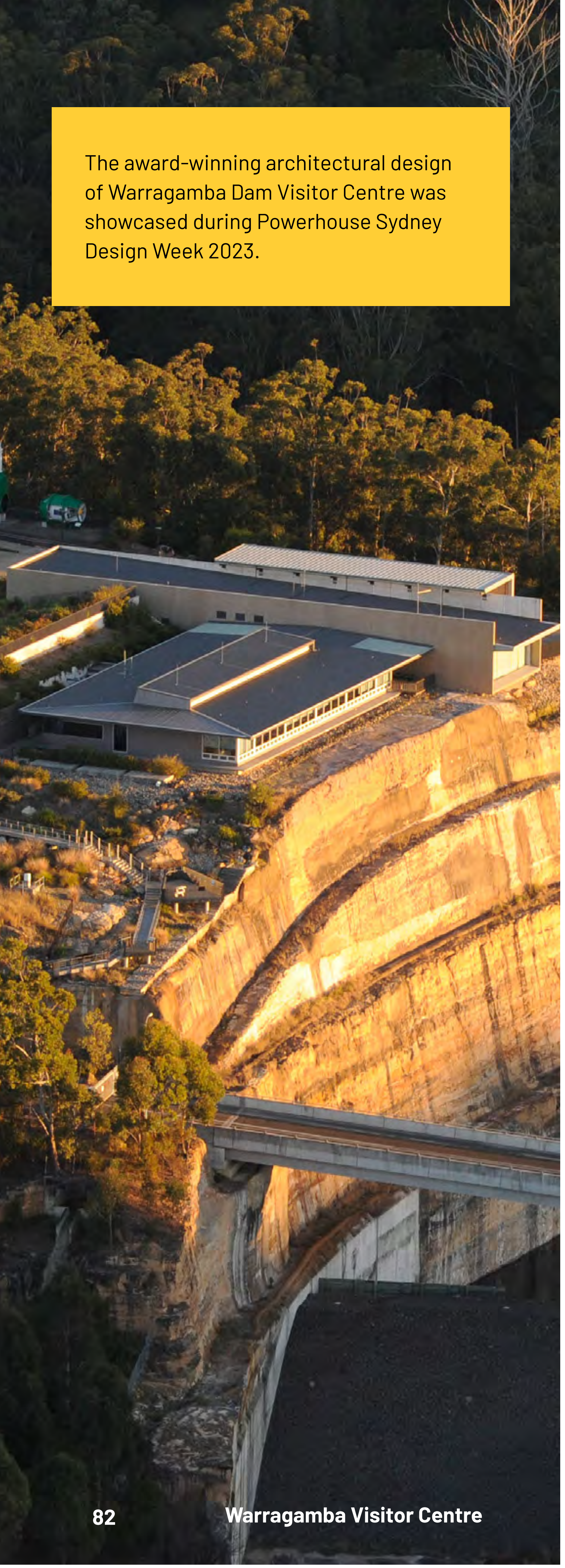
Under our operating licence we have a responsibility to undertake an educative role within the community. We also have a dedicated range of educational programs facilitated by our education team based at the Warragamba Dam Visitor Centre.

Our free excursion programs offer the chance for students to explore all aspects of water supply and learn about water through interactive activities. We also deliver technical tours and presentations for tertiary students including TAFE and university.

In FY24, over 3,700 pre-school, primary, secondary, and tertiary students and educators participated in the face to face, curriculum linked excursion program at Warragamba Dam. This included an industry connections program pilot co-designed with the NSW Government Regional Industry Education Partnership, to introduce Year 9 and 10 students to STEM careers at WaterNSW.

An additional 160 primary students and their teachers participated in hands on catchment and water quality activities and lessons at an environmental education event run in conjunction with Wingecarribee Shire Council in the Declared Catchment.

A further 300 primary students and teachers from the Declared Catchment participated in a pilot incursion program with WaterNSW educators delivering content and activities in person at their schools.



The award-winning architectural design of Warragamba Dam Visitor Centre was showcased during Powerhouse Sydney Design Week 2023.

Case study: Sydney Design Week 2023 showcases Warragamba Dam

The Warragamba Dam Visitor Centre is a ground-breaking feat of engineering design and WaterNSW joined the Powerhouse Museum's programfrom 15-24 September 2023, in celebration of the critical research, industries, infrastructure and technologies that underpin design practice in Sydney.

Tours started in the Visitor Centre's Burragorang Room with its spectacular views over the lake and dam wall.

Traditional owner Kazan Brown welcomed visitors on to Gundungurra Country and shared the creation story of how the deep gorges of the Burragorang Valley were gouged in a cross-country battle between two Dreamtime ancestors Mirrigan, a quoll like hunter and fisherman, and the rainbow eel Gurungatch.

The Visitor Centre's architect lahznimmo Architects Director Annabel Lahz spoke about her vision and design for the building and grounds that won architecture and landscape architecture awards following its completion in 2009.

WaterNSW General Manager Regional Operations Sydney Brian Mayhew spoke about the engineering design of the dam wall, constructed from 1948 to 1960 by 1,800 workers from 25 different nationalities. Around 3 million tonnes of concrete went into the 142-metre high dam wall that is holding back the equivalent of four Sydney Harbours in volumes of water.

Our Catchment Area Manager Mary Knowles presented on the natural design of Warragamba Dam's 9,050 square kilometre catchment, emphasising how the natural environment and built environment are inextricably linked in managing the health of Greater Sydney's drinking water catchment.

Case study: Primary school incursions

This year, our Education team created an accessibility initiative to develop and deliver incursion programs to students and teachers in declared catchment schools who cannot otherwise access our programs due to socioeconomic or geographic reasons.

We identified schools more than 70km from Warragamba Dam and targeted the Lithgow and Southern Highlands regions to deliver incursions to local primary schools.

Key outcomes from delivering the program included:

Lithgow:

- 3 x primary schools visited
- 6 x incursion sessions delivered to 74 students

Southern Highlands:

- 4 x primary schools visited
- 9 x incursion sessions delivered to 160 students

The program provided an opportune way for our education team to build relationships with teachers and expand their knowledge and understanding of catchment education. Take-home materials were provided to extend the reach of the programs to families living in the catchment, increasing awareness around the role of WaterNSW.

Teacher feedback included: "Students really benefited during the hands-on activities from the initial explanation of key facts. By learning the facts about various water way pollutants before the activities, meant they really knew what they were doing and engaged in great learning".

Another notable outcome included the delivery of a cross-circular catchment education program linked to the stage one syllabus, which was developed for local schools in the Wallerawang region – where one of our sites is based.

Modern Slavery Act 2018 (cth) and *Modern Slavery Act 2018* (NSW)

WaterNSW prepares a Modern Slavery Statement each year. The statement outlines our actions and systems to mitigate the risk of slavery and human trafficking. We submit our Modern Slavery Statement to be published on the Australian Government's online Modern Slavery Statements Register annually and we also publish the statement at waternsw.com.au.

WaterNSW has not identified any instances of modern slavery within our operations or supply chain in 2023-24. We have not received any reports or potential instances of modern slavery from our staff, customers or suppliers. The Anti-Slavery Commissioner has not identified or raised with WaterNSW any significant issues concerning our operations.

Actions taken during 2023-24 to strengthen our approach to mitigate modern slavery risks include:

- Hosted the Anti-Slavery Commissioner who presented the reasonable steps framework at a "Lunch and Learn" session for WaterNSW and other State-Owned Corporations and to outline his priorities and plans to help mitigate the risk of modern slavery.
- Introduced Modern Slavery pages on our intranet "The Source" that provides information, resources and links to external modern slavery websites to help keep staff engaged and informed on modern slavery.
- Published periodic staff communications to highlight how our purchases could be implicated in slavery like practices.
- Reviewed our contract templates, including modern slavery clauses, to ensure they are still fit for purpose and help mitigate the risk of modern slavery within our supply chain.
- Continued regular reporting on the effectiveness of actions as measured against key performance indicators.
- Undertook a high-level gap analysis against the NSW Anti-Slavery Commissioner's Guidance on Reasonable Steps to Manage Modern Slavery Risks in Operations and Supply-Chains to help inform our FY25 Modern Slavery Action Plan.

Blowering Dam

Financial performance

Summary financial performance

	FY23 Actual $million	FY24 Actual $million	FY24 Budget $million	FY24 Variance $million	FY25 Budget $million
Revenue	435.4	496.8	477.6	19.2	493.5
Operating expenditure	(280.2)	(260.8)	(254.6)	(6.2)	(335.0)
EBITDA[1]	**155.2**	**236.0**	**222.9**	**13.0**	**158.5**
Depreciation and amortisation	(95.4)	(105.4)	(103.9)	(1.5)	(108.2)
Interest revenue	1.2	0.9	0.4	0.5	0.2
Interest expense	(61.5)	(67.5)	(70.6)	3.1	(91.1)
NPBT[2] excluding asset revaluation	**(0.5)**	**64.0**	**48.8**	**15.2**	**(40.7)**
Income tax	0.1	(19.2)	(15.3)	(3.9)	11.4
NPAT[3] excluding asset revaluation	**(0.4)**	**44.8**	**33.5**	**11.3**	**(29.2)**
Asset revaluation and other gains (losses)	3.4	0.2	0.0	0.2	0.0
Tax effect of asset revaluation	(1.0)	(0.1)	0.0	(0.1)	0.0
Net profit after tax	**2.0**	**44.9**	**33.5**	**11.4**	**(29.2)**
Capital expenditure	**122.2**	**217.5**	**269.9**	**52.4**	**221.9**

[1] Earnings before interest, taxation, depreciation and amortisation
[2] Net profit before tax
[3] Net profit after tax

Revenue was favourable to budget, mainly due to high storage levels in regional NSW supporting high water allocations and sales volumes in Rural Valleys ($17.9 million). Water sales volumes were also favourable to budget in Greater Sydney ($1.2 million). In FY23 and FY22, rural valley water sales were unfavourable to budget by $3.0 million and $7.1 million respectively.

Operating expenditure was unfavourable to budget, mainly due to higher salary and wages expenses as a result of lower allocation of employee time to capital expenditure and a lower than expected vacancy rate. The cost transformation initiative also achieved lower than expected savings during FY24 due to resourcing, conflicting priorities and scheduling constraints.

Capital expenditure saw another strong performance from the operations renewal program, which invested a record $141.1 million during FY24. See the Operations Renewal Program 2023-24 case study for more information on the works delivered. However, the capital expenditure program was impacted by delays in the delivery of major projects, with expenditure $36.6 million lower than budget. This was mainly due to deferral of the execution phase for the Warragamba resilience and the Warragamba environmental flows projects to FY25.

Insurance proceeds relating to the impact of weather events

WaterNSW has experienced bushfire and multiple rainfall/flooding events since 2019 which have unfavourable impacted in assets and operations. The estimated cost of these events incurred and/or provided, totals $57.5 million. Icare has confirmed in principle acceptance of all claims lodged by WaterNSW, meaning the cost of these works will be substantially recovered from our insurer.

As of 30 June 2024, $16.9 million of the $57.5 million has been recovered from icare, of which $8.3 million was recovered in FY24.

In addition, due to floods in Greater Sydney in March and July 2022, WaterNSW incurred business interruption losses of $5.6 million due to increased operation of the Sydney Desalination Plant to assist with managing water quality issues. In line with NSW Treasury guidance on accounting for insurance recoveries from icare, WaterNSW has recognised $5.6 million revenue in 2023-24 as this is when the insurance proceeds were received.

Investment performance

WaterNSW deposits short-term surplus funds into 'at call' accounts with TCorp. The interest rate received on at call deposits vary in line with movements in financial markets.

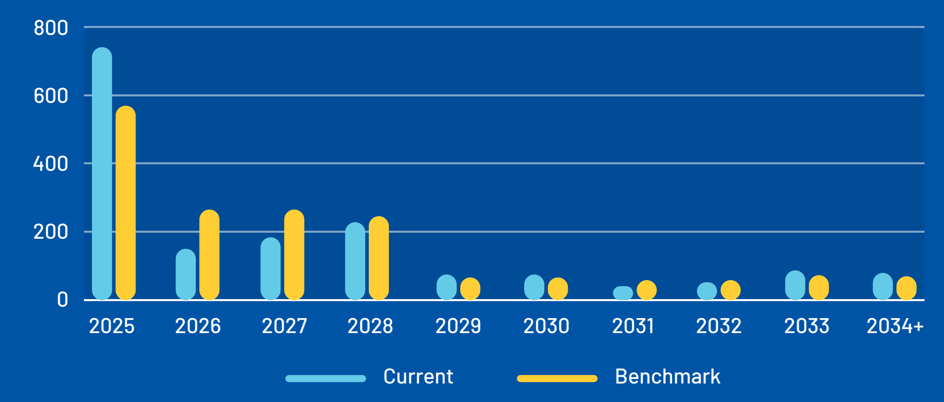
Further information is included in the audited financial statements.

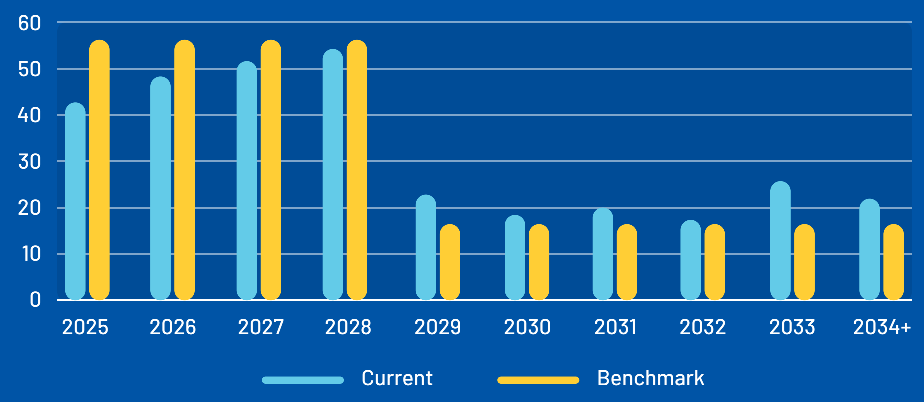
Liability management performance

WaterNSW has a financial capital and risk management policy in place which establishes a debt management benchmark in alignment with the economic regulator's cost of debt methodologies. The policy includes strategies to manage liquidity risk, refinancing risk, interest rate risk, inflation risk and foreign currency risk. Under the policy, an annual implementation plan is prepared which sets debt management limits around the benchmark. The Plan is approved by the WaterNSW Board, and regular reporting of performance against the plan is provided to the WaterNSW Board Audit and Risk Committee.

The charts below provide details of WaterNSW's liability portfolio performance against the benchmark. Further information on liability management is included in the audited financial statements.

Debt maturity profile against 2023-24 benchmark – WaterNSW excluding WaterNSW Infrastructure Pty Ltd





Events arising after the end of the annual reporting period

Information on after balance date events is included in the audited financial statements.

Land disposal

Information on disposal of land is included in the audited financial statements.

Audited financial statements

Water NSW

ABN 21 147 934 787

30 June 2024

General information

Corporate information

Water NSW as a reporting entity (the Consolidated entity), comprises all the entities under its control, namely Water NSW (the Parent entity) and WaterNSW Infrastructure Pty Ltd (the Controlled entity).

1. Water NSW is a statutory State Owned Corporation domiciled in Australia and constituted under the *Water NSW Act 2014*. Water NSW's ultimate Parent is the NSW Government.

2. The principal activities of Water NSW under its operating licence are to provide bulk water services, efficiently operate the state's river systems and to protect water catchment areas for its customers in its area of operations in NSW. Water NSW operates under the commercial disciplines of the NSW Government's Commercial Policy Framework and accordingly the Directors have determined that Water NSW is a for-profit entity for financial reporting purposes.

3. WaterNSW Infrastructure Pty Ltd is a wholly owned subsidiary of Water NSW. It was established on 5 November 2018 under the *Corporations Act 2001*. WaterNSW Infrastructure Pty Ltd's ultimate Parent is the NSW Government. WaterNSW Infrastructure Pty Ltd operates under the commercial disciplines of the NSW Government's Commercial Policy Framework and accordingly the Directors have determined that WaterNSW Infrastructure Pty Ltd is a for-profit entity for financial reporting purposes.

4. The principal activity of WaterNSW Infrastructure Pty Ltd is to provide transportation services for the supply of raw water to Essential Water in Broken Hill as the local water provider.

The financial results, financial position and cash flows of the Consolidated entity are consolidated as part of the NSW Total State Sector Accounts.

Statements of comprehensive income

For the year ended 30 June 2024

	Notes	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Revenue					
Revenue from water supply and delivery	2	376,490	327,018	353,038	303,526
Grants and subsidies	3	67,109	71,287	67,109	71,287
Other revenue	4	54,089	38,290	55,470	41,698
Total revenue		**497,688**	**436,595**	**475,617**	**416,511**
Expenses					
Employee related expenses	5	(141,587)	(139,553)	(141,587)	(139,550)
Depreciation and amortisation	7	(105,418)	(95,440)	(99,911)	(90,275)
Other operating expenses	6	(119,595)	(130,207)	(115,984)	(127,102)
Finance costs	8	(67,497)	(61,465)	(54,928)	(50,401)
Total expenses		**(434,097)**	**(426,665)**	**(412,410)**	**(407,328)**
Operating profit		**63,590**	**9,930**	**63,208**	**9,183**
Gains/(losses) on disposal	9	384	(10,457)	384	(10,457)
Gains on revaluation of property, plant and equipment	14	188	3,394	187	3,400
Profit before income tax (expense)/benefit		**64,163**	**2,867**	**63,778**	**2,126**
Income tax (expense)/benefit	10	(19,224)	(899)	(19,108)	44
Profit after income tax (expense)/benefit for the year attributable to the owners of Water NSW		**44,939**	**1,968**	**44,670**	**2,170**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain on the revaluation of property, plant and equipment, net of tax	14	54,375	165,730	42,676	148,910
Actuarial gain on defined benefit plans, net of tax	27	651	4,559	651	4,559
Items that may be reclassified subsequently to profit or loss					
Gain on changes in fair value of cash flow hedges, net of tax		12	-	12	-
Other comprehensive income for the year, net of tax		**55,038**	**170,289**	**43,339**	**153,469**
Total comprehensive income for the year attributable to the owners of Water NSW		**99,977**	**172,257**	**88,009**	**155,639**

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

Statements of financial position

As at 30 June 2024

	Notes	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Assets					
Current assets					
Cash and cash equivalents	11	63,974	84,668	63,964	84,664
Trade and other receivables	12	88,132	87,721	83,476	84,606
Total current assets		**152,106**	**172,389**	**147,440**	**169,270**
Non-current assets					
Other non-financial assets		732	735	732	735
Interest in subsidiary	13	-	-	79,201	79,201
Property, plant and equipment	14	3,725,456	3,535,776	3,299,199	3,120,967
Right-of-use assets	15	15,415	16,618	15,415	16,618
Intangible assets	16	20,328	18,705	19,684	18,013
Total non-current assets		**3,761,931**	**3,571,834**	**3,414,231**	**3,235,534**
Total assets		**3,914,037**	**3,744,223**	**3,561,671**	**3,404,804**
Liabilities					
Current liabilities					
Trade and other payables	19	100,854	95,253	94,951	89,295
Contract liabilities	24	7,696	4,053	7,696	4,053
Borrowings	20	776,151	263,463	771,240	241,446
Income tax	10	16,281	-	16,281	-
Provisions	21	122,490	114,672	122,489	114,671
Dividend payable	22	40,000	40,000	40,000	40,000
Other	23	20,009	19,404	20,009	19,404
Total current liabilities		**1,083,481**	**536,845**	**1,072,666**	**508,869**
Non-current liabilities					
Contract liabilities	29	910	931	910	930
Borrowings	25	1,177,062	1,644,186	920,065	1,399,555
Deferred tax	10	371,710	345,177	341,206	320,449
Provisions	26	53,779	54,288	53,779	54,288
Other liabilities	28	99,911	95,589	99,911	95,588
Total non-current liabilities		**1,703,372**	**2,140,171**	**1,415,871**	**1,870,810**
Total liabilities		**2,786,853**	**2,677,016**	**2,488,537**	**2,379,679**
Net assets		**1,127,184**	**1,067,207**	**1,073,134**	**1,025,125**
Equity					
Contributed equity	30	363,146	363,146	363,146	363,146
Reserves		624,620	570,361	571,127	528,567
Retained profits		139,418	133,700	138,861	133,412
Total equity		**1,127,184**	**1,067,207**	**1,073,134**	**1,025,125**

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

Statements of changes in equity

For the year ended 30 June 2024

Consolidated	Contributed equity $'000	Asset revaluation reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2022	363,146	405,128	166,676	934,950
Profit after income tax (expense)/benefit for the year	-	-	1,968	1,968
Other comprehensive income for the year, net of tax	-	165,730	4,559	170,289
Total comprehensive income for the year	**-**	**165,730**	**6,527**	**172,257**
Reclassification on disposal of assets	-	(497)	497	-
Transactions with owners in their capacity as owners:				
Dividends declared	-	-	(40,000)	(40,000)
Balance at 30 June 2023	**363,146**	**570,361**	**133,700**	**1,067,207**

Consolidated	Contributed equity $'000	Asset revaluation reserve $'000	Cash flow hedge reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2023	363,146	570,361	-	133,700	1,067,207
Profit after income tax expense for the year	-	-	-	44,939	44,939
Other comprehensive income for the year, net of tax	-	54,375	12	651	55,038
Total comprehensive income for the year	**-**	**54,375**	**12**	**45,590**	**99,977**
Reclassification on disposal of assets	-	(128)	-	128	-
Transactions with owners in their capacity as owners:					
Dividends declared	-	-	-	(40,000)	(40,000)
Balance at 30 June 2024	**363,146**	**624,608**	**12**	**139,418**	**1,127,184**

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

Parent	Contributed equity $'000	Asset revaluation reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2022	363,146	380,154	166,186	909,486
Profit after income tax (expense)/benefit for the year	-	-	2,170	2,170
Other comprehensive income for the year, net of tax	-	148,910	4,559	153,469
Total comprehensive income for the year	**-**	**148,910**	**6,729**	**155,639**
Reclassification on disposal of assets	-	(497)	497	-
Transactions with owners in their capacity as owners:				
Dividends declared	-	-	(40,000)	(40,000)
Balance at 30 June 2023	**363,146**	**528,567**	**133,412**	**1,025,125**

Parent	Contributed equity $'000	Asset revaluation reserve $'000	Cash flow hedge reserve $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2023	363,146	528,567	-	133,412	1,025,125
Profit after income tax expense for the year	-	-	-	44,670	44,670
Other comprehensive income for the year, net of tax	-	42,676	12	651	43,339
Total comprehensive income for the year	**-**	**42,676**	**12**	**45,321**	**88,009**
Reclassification on disposal of assets	-	(128)	-	128	-
Transactions with owners in their capacity as owners:					
Dividends declared	-	-	-	(40,000)	(40,000)
Balance at 30 June 2024	**363,146**	**571,115**	**12**	**138,861**	**1,073,134**

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

Statements of cash flows

For the year ended 30 June 2024

	Notes	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Cash flows from operating activities					
Receipts from customers		463,126	369,964	438,778	349,644
Receipts of grants and subsidies		68,633	71,357	68,633	71,357
Payments to suppliers and employees		(282,231)	(274,589)	(276,874)	(270,480)
Tax (losses)/liabilities transferred from the Controlled entity		-	-	(648)	2
Interest received		1,360	1,454	1,341	1,444
Interest and other costs of finance paid		(57,940)	(51,045)	(48,773)	(43,245)
Income taxes refunded/(paid)		-	9,497	-	9,497
Net cash from operating activities	37	**192,948**	**126,638**	**182,457**	**118,219**
Cash flows from investing activities					
Payments for property, plant and equipment and intangibles		(208,045)	(112,937)	(207,853)	(112,894)
Proceeds from disposal of property, plant and equipment		1,267	370	1,267	370
Net cash used in investing activities		**(206,778)**	**(112,567)**	**(206,586)**	**(112,524)**
Cash flows from financing activities					
Proceeds from borrowings		174,100	47,150	174,100	47,150
Loans received from the Controlled entity		-	-	21,750	19,300
Dividends received from the Controlled entity		-	-	2,400	3,400
Dividends paid		(40,000)	(15,000)	(40,000)	(15,000)
Repayment of borrowings		(139,100)	(47,150)	(139,100)	(47,150)
Repayment of lease liabilities		(1,864)	(2,170)	(1,864)	(2,170)
Repayment of loans to the Controlled entity		-	-	(13,857)	(14,245)
Net cash from/(used in) financing activities		**(6,864)**	**(17,170)**	**3,429**	**(8,715)**
Net decrease in cash and cash equivalents		(20,694)	(3,099)	(20,700)	(3,020)
Cash and cash equivalents at the beginning of the financial year		84,668	87,767	84,664	87,684
Cash and cash equivalents at the end of the financial year	11	**63,974**	**84,668**	**63,964**	**84,664**

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

Notes to the financial statements

30 June 2024

1 Material accounting policy information

The accounting policies that are material to the Consolidated entity in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of consolidation

In the process of preparing the consolidated financial statements for the Consolidated entity, consisting of the Parent and the Controlled entity, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

The Parent entity has reviewed AASB 10 *Consolidated Financial Statements* and considers that the Parent entity maintains control of the Controlled entity under the Standard.

Water NSW consolidated financial statements for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 11 September 2024.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared on a going concern basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- applicable International Financial Reporting Standards;
- the requirements of the *Government Sector Finance Act 2018* (GSF Act);
- Treasurer's Directions issued under the GSF Act; and
- the requirements of the *State Owned Corporations Act 1989*.

Presentation currency

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000).

Key judgements and estimates

Notes 1,2,12 and 19 - Estimated revenue and expenses accruals;
Note 10 - Deferred tax assets and deferred tax liabilities;
Note 12 - Expected credit losses
Note 18 - Fair value of property, plant and equipment
Note 20 - Lease liabilities
Note 24 - Contract liabilities
Notes 21 and 27 - Employee benefits and other provisions, including defined benefit superannuation obligations
Note 26 – Non-current provisions

Effect of climate-related matters

Climate-related matters (physical effects of bushfires, floods and droughts) may affect the financial performance of the Company through impacts on variable water delivery revenue, operating costs (e.g. debris clearing, asset repairs, laboratory analysis and water monitoring, chemical costs and response management), asset impairment and write-offs, and the timing of receipt of related insurance proceeds. Additional capital expenditure may also be necessary to replace damaged assets that are required to be written-off.

The short and long-term effects of climate-related matters may impact the significant accounting estimates of the financial statements, such as recoverable amounts from insurance claims, the expected useful lives of assets and fair value measurements. These estimates are further described in the relevant notes.

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued and initially recognised at fair value plus, in the case of financial guarantees not at fair value through profit or loss, directly attributable transaction costs, where material. After initial recognition, the liability is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less accumulated amortisation, where appropriate.

The Consolidated entity has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2024 and as at 30 June 2023. Refer to Note 36 regarding disclosures on contingent liabilities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, , certain classes of property, plant and equipment and derivative financial instruments.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Insurance claims

In line with NSW Treasury accounting guidance, when a claim is of a capital nature or for business disruption, the value of the reimbursement is recognised only when the claim is approved and paid by the insurer. When a claim is of an operating nature, the value of the reimbursement is recognised when the claim is approved by the insurer.

Good and Services Tax (GST)

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the statement of financial position.

Where applicable, commitments are disclosed inclusive of GST (refer to Note 34).

Hedge accounting (cash flow hedges)

The Consolidated entity designates certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Note 23 sets out details of the fair values of the derivative instruments used for hedging purposes.

New Accounting Standards and Interpretations not yet mandated or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated entity for the annual reporting period ended 30 June 2024. The impact of these new or amended Accounting Standards and Interpretations is disclosed below.

Standard	Effective date	Summary	Impact on the financial report
AASB 2020-1 and AASB 2020 - 6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants	Financial year commencing on or after 1 January 2024	Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.	No material impact at this stage
AASB 2023-5 Amendments to Australian Accounting Standards - Lack of Exchangeability	Financial year commencing on or after 1 January 2025	Amends AASB 121 to clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.	No material impact at this stage
AASB 17 Insurance Contracts and AASB 2022-9 Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector (PS)	Financial year commencing on or after 1 January 2023 (PS: 1 July 2026)	AASB 17 replaces AASB 4 Insurance Contracts and applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. AASB 2022-9 makes public-sector-specific modifications to AASB 17 and defers its application for public sector entities to 1 July 2026.	No material impact at this stage
AASB 18 Presentation and Disclosure in Financial Statements	Financial year commencing on or after 1 January 2027	AASB 18 Presentation and Disclosure in Financial Statements aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.	No material impact at this stage

2 Revenue from water supply and delivery

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Regulated – Greater Sydney	222,978	204,796	222,978	204,796
Regulated – Rural	98,199	71,482	98,199	71,482
Regulated – Broken Hill Pipeline	23,452	23,492	-	-
Regulated and Unregulated – Other	27,988	23,956	27,988	23,956
Other revenue from water supply	3,873	3,292	3,873	3,292
	376,490	**327,018**	**353,038**	**303,526**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers that relate to water supply and delivery is as follows:

	Consolidated		Parent	
Timing of revenue recognition	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Services transferred over time	370,887	322,704	347,435	299,212
Services transferred at a point in time	5,603	4,314	5,603	4,314
	376,490	**327,018**	**353,038**	**303,526**

Revenue from water supply and delivery originates in the geographical region of NSW.

The Consolidated entity's revenue streams from contracts with customers consist of only a single performance obligation and a single transaction price. The transaction price is determined either by the Independent Pricing and Regulatory Tribunal (IPART) for regulated revenues or by agreement with the customer. Regulated revenue and other revenue from water supply is represented by the following main categories:

Fixed availability charges

Fixed availability charges are fixed charges to customers to cover the costs of providing water supply services. These charges are regulated and approved by IPART. The Consolidated entity transfers control over the availability of the services and recognises revenue evenly over time as customers continue to receive their service connection.

Volumetric charges

Volumetric charges reflect revenue derived from the consumption of water and water services. These charges are regulated and approved by IPART. The Consolidated entity transfers control over the services to customers who then simultaneously consume theses services, with the transfer and consumption considered to occur over time.

The Consolidated entity recognises revenue based on a right to invoice as this corresponds with the value customers have received to date from their consumption of services. Consumption is measured through the reading of the Consolidated entity's installed meters.

Regulated river water charges

Regulated river water charges reflect revenue derived from the consumption of water and water services such as High Security, General Security and Usage Charges in each of the valleys.

Charges in the Murray Darling Basin (MDB) valleys (Border, Gwydir, Namoi, Peel, Macquarie, Lachlan and Belubula, Murrumbidgee, Lowbidgee, Murray and Lower Darling, and certain customers in the Fish River Supply Scheme) are regulated by IPART under accreditation arrangements in Part 9 of the Water Charge Rules (2010) Cth (WCR). The Australian Competition and Consumer Commission approved IPART's accreditation under rule 63 of the WCR, with effect from 1 June 2016.

Charges in the Coastal valleys (North Coast, Hunter and Paterson, and South Coast), and certain customers in the Fish River Supply Scheme are regulated by IPART under the *Independent Pricing and Regulatory Tribunal Act 1992*.

The Consolidated entity transfers control over the services to customers who then simultaneously consume theses services, with the transfer and consumption considered to occur over time. The Consolidated entity recognises revenue based on a right to invoice as this corresponds with the value customers have received to date from their consumption of services. Consumption is measured through the reading of the Consolidated entity's installed meters.

Unregulated river water charges

Unregulated river water charges represent one and two-part tariffs for the entitlement charge and usage charge in each of the rural valleys. One-part tariffs are billed based on the full customer entitlement irrespective of actual water utilised. Two-part tariffs are billed at a lower entitlement rate plus a usage charge based on actual water utilised in the period. The Consolidated entity transfers control over the services to customers who then simultaneously consume these services, with the transfer and consumption considered to occur over time.

Other revenue from water supply

Revenue from consent charges, solicitors' enquiries and drillers licences is received at a point in time, as payments are due when these services are provided.

Recognition and measurement

Water supply revenue

The Consolidated entity provides water services to its customers under the conditions of their licences. Revenue from rendering of these services comprises both fixed and variable charges. The fixed component is charged according to each licence entitlement, whereas the variable component is charged according to actual consumption and use by the licence holder. The variable usage charges are recognised when the services are provided. The fixed charges are recognised on a periodic basis in accordance with the respective IPART Price Determinations.

IPART can set regulated charges for customers which are less than full cost recovery based on a range of considerations, such as the impact of prices on customers, regulatory policy and community considerations.

3 Grants and subsidies

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
NSW Government contributions to operations	40,377	38,002	40,377	38,002
NSW Government subsidies	12,616	13,184	12,616	13,184
Other Government grants	14,116	20,101	14,116	20,101
	67,109	**71,287**	**67,109**	**71,287**

Recognition and measurement

Government contributions to operations

The Consolidated entity receives NSW Government contributions from the NSW Department of Climate Change, Energy, the Environment and Water to fund part of its operations. The cost of providing rural bulk water services is shared between the NSW Government and customers under the IPART 2022-25 Rural Valley Bulk Water Price Determination. The Government Share of Revenue reflects IPART's view of the total efficient costs which should be recovered from the NSW Government on behalf of other parties and the broader community. The Government Share of Revenue is determined using IPART's cost sharing framework which allocates total efficient costs between the NSW Government and customers. Under this framework, IPART applies the 'impactor pays' principle in identifying the percentage of cost which should be paid for by the NSW Government and customers for each activity undertaken by the Consolidated entity to provide rural bulk water services.

Government grants and subsidies revenue

The Consolidated entity receives Government funding for agreed activities and for past and future capital investment.

Government grants and contributions are recognised and measured in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

Operating grants and contributions that are receivable for expenses incurred or revenue foregone are recognised as revenue in profit or loss on a systematic basis over the periods for which the grant or contribution is to apply.

Funds received in advance or in excess of funding agreements are held as a liability (Subsidies and grants received in advance).

For funding received relating to the construction of capital assets, the total grant amount received is treated as deferred revenue on receipt. Upon completion of the asset, the deferred revenue is then recognised in profit or loss on a systematic basis over the useful life of the asset.

The Operating Subsidy represents IPART's estimate of the under-recovery of costs in the North Coast and South Coast valleys that would need to be borne by either the Parent or NSW Government (e.g. CSO or Community Service Obligation Payment), where the revenue generated by IPART charges (i.e. the customer's share of total efficient costs) is less than the revenue that is required to achieve full cost recovery.

4 Other revenue

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Murray-Darling Basin Authority (MDBA) and other utilities	15,930	13,828	15,930	13,828
Operating leases	3,079	2,777	3,079	2,777
Interest	901	1,166	882	1,156
Ancillary services	2,892	4,437	2,892	4,437
Miscellaneous revenue	7,117	1,912	7,092	1,886
Services engagements	8,942	7,604	8,942	7,604
Intra-group revenue – pipeline services	-	-	1,425	1,044
Insurance recoveries	15,228	6,566	15,228	6,566
Dividend from the Controlled entity	-	-	-	2,400
	54,089	**38,290**	**55,470**	**41,698**

Disaggregation of revenue

Timing of revenue recognition	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Services transferred over time	29,263	26,816	30,688	27,859
Services transferred at a point in time	5,159	677	5,134	652
Revenue out of scope of AASB 15	19,667	10,797	19,648	13,187
	54,089	**38,290**	**55,470**	**41,698**

Revenue from water supply and delivery originates in the geographical region of NSW.

Recognition and measurement

Murray-Darling Basin Authority (MDBA) and other utilities
Water NSW operates and maintains the NSW section of the Murray River system through carrying out a variety of operating and capital works. Revenue from these works are recognised on an accrual basis.

Interest revenue
Interest revenue is recognised on an accrual basis using the effective interest method.

Operating leases
Income from leased properties is recognised on a straight line basis over the term of the lease. Incentives granted over leased properties are recognised as an integral part of the total rent income.

Rendering of other services
Service revenue is recognised on an accrual basis and in accordance with the substance of the agreement covering such transactions.

Insurance recoveries
Proceeds from claims of an operating nature are recognised when the insurer accepts the claim. Proceeds from claims of a capital nature or for business disruption claims are recognised when received.

Insurance recoveries include $8.5 million (2023: $6.6 million) of proceeds claimed pursuant to extreme weather events in recent years (2020 bushfires, 2020 floods and subsequent floods). During the year, Water NSW received $5.6 million in settlement of business interruption claims arising from lost water supply revenue and increased costs of operations due to water quality issues arising from floods in Greater Sydney in March and July 2022.

5 Employee related expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Employee related expenses (excluding post employee benefits)	166,077	147,660	166,077	147,657
Capitalisation of employee related expenses	(42,334)	(23,574)	(42,334)	(23,574)
Superannuation – Defined benefit plans	3,170	3,363	3,170	3,363
Superannuation – Defined contribution plans	14,674	12,104	14,674	12,104
	141,587	**139,553**	**141,587**	**139,550**

6 Other operating expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Contractors	32,826	38,576	32,656	38,488
Electricity and other energy	2,971	2,774	2,971	2,774
Data management	21,163	24,973	21,163	24,973
Materials, plant and equipment	5,819	5,887	5,816	5,886
Property	7,012	6,793	7,012	6,793
Transport and travel	6,412	6,104	6,409	6,097
Insurance premiums	6,470	6,201	6,335	6,057
Other expenses from ordinary activities	3,910	7,094	3,866	7,030
Construction/installation for third parties	4,353	3,178	4,353	3,178
Operation and maintenance contract Broken Hill Pipeline	3,257	2,801	-	-
Consultants	214	1,088	214	1,088
Water monitoring	7,000	7,742	7,000	7,742
Land management	10,303	9,057	10,303	9,057
Land Tax	7,885	7,939	7,885	7,939
	119,595	**130,207**	**115,984**	**127,102**

In the prior year, total other operating expenses (predominantly contractors) included $7.2 million of costs incurred or provided for pursuant to extreme weather events in recent years (2020 bushfires, 2020 floods and subsequent floods).

	Consolidated		Parent	
Reconciliation of total maintenance expenses	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Employee-related maintenance expenses	17,003	15,243	17,003	15,243
Contracted labour and other (non-employee related) expenses	18,387	24,316	16,456	22,605
Total maintenance expenses	**35,390**	**39,559**	**33,459**	**37,848**

NSW Treasury Policy TPP06-6 *Capitalisation of Expenditure on Property, Plant and Equipment* requires the total maintenance expense to be dissected into employee related maintenance and other maintenance.

7 Depreciation and amortisation

	Consolidated		Parent	
	2024 $'000	**2023 $'000**	**2024 $'000**	**2023 $'000**
Depreciation	97,579	87,693	92,119	82,552
Amortisation	5,602	5,582	5,555	5,558
Depreciation – right of use assets	2,237	2,165	2,237	2,165
	105,418	**95,440**	**99,911**	**90,275**

Recognition and measurement

Depreciation of property, plant and equipment and amortisation of intangible assets

Depreciation and amortisation are provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

All material identifiable components of assets are separately depreciated over their respective useful lives. The useful lives of assets by class are set out in the following table for 2024 and 2023

Asset class	Useful life
Infrastructure systems	5 to 150 years
Buildings	1 to 100 years
Plant and equipment	2 to 50 years
Vehicles	5 to 20 years
Furniture and fittings	3 to 20 years
Information systems	2 to 10 years
Water meters	4 to 20 years
Computer software/easements	3 to 25 years
Right-of-use assets	1 to 20 years

Physical, economic and environmental factors are taken into consideration in assessing the useful lives of the assets, including but not limited to asset condition and obsolescence, technology changes, commercial contract lives and renewals, and climate change.

8 Finance costs

	Consolidated		Parent	
	2024 $'000	**2023 $'000**	**2024 $'000**	**2023 $'000**
Interest expense on loans	31,451	25,781	26,224	21,622
Government Guarantee Fee	26,534	26,160	22,344	22,155
Other borrowing costs	635	1,028	635	1,028
Unwinding of discounts on provisions	9	13	9	13
Borrowing costs capitalised	(2,717)	(1,536)	(2,717)	(1,536)
Amortisation of deferred discounts on loans	10,800	9,198	7,648	6,298
Interest expense on leases	785	821	785	821
	67,497	**61,465**	**54,928**	**50,401**

Recognition and measurement

Interest and other borrowing costs, such as the Government Guarantee Fee payable in respect of the Consolidated entity borrowings, are expensed as incurred within finance expenses in profit or loss unless they relate to qualifying assets, in which case they are capitalised as part of the cost of those assets.

Where funds are borrowed specifically to acquire or construct the qualifying asset, then the borrowing costs capitalised are the actual costs incurred on the borrowings, net of any investment income earned from temporarily investing surplus funds.

Where funds come from general borrowings, then a capitalisation rate is applied to project expenditure.

The Consolidated entity applies a capitalisation rate methodology (including Government Guarantee Fee) as the financing activity of the Consolidated entity is co-ordinated centrally. The capitalisation rate is the weighted average of the borrowing costs applicable to the Consolidated entity's general outstanding borrowings for that period.

Borrowing costs capitalised in an accounting period will be determined based on the average project spend (net of any third party capital contribution).

Where construction of an asset is partially funded by way of customer contribution or government grant, the average expenditure on the qualifying asset which is eligible for application of the capitalisation rate will be cumulative expenditure net of actual customer contributions or government grants received.

Qualifying assets are assets that take 12 months or more to be ready for their intended use with the project value in excess of $1 million (net of government grant or customer capital contribution).

9 Gains/(losses) on disposal

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Proceeds from sale of assets	1,267	370	1,267	370
Written down value of property, plant and equipment	(883)	(10,827)	(883)	(10,827)
	384	**(10,457)**	**384**	**(10,457)**

Recognition and measurement

Gains or losses on disposals are determined by comparing proceeds with the asset's carrying amount. The net gain or loss on the disposal of assets is included in profit or loss. Where an asset that has been previously revalued is disposed, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained earnings.

In the prior year, the net loss on disposal included $5.2 million of assets written off pursuant to extreme weather events in recent years (2020 bushfires, 2020 floods and subsequent floods).

10 Income tax

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Income tax expense/(benefit)				
Current tax	16,281	1,562	16,281	1,560
Adjustment for current tax recognised for prior periods	(9)	(1,581)	(9)	(1,581)
Deferred tax – origination and reversal of temporary differences	2,952	918	2,836	(22)
Aggregate income tax expense/(benefit)	**19,224**	**899**	**19,108**	**(43)**
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate				
Profit before income tax (expense)/benefit	64,161	2,867	63,775	2,126
Tax at the statutory tax rate of 30%	19,248	860	19,132	638
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:				
Non-deductible expenses	40	26	40	26
Other differences	(55)	(14)	(55)	(14)
Intercompany dividend	-	-	-	(720)
	19,233	872	19,117	(70)
Prior year temporary differences not recognised now recognised	(9)	27	(9)	27
Income tax expense/(benefit)	**19,224**	**899**	**19,108**	**(43)**

Consolidated – 30 June 2024 Deferred tax balance	Opening balance $'000	Recognised in income $'000	Recognised in equity/ retained earnings $'000	Closing balance $'000
Property, plant and equipment	(406,475)	1,736	(23,304)	(428,043)
Other creditors	102	1	-	103
Employee benefits	14,456	732	-	15,188
Leased premises	760	100	-	860
Defined benefit superannuation	14,949	(52)	(279)	14,618
Allowance for impairment of receivables	180	9	-	189
Deferred government grants	24,508	(1,521)	-	22,987
Other provisions and accruals	2,256	141	-	2,397
Income tax losses	4,087	(4,087)	-	-
Cash flow hedge reserve	-	-	(9)	(9)
	(345,177)	**(2,941)**	**(23,592)**	**(371,710)**

In 2024, an additional $3.5 million of income tax losses were recognised following lodgement of the 2023 Income Tax Return. These losses, in addition to the $4.1 million opening balance, brings total income tax losses utilised during 2024 to $7.6 million.

Consolidated – 30 June 2023 Deferred tax balance	Opening balance $'000	Recognised in income $'000	Recognised in equity/ retained earnings $'000	Closing balance $'000
Property, plant and equipment	(334,091)	(1,356)	(71,028)	(406,475)
Other creditors	95	7	-	102
Employee benefits	14,253	203	-	14,456
Leased premises	762	(2)	-	760
Defined benefit superannuation	16,530	372	(1,953)	14,949
Allowance for impairment of receivables	179	1	-	180
Deferred government grants	27,173	(2,665)	-	24,508
Other provisions and accruals	2,031	225	-	2,256
Income tax losses	1,771	2,316	-	4,087
	(271,297)	**(899)**	**(72,981)**	**(345,177)**

Parent – 30 June 2024 Deferred tax balance	Opening balance $'000	Recognised in income $'000	Recognised in equity/ retained earnings $'000	Closing balance $'000
Property, plant and equipment	(381,742)	2,499	(18,290)	(397,533)
Other creditors	102	1	-	103
Employee benefits	14,456	732	-	15,188
Leased premises	760	100	-	860
Defined benefit superannuation	14,949	(52)	(279)	14,618
Allowance for impairment of receivables	180	9	-	189
Deferred government grants	24,509	(1,521)	-	22,988
Other provisions and accruals	2,250	140	-	2,390
Income tax losses	4,087	(4,087)	-	-
Cash flow hedge reserve	-	-	(9)	(9)
	(320,449)	**(2,179)**	**(18,578)**	**(341,206)**

In 2024, an additional $3.5 million of income tax losses were recognised following lodgement of the 2023 Income Tax Return. These losses, in addition to the $4.1 million opening balance, brings total income tax losses utilised during 2024 to $7.6 million.

Parent – 30 June 2023 Deferred tax balance	Opening balance $'000	Recognised in income $'000	Recognised in equity/ retained earnings $'000	Closing balance $'000
Property, plant and equipment	(317,507)	(415)	(63,820)	(381,742)
Other creditors	95	7	-	102
Employee benefits	14,253	203	-	14,456
Leases premises	762	(2)	-	760
Defined benefit superannuation	16,530	372	(1,953)	14,949
Allowance for impairment of receivables	179	1	-	180
Deferred government grants	27,174	(2,665)	-	24,509
Other provisions and accruals	2,023	227	-	2,250
Income tax losses	1,771	2,316	-	4,087
	(254,720)	**44**	**(65,773)**	**(320,449)**

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current tax liabilities	15,766	-	15,766	-

Recognition and measurement

Income tax

The Parent and Controlled entity are subject to the National Tax Equivalent Regime (NTER) which is based on the *Income Tax Assessment Act 1936 and 1997* (as amended). Income tax equivalents are payable to Revenue NSW. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised and are expected to apply when the related deferred income tax asset/liability is realised/settled.

Tax consolidation

The Consolidated entity formed a tax consolidated group with effect from 5 November 2018, when WaterNSW Infrastructure Pty Ltd was established. The Parent entity and Controlled entity continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

Assets or liabilities arising under the tax funding and tax sharing agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Under the terms of this agreement, the Controlled entity will reimburse the Parent entity for any current income tax payable by the Controlled entity arising in respect of its activities.

In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the Controlled entity in case of a default by Parent entity.

11 Current assets – cash and cash equivalents

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cash at bank	2,019	24,459	2,009	24,455
NSW Treasury Corporation 11am at Call Facility	61,955	60,209	61,955	60,209
	63,974	**84,668**	**63,964**	**84,664**

The above balance reconciles to cash and cash equivalents in the statements of cash flows.

Recognition and measurement

Cash and cash equivalents includes deposits at call with financial institutions, .

12 Current assets – trade and other receivables

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Trade receivables	18,648	22,251	16,811	18,592
Allowance for expected credit losses	(541)	(468)	(541)	(468)
	18,107	**21,783**	**16,270**	**18,124**
Accrued revenue from unbilled charges	63,378	58,618	60,595	56,792
Other receivables	4,068	4,260	4,034	4,231
Prepayments	2,669	3,192	2,669	3,191
Less: Allowance for expected credit losses	(90)	(132)	(90)	(132)
	70,025	**65,938**	**67,208**	**64,082**
Other receivables from the Controlled entity	-	-	-	2,400
	88,132	**87,721**	**83,478**	**84,606**

Allowance for expected credit losses

The ageing of trade receivables for expected credit losses provided for above are as follows.

	Gross amount		Allowance for expected credit losses	
Consolidated	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Not overdue	558	466	40	32
31-60 days overdue	2,815	2,182	162	146
61-90 days overdue	29	97	4	11
More than 90 days overdue	5,885	4,485	335	309
Sundry debtors	830	626	4	5
Government clients	48,726	47,204	-	-
Other debtors (accruals)	17,066	19,530	86	97
Prepayments	2,670	3,192	-	-
Other receivables not in scope of AASB 9	10,184	10,539	-	-
	88,763	**88,321**	**631**	**600**

	Gross amount		Allowance for expected credit losses	
Parent	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Not overdue	558	466	40	32
31-60 days overdue	2,815	2,182	162	146
61-90 days overdue	29	97	4	11
More than 90 days overdue	5,885	4,485	335	309
Sundry debtors	830	626	4	5
Government clients	44,069	41,723	-	-
Other debtors (accruals)	17,069	19,530	86	97
Prepayments	2,670	3,191	-	-
Other receivables not in scope of AASB 9	10,184	12,906	-	-
	84,109	**85,206**	**631**	**600**

The ageing of trade receivables from government clients past due but not impaired is presented in the table below.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
31-60 days overdue	1,013	551	1,013	551
61-90 days overdue	227	9	227	9
> 90 days overdue	2,951	487	2,951	487
	4,191	**1,047**	**4,191**	**1,047**

Movements in the allowance for expected credit losses are as follows.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Opening balance	600	596	600	596
Additional provisions recognised	62	23	62	23
Amount used	(31)	(19)	(31)	(19)
Closing balance	**631**	**600**	**631**	**600**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 38.

Recognition and measurement

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Accrued unbilled usage charges comprises estimates for accrued revenue for water usage, where meters have not been read as at the reporting date. These charges are billed to customers with actual consumption once meters are read. The Consolidated entity estimates the accrual based on consumption data and other inputs.

13 Non-current assets – interest in subsidiary

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Investment in WaterNSW Infrastructure Pty Ltd	-	-	79,201	79,201
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year				
Opening carrying amount	-	-	79,201	79,201
Closing carrying amount	**-**	**-**	**79,201**	**79,201**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy disclosed below.

		Ownership interest	
Name	Principal place of business / Country of incorporation	2024 %	2023 %
WaterNSW Infrastructure Pty Ltd – 100 shares at $1 per share	Australia	100%	100%

Recognition and measurement

The investment in wholly-owned controlled entity is accounted for at cost in the financial statements of the Parent. Dividends from the subsidiary are recognised in the Parent's profit or loss when the right to receive the dividend is established.

14 Non-current assets – property, plant and equipment

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Market Land	63,024	59,612	63,024	59,612
System Land (including Land under Leases)	332,453	313,073	332,443	313,064
	395,477	**372,685**	**395,467**	**372,676**
Plant and equipment – at cost	21,511	21,056	21,511	21,056
Less: Accumulated depreciation	(17,359)	(16,565)	(17,359)	(16,565)
	4,152	**4,491**	**4,152**	**4,491**
Furniture and fit-out – at cost	17,652	16,457	17,652	16,457
Less: Accumulated depreciation	(11,383)	(10,004)	(11,383)	(10,004)
	6,269	**6,453**	**6,269**	**6,453**
Motor vehicles – at cost	27,432	24,906	27,432	24,906
Less: Accumulated depreciation	(17,650)	(15,523)	(17,650)	(15,523)
	9,782	**9,383**	**9,782**	**9,383**
Information systems – at cost	38,489	35,793	38,489	35,793
Less: Accumulated depreciation	(31,227)	(27,441)	(31,227)	(27,441)
	7,262	**8,352**	**7,262**	**8,352**
Work in progress (WIP)	313,887	240,780	313,554	240,639
Infrastructure – at fair value (income approach)	2,924,408	2,842,568	2,498,494	2,427,768
Less: Accumulated depreciation	-	(4,904)	-	(4,763)
	2,924,408	**2,837,664**	**2,498,494**	**2,423,005**
Water Meters – at fair value (income approach)	17,960	22,947	17,960	22,947
Less: Accumulated depreciation	-	(1,126)	-	(1,126)
	17,960	**21,821**	**17,960**	**21,821**
Buildings – at fair value (income approach)	46,259	34,487	46,259	34,487
Less: Accumulated depreciation	-	(340)	-	(340)
	46,259	**34,147**	**46,259**	**34,147**
	3,725,456	**3,535,776**	**3,299,199**	**3,120,967**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

Consolidated	Work in progress $'000	Infra-structure $'000	Water meters $'000	Buildings $'000	System land + Land under Leases $'000	Market land $'000	Other PP&E $'000	Total $'000
Balance at 1 July 2022	176,997	2,737,052	22,986	33,725	226,670	43,887	34,111	3,275,428
Additions	122,231	-	-	-	-	-	-	122,231
Disposals	-	(10,523)	(78)	(25)	(1)	-	(203)	(10,830)
Revaluation gain OCI*	-	135,584	133	1,890	85,711	13,440	-	236,758
Revaluation gain/(loss) in profit or loss	-	112	369	-	195	2,718	-	3,394
Transfers from WIP	(54,934)	45,622	4,673	233	67	-	4,340	1
Transfers in/(out)	(3,514)	3,212	(3,209)	-	431	(433)	-	(3,513)
Depreciation expense	-	(73,395)	(3,053)	(1,676)	-	-	(9,569)	(87,693)
Balance at 30 June 2023	**240,780**	**2,837,664**	**21,821**	**34,147**	**313,073**	**59,612**	**28,679**	**3,535,776**
Additions	217,500	-	-	-	-	-	-	217,500
Disposals	-	(111)	(388)	-	(77)	-	(306)	(882)
Revaluation gain OCI*	-	54,491	(64)	1,389	19,328	2,535	-	77,679
Revaluation gain/(loss) in profit or loss	-	(185)	-	(8)	129	251	-	187
Transfers from WIP	(137,167)	114,913	10	12,598	-	626	9,020	-
Transfers in/(out)	(7,226)	-	-	-	-	-	-	(7,226)
Depreciation expense	-	(82,364)	(3,419)	(1,868)	-	-	(9,927)	(97,578)
Balance at 30 June 2024	**313,887**	**2,924,408**	**17,960**	**46,258**	**332,453**	**63,024**	**27,466**	**3,725,456**

* OCI – Other comprehensive income

Parent	Work in progress $'000	Infra-structure $'000	Water meters $'000	Buildings $'000	System land + Land under Leases $'000	Market land $'000	Other PP&E $'000	Total $'000
Balance at 1 July 2022	176,685	2,341,335	22,986	33,725	226,647	43,887	34,111	2,879,376
Additions	122,188	-	-	-	-	-	-	122,188
Disposals	-	(10,523)	(77)	(25)	(1)	-	(202)	(10,828)
Revaluation gain OCI*	-	111,547	132	1,890	85,720	13,439	-	212,728
Revaluation gain/(loss) in profit or loss	-	113	369	-	200	2,718	-	3,400
Transfers from WIP	(54,886)	45,574	4,673	233	66	-	4,340	-
Transfers in/(out)	(3,348)	3,212	(3,209)	-	432	(432)	-	(3,345)
Depreciation expense	-	(68,253)	(3,053)	(1,676)	-	-	(9,570)	(82,552)
Balance at 30 June 2023	**240,639**	**2,423,005**	**21,821**	**34,147**	**313,064**	**59,612**	**28,679**	**3,120,967**
Additions	217,308	-	-	-	-	-	-	217,308
Disposals	-	(111)	(388)	-	(77)	-	(306)	(882)
Revaluation gain OCI*	-	37,778	(64)	1,389	19,328	2,535	-	60,966
Revaluation gain/(loss) in profit or loss	-	(185)	-	(8)	129	251	-	187
Transfers from WIP	(137,167)	114,912	10	12,598	-	626	9,021	-
Transfers in/(out)	(7,226)	-	-	-	-	-	-	(7,226)
Depreciation expense	-	(76,906)	(3,419)	(1,868)	-	-	(9,928)	(92,121)
Balance at 30 June 2024	**313,554**	**2,498,493**	**17,960**	**46,258**	**332,444**	**63,024**	**27,466**	**3,299,199**

* OCI – Other comprehensive income

System Land disclosed above includes land under leases as per below.

Consolidated/Parent Land under Leases	2024 $'000	2023 $'000
Balance at 1 July	14,502	-
Revaluation gain - other comprehensive income	999	11,453
Transfers in/(out)	-	3,049
Balance at 30 June	**15,501**	**14,502**

Refer to note 18 for further information on fair value measurement.

Asset classes

The Consolidated entity has the following asset classes comprising property, plant and equipment.

System assets

These are infrastructure assets that deliver, store and provide bulk water services to customers through an integrated network of various asset categories. This class also includes system land and water meters. System land is land upon which the various system asset categories are located and which has no other alternative use.

Market land and buildings

These are properties held and owned by the Consolidated entity and that have potential for alternative use.

Land under leases

Where the Consolidated entity is the lessor for operating leases, the underlying assets involved are identified and presented separately.

In 2023 the Consolidated entity completed a comprehensive revaluation of its leased assets. It was determined that the land under leases should be reported as a distinct category of land and should be valued using income approach. This change in accounting estimate was effective beginning 1 July 2023 and resulted in $11.5 million increase to property, plant and equipment.

Other plant and equipment

These assets include office equipment and operating plant and machinery. This class is included as part of other property, plant and equipment items.

Motor vehicles

These assets include motor vehicles and marine craft. This class is included as part of other property, plant and equipment items.

Furniture and fit-out

These assets include furniture and fit-out assets. This class is included as part of other property, plant and equipment items.

Information systems

These assets include computer hardware, such as servers, desktop computers, laptops and other associated computer peripherals. This class is included as part of other property, plant and equipment items.

Recognition and measurement

Acquisitions and capitalisation

Property, plant and equipment assets are recognised initially at the cost of acquisition, which includes costs directly attributable to bringing the relevant asset to the location and condition necessary for it to operate as intended.

Items costing $1,000 or more for information systems and $5,000 or more for all other plant and equipment individually and having a minimum expected working life of more than one year are capitalised.

In the case of system assets categories that work together to form an entire network, all expenditures are capitalised regardless of cost. For system assets constructed by the Consolidated entity for its own use, the initial cost capitalised includes the cost of construction including direct labour, materials, contractors' services costs, inspection costs, capital support costs and borrowing costs where applicable. These costs are capitalised initially as work in progress and then reclassified as completed assets when the asset becomes operational.

Cost also may include transfers from the cash flow hedge reserve of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure on property, plant and equipment

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate. The carrying amount of any component is derecognised when replaced. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Major inspection costs

The cost of a major inspection is capitalised as part of the cost of the asset if it is probable that future economic benefits will flow to the Consolidated entity and the cost can be measured reliably. Any inspection cost capitalised is recognised as a component asset and depreciated over the period of time until the next inspection. When each major inspection cost is capitalised, any remaining cost or estimated cost of the previous inspection is derecognised.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset at the end of its useful life is included in the cost of the respective asset if the recognition criteria for a provision is met.

For fair value measurement information please refer to Note 18.

Impairment of assets

At the end of each reporting period the Consolidated entity assesses impairment by evaluation of conditions and events that may be indicative of impairment. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised as an expense in profit or loss, unless an asset has previously been revalued through the asset revaluation reserve, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation through the statement of other comprehensive income, with any excess recognised in profit or loss. Impairment losses recognised in respect of a cash generating unit are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis, except for those assets that have a separately determinable recoverable amount.

15 Non-current assets – right-of-use assets

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Land and buildings – right-of-use	27,776	27,082	27,776	27,082
Less: Accumulated depreciation	(12,361)	(10,464)	(12,361)	(10,464)
	15,415	**16,618**	**15,415**	**16,618**
Leasehold improvements – right-of-use	147	147	147	147
Less: Accumulated depreciation	(147)	(147)	(147)	(147)
	-	-	-	-
	15,415	**16,618**	**15,415**	**16,618**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

Consolidated/Parent	Land and buildings $'000	Total $'000
Balance at 1 July 2022	17,002	17,002
Additions	1,527	1,527
Remeasurement	254	254
Depreciation expense	(2,165)	(2,165)
Balance at 30 June 2023	**16,618**	**16,618**
Additions	1,211	1,211
Remeasurement	(177)	(177)
Depreciation expense	(2,237)	(2,237)
Balance at 30 June 2024	**15,415**	**15,415**

Recognition and measurement

A right-of-use asset is recognised at the commencement date of a lease (i.e. the date the underlying asset is available for use). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (refer Note 17), adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Subsequent to initial recognition, right-of-use assets are measured using the cost model which requires a lessee to measure the asset at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

The right-of-use assets are also subject to impairment testing. Refer to the accounting policies for property, plant and equipment in Note 14.

Property

For property leases less than five years, or greater than five years but substantially shorter than the asset's useful life (e.g. the lease term is 10 years while the useful life of the leased property is 60 years), valuations will be based on indices published by Property NSW.

For property leases greater than five years where the right-of-use asset's tenure is closely aligned to the asset's useful life, the Consolidated entity will obtain external valuations consistent with owned property i.e. be subject to a comprehensive revaluation every three years in line with TPP 21-09 Valuation of Physical Non-Current Assets at Fair Value.

The carrying amount of right-of-use assets arising from property leases is deemed as fair value.

16 Non-current assets – Intangible assets

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Rights of access and other legal rights	5,714	5,714	4,999	4,999
Less: Accumulated amortisation	(2,028)	(1,680)	(1,957)	(1,657)
	3,686	**4,034**	**3,042**	**3,342**
Software - at cost	51,954	44,728	51,954	44,728
Less: Accumulated amortisation	(35,312)	(30,057)	(35,312)	(30,057)
	16,642	**14,671**	**16,642**	**14,671**
	20,328	**18,705**	**19,684**	**18,013**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

Consolidated	Work in progress $'000	Rights of access and other $'000	Software $'000	Total $'000
Balance at 1 July 2022	-	4,031	16,741	20,772
Transfers from work in progress	(3,514)	309	3,205	-
Transfers from property, plant and equipment	3,514	-	-	3,514
Amortisation expense	-	(306)	(5,275)	(5,581)
Balance at 30 June 2023	**-**	**4,034**	**14,671**	**18,705**
Transfers from work in progress	(7,226)	-	7,226	-
Transfers from property, plant and equipment	7,226	-	-	7,226
Amortisation expense	-	(348)	(5,255)	(5,603)
Balance at 30 June 2024	**-**	**3,686**	**16,642**	**20,328**

Parent	Work in progress $'000	Rights of access and other $'000	Software $'000	Total $'000
Balance at 1 July 2022	-	3,483	16,741	20,224
Transfers from work in progress	(3,348)	143	3,205	-
Transfers from property, plant and equipment	3,348	-	-	3,348
Amortisation expense	-	(284)	(5,275)	(5,559)
Total assets				
Balance at 30 June 2023	**-**	**3,342**	**14,671**	**18,013**
Transfers from work in progress	(7,226)	-	7,226	-
Transfers from property, plant and equipment	7,226	-	-	7,226
Amortisation expense	-	(300)	(5,255)	(5,555)
Total assets				
Balance at 30 June 2024	**-**	**3,042**	**16,642**	**19,684**

Recognition and measurement

Intangible assets are capitalised initially at cost. Costs incurred on incomplete intangible assets that are being progressively acquired, such as software, are recognised as acquisitions in progress at the reporting date. These assets are reclassified as completed intangible assets when the assets are fully acquired and are operational or available for use.

Following initial recognition, the cost approach is applied as it is considered that there is no active market that can be referenced for performing revaluations to a market-based fair value.

All research costs are expensed. Development costs are only capitalised when the criteria set out in AASB 138 *Intangible Assets* are met. The useful lives of intangible assets are assessed to be either finite or indefinite.

Where intangible assets are determined to have finite lives, they are amortised on a straight-line basis and the expense is recognised as part of the depreciation and amortisation line item in profit or loss. These assets are recognised in the statement of financial position at cost less accumulated amortisation and accumulated impairment losses, where applicable.

Where intangible assets are determined to have indefinite lives, they are not amortised. These assets are recognised in the statement of financial position at cost less accumulated impairment, where applicable. Easements over property and the Instrument of Delegation for foreshore lands are typical assets that come under this category.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Consolidated entity with the right to access a cloud provider's application software over the contract period. As such the Consolidated entity does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability for, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Impairment of assets

Intangible assets are tested for impairment where an indicator of impairment exists. Please refer to Note 14 for the accounting policy on the impairment of assets.

17 Leases

The Consolidated entity as a lessee

The Consolidated entity leases various properties. Lease contracts are typically made for fixed periods of 1 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The entity does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the entity and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Lease liabilities

The following table presents liabilities under leases.

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Opening balance	19,149	19,539	19,149	19,539
Additions	1,211	1,527	1,211	1,527
Interest expenses	785	821	785	821
Payments	(2,668)	(2,978)	(2,668)	(2,978)
Other movements	(199)	240	(199)	240
Closing balance	**18,278**	**19,149**	**18,278**	**19,149**

The following amounts were recognised in the statement of comprehensive income in respect of leases where the entity is the lessee.

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Depreciation expense of right-of-use assets	(2,237)	(2,165)	(2,237)	(2,165)
Interest expense on lease liabilities	(785)	(800)	(785)	(800)
Short-term and low-value leases	(921)	(503)	(911)	(472)
Total amount recognised in the statement of comprehensive income	**(3,943)**	**(3,468)**	**(3,933)**	**(3,437)**

Recognition and measurement

The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

(i) Right-of-use assets

Recognition and measurement criteria are disclosed at Note 15.

(ii) Lease liabilities

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the entity's leases, the lessee's incremental borrowing rate is used, being the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Consolidated entity's lease liabilities are reported under borrowings (refer Notes 20 and 25).

(iii) Short-term leases and leases of low-value assets

The Consolidated entity applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases with a fair value of $10,000 or less when new. Lease payments on short-term leases and leases of low value assets are expensed to profit or loss as incurred.

The Consolidated entity as a lessor

The Consolidated entity's properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the entity is exposed to changes in the residual value at the end of current leases, the entity typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating leases as at 30 June are as follows.

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Within one year	1,601	1,635	1,601	1,635
Later than one year and not later than five years	5,305	5,641	5,305	5,641
Later than five years	37,077	38,190	37,077	38,190
Total (including GST)	**43,983**	**45,466**	**43,983**	**45,466**

Recognition and measurement – lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

18 Fair value measurement

Fair value hierarchy

This note explains the judgements and estimates made in determining the fair value of property, plant and equipment. To provide an indication about the reliability of the inputs used in determining the fair value, the Consolidated entity has divided property, plant and equipment into the three separate fair value hierarchy levels prescribed under Australian Accounting Standards.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated – 2024 Assets	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Land	-	63,024	332,453	395,477
Infrastructure systems	-	-	2,988,628	2,988,628
Work in progress	-	-	313,887	313,887
Other property, plant and equipment	-	-	27,466	27,466
Total assets	**-**	**63,024**	**3,662,434**	**3,725,458**

Consolidated – 2023 Assets	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Land	-	59,612	313,073	372,685
Infrastructure systems	-	-	2,893,632	2,893,632
Work in progress	-	-	240,779	240,779
Other property, plant and equipment	-	-	28,679	28,679
Total assets	**-**	**59,612**	**3,476,163**	**3,535,775**

Parent – 2024 Assets	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Land	-	63,024	332,444	395,468
Infrastructure systems	-	-	2,562,714	2,562,714
Work in progress	-	-	313,554	313,554
Other property, plant and equipment	-	-	27,466	27,466
Total assets	**-**	**63,024**	**3,236,178**	**3,299,202**

Parent – 2023 Assets	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Land	-	59,612	313,064	372,676
Infrastructure systems	-	-	2,478,973	2,478,973
Work in progress	-	-	240,639	240,639
Other property, plant and equipment	-	-	28,679	28,679
Total assets	**-**	**59,612**	**3,061,355**	**3,120,967**

Level 3 assets

Movements in level 3 assets during the current and previous financial year are set out below.

Consolidated	Infra-structure $'000	Land $'000	Other PP&E $'000	Work in progress $'000	Total $'000
Balance at 1 July 2022	2,793,763	226,670	34,111	176,997	3,231,541
Gains recognised in profit or loss	481	195	-	-	676
Gains recognised in other comprehensive income	137,607	85,711	-	-	223,318
Additions	50,528	67	4,340	67,296	122,231
Disposals	(10,626)	(1)	(203)	-	(10,830)
Depreciation/amortisation	(78,124)	-	(9,569)	-	(87,693)
Other reclassification and transfers	3	431	-	(3,514)	(3,080)
Balance at 30 June 2023	**2,893,632**	**313,073**	**28,679**	**240,779**	**3,476,163**
Gains/(losses) recognised in profit or loss	(193)	129	-	-	(64)
Gains recognised in other comprehensive income	55,816	19,328	-	-	75,144
Additions	127,524	-	9,019	80,334	216,877
Disposals	(499)	(77)	(305)	-	(881)
Depreciation/amortisation	(87,652)	-	(9,927)	-	(97,579)
Other reclassification and transfers	-	-	-	(7,226)	(7,226)
Balance at 30 June 2024	**2,988,628**	**332,453**	**27,466**	**313,887**	**3,662,434**

Parent	Infra-structure $'000	Land $'000	Other PP&E $'000	Work in Progress $'000	Total $'000
Balance at 1 July 2022	2,398,047	226,647	34,111	176,685	2,835,490
Gains recognised in profit or loss	481	200	-	-	681
Gains recognised in other comprehensive income	113,570	85,720	-	-	199,290
Additions	50,481	67	4,340	67,301	122,189
Disposals	(10,626)	(1)	(203)	-	(10,830)
Depreciation/amortisation	(72,982)	-	(9,569)	-	(82,551)
Other reclassification and transfers	3	431	-	(3,348)	(2,914)
Balance at 30 June 2023	**2,478,974**	**313,064**	**28,679**	**240,638**	**3,061,355**
Gains/(losses) recognised in profit or loss	(193)	129	-	-	(64)
Gains recognised in other comprehensive income	39,103	19,328	-	-	58,431
Additions	127,522	-	9,019	80,142	216,683
Disposals	(499)	(77)	(305)	-	(881)
Depreciation/amortisation	(82,193)	-	(9,927)	-	(92,120)
Other reclassification and transfers	-	-	-	(7,226)	(7,226)
Balance at 30 June 2024	**2,562,714**	**332,444**	**27,466**	**313,554**	**3,236,178**

Valuation techniques and inputs used to determine the fair value of land

Following initial recognition at cost, market land is carried at fair value in accordance with TPP 21-09 *Valuation of Physical Non-Current Assets at Fair Value*. Land is subject to an independent revaluation at least every three years. However, the carrying amount of land is reviewed each year to ensure that it does not differ materially from fair value.

The most recent revaluation of land was undertaken at 30 June 2023. The next independent valuation is due in the year ended 30 June 2026. Market land has been valued by the valuer on the basis that it is not contaminated. Refer to Note 36 Contingent liabilities.

The market approach has been utilised to determine fair value. The market approach provides an indication of value by comparing the subject asset with similar assets for which price information is available. Price information for asset transactions is adjusted to reflect any differences in the legal, economic or physical characteristics of the transacted asset and the asset being valued.

Land subject to an operating lease has been disclosed separately from owned assets held and used by Water NSW. This land was valued using the income approach as part of the three yearly comprehensive land valuation process undertaken in 2023.

The significant unobservable inputs used in the fair value measurement of the system land assets relate to the professional judgement utilised to adjust market prices and other relevant information generated by market transactions to arrive at fair value. The use of a significantly higher (lower) transaction would result in a significantly higher (lower) fair value measurement.

The impact on total land assets caused by movements in the value of the system land are as follows.

Consolidated - 2024	Scenario A $'000	Scenario B $'000	Scenario C $'000	Scenario D $'000
% change in land value	1	(1)	5	(5)
Increase/(decrease) in fair value	3,955	(3,955)	19,774	(19,774)

Consolidated - 2023	Scenario A $'000	Scenario B $'000	Scenario C $'000	Scenario D $'000
% change in land value	1	(1)	5	(5)
Increase/(decrease) in fair value	3,727	(3,727)	18,634	(18,634)

Parent - 2024	Scenario A $'000	Scenario B $'000	Scenario C $'000	Scenario D $'000
% change in land value	1	(1)	5	(5)
Increase/(decrease) in fair value	3,955	(3,955)	19,773	(19,773)

Parent - 2023	Scenario A $'000	Scenario B $'000	Scenario C $'000	Scenario D $'000
% change in land value	1	(1)	5	(5)
Increase/(decrease) in fair value	3,727	(3,727)	18,634	(18,634)

Under these sensitivities movements up or down in value per hectare would have an immaterial impact on the overall valuation of the property, plant and equipment.

Valuation techniques and inputs used to determine the fair value of infrastructure systems and buildings

Buildings, system land (including land under leases) and water meters are considered an integral part of system assets. Buildings, land under leases and water meters are revalued using the income approach, system land is revalued using market approach. The fair value measurement of system assets has been categorised as Level 3 in the fair value hierarchy based on the unobservable inputs to the measurement calculation. Determining fair value is highly dependent on the inputs or assumptions used to estimate the future net cash flows that are able to be derived from the relevant assets. The forecast which is approved by the Board is developed by management through a comprehensive annual business planning and budgeting process. The approved budget takes into consideration limits set in the Consolidated entity's regulatory Price Determinations.

System assets, including infrastructure, buildings, land under leases and meters, are revalued on an annual basis using the income approach.

Cash Generating Units (CGUs)

The Consolidated entity considers it has three CGUs (parent - two CGUs). This reflects the segmented asset bases, customers and regulatory pricing determinations (revenue streams) of the Consolidated entity - Greater Sydney, Rural (including WAMC customers), and Broken Hill business segments (parent entity - Greater Sydney and Rural (including WAMC customers) business segments).

The Consolidated entity uses the income approach to determine the fair value of infrastructure assets. The model uses a discounted cash flow methodology over a five year period with a terminal value of the regulated asset base (RAB) for year five. The following key methods and assumptions have been used to arrive at fair value:

- Application of three separate CGUs.
- Each CGU used the same income approach model with differing inputs based on their respective regulatory pricing determinations.
- Discount rate – nominal pre-tax discount rate based on parameters as most recently published by the economic regulator(s) and the current market cost of long-term debt.

Future cash flows

- Determined on a nominal basis (including indexation).
- Estimated over five years based on Statement of Corporate Intent (SCI) operating and capital expenditure forecasts.
- Based upon maintaining specialised assets in their current condition, consequently future capital expenditure increasing service potential is excluded.
- Regulatory returns beyond current pricing determination periods are based on parameters as most recently published by the economic regulator(s).
- Future revenue estimates were based on SCI operating expenditure forecasts and water supply volumes, with prices adjusted to reflect the adjusted capital expenditure program (per above), and the consequential forecast roll-forward RAB and new regulated revenue requirements.
- Terminal value - at the end of year five being the RAB (based on adjusted capital expenditure per above).
- Expectations about possible variations in the amount and timing of future cash flows which reflect the most likely outcome as determined by management.

The following net cash flows / (outflows) were used in the revaluation model of each CGU.

Consolidated Undiscounted cash flows - 2024	Year 1 $'000	Year 2 $'000	Year 3 $'000	Year 4 $'000	Year 5 $'000
Greater Sydney CGU	(48,900)	(16,400)	(50,800)	(114,900)	(136,100)
Rural CGU	(53,500)	(41,100)	(91,200)	(72,000)	(8,200)
Broken Hill CGU	19,500	18,900	19,800	20,600	21,000
	(82,900)	**(38,600)**	**(122,200)**	**(166,300)**	**(123,300)**

Consolidated Undiscounted cash flows - 2023	Year 1 $'000	Year 2 $'000	Year 3 $'000	Year 4 $'000	Year 5 $'000
Greater Sydney CGU	(54,700)	7,700	(6,400)	50,900	70,900
Rural CGU	(16,000)	12,500	1,500	2,300	15,500
Broken Hill CGU	18,600	18,100	20,300	18,200	20,800
	(52,100)	**38,300**	**15,400**	**71,400**	**107,200**

Parent Undiscounted cash flows - 2024	Year 1 $'000	Year 2 $'000	Year 3 $'000	Year 4 $'000	Year 5 $'000
Greater Sydney CGU	(48,900)	(16,400)	(50,800)	(114,900)	(136,100)
Rural CGU	(53,500)	(41,100)	(91,200)	(72,000)	(8,200)
	(102,400)	**(57,500)**	**(142,000)**	**(186,900)**	**(144,300)**

Parent Undiscounted cash flows - 2023	Year 1 $'000	Year 2 $'000	Year 3 $'000	Year 4 $'000	Year 5 $'000
Greater Sydney CGU	(54,700)	7,700	(6,400)	50,900	70,900
Rural CGU	(16,000)	12,500	1,500	2,300	15,500
	(70,700)	**20,200**	**(4,900)**	**53,200**	86,400

Changes to the cash flow estimates in the revaluation model will result in a higher or lower fair value measurement. Where the change is an increase/(decrease) in estimated cash flows, the fair value of assets will increase/(decrease). As the cash flow estimates are discounted by the discount rate, the significance of the change in cash flows is largest in Year 1 when the effect of the discounting is smallest. The significance of the change reduces each year and is smallest in Year 5 when the effect of discounting is largest.

A change in the discount rate will also change the measurement of fair value for a given set of estimated future cash flows. The following table presents the impact of a change to the discount rate on the cash flows disclosed above.

Consolidated 2024/2023	Actual revaluation $'000	Scenario A + 1% $'000	Scenario B – 1% $'000
Greater Sydney CGU			
Discount rate	6.81% / 6.93%	7.81% / 7.93%	5.81% / 5.93%
Fair value	2,154,000 / 2,016,100	2,061,900 / 1,931,900	2,251,200 / 2,104,700
Rural CGU			
Discount rate	6.81% / 6.93%	7.81% / 7.93%	5.81% / 5.93%
Fair value	1,180,300 / 1,139,500	1,127,000 / 1,092,500	1,236,400 / 1,188,900
Broken Hill CGU			
Discount rate	6.81% / 6.93%	7.81% / 7.93%	5.81% / 5.93%
Fair value	426,900 / 415,500	411,000 / 400,000	443,700 / 431,800

Parent 2024/2023	Actual revaluation $'000	Scenario A + 1% $'000	Scenario B – 1% $'000
Greater Sydney CGU			
Discount rate	6.81% / 6.93%	7.81% / 7.93%	5.81% / 5.93%
Fair value	2,154,000 / 2,016,100	2,061,900 / 1,931,900	2,251,200 / 2,104,700
Rural CGU			
Discount rate	6.81% / 6.93%	7.81% / 7.93%	5.81% / 5.93%
Fair value	1,180,300 / 1,139,500	1,127,000 / 1,092,500	1,236,400 / 1,188,900

A change in cash flow estimates will also change the measurement of fair value. The following table presents the impact of a change to the cash flow estimates above, assuming no change to the discount rate.

Consolidated 2024/2023	Actual revaluation $'000	Scenario C $'000	Scenario D $'000
Greater Sydney CGU			
Operating cash flows change		+5%	-5%
Fair value	2,154,000 / 2,016,100	2,139,200 / 2,018,100	2,168,900 / 2,014,000
Rural CGU			
Operating cash flows change		+5%	-5%
Fair value	1,180,300 / 1,139,500	1,168,800 / 1,140,000	1,191,800 / 1,139,000
Broken Hill CGU			
Operating cash flows change		+5%	-5%
Fair value	426,900 / 415,500	431,200 / 419,500	422,700 / 411,400

Parent 2024/2023	Actual revaluation $'000	Scenario C $'000	Scenario D $'000
Greater Sydney CGU			
Operating cash flows change		+5%	-5%
Fair value	2,154,000 / 2,016,100	2,139,200 / 2,018,100	2,168,900 / 2,014,000
Rural CGU			
Operating cash flows change		+5%	-5%
Fair value	1,180,300 / 1,139,500	1,168,800 / 1,140,000	1,191,800 / 1,139,000

A change in terminal value estimates will also change the measurement of fair value. The following table presents the impact of a change to the terminal value, assuming no change to cash flow estimates or discount rate.

Consolidated 2024/2023	Actual revaluation $'000	Scenario E $'000	Scenario F $'000
Greater Sydney CGU			
Terminal value change		+5%	-5%
Fair value	2,154,000 / 2,016,100	2,276,600 / 2,114,800	2,031,500 / 1,917,300
Rural CGU			
Terminal value change		+5%	-5%
Fair value	1,180,300 / 1,139,500	1,250,800 / 1,196,000	1,109,800 / 1,083,100
Broken Hill CGU			
Terminal value change		+5%	-5%
Fair value	426,900 / 415,500	444,000 / 432,200	409,800 / 398,800

Parent 2024/2023	Actual revaluation $'000	Scenario E $'000	Scenario F $'000
Greater Sydney CGU			
Terminal value change		+5%	-5%
Fair value	2,154,000 / 2,016,100	2,276,600 / 2,114,800	2,031,500 / 1,917,300
Rural CGU			
Terminal value change		+5%	-5%
Fair value	1,180,300 / 1,139,500	1,250,800 / 1,196,000	1,109,800 / 1,083,100

A change in variable revenue from water delivery volumes will also change the measurement of fair value. The following table presents the impact of a change to the water volumes, assuming no change to cash flow estimates or discount rate.

Consolidated 2024/2023	Actual revaluation $'000	Scenario G $'000	Scenario H $'000
Greater Sydney CGU			
Water volume change		+10%	-10%
Fair value	2,154,000 / 2,016,100	2,181,300 / 2,040,900	2,126,800 / 1,991,300
Rural CGU			
Water volume change		+10%	-10%
Fair value	1,180,300 / 1,139,500	1,198,700 / 1,154,100	1,161,800 / 1,124,900
Broken Hill CGU			
Water volume change		+10%	-10%
Fair value	426,900 / 415,500	427,800 / 416,400	426,000 / 414,600

Parent 2024/2023	Actual revaluation $'000	Scenario G $'000	Scenario H $'000
Greater Sydney CGU			
Water volume change		+10%	-10%
Fair value	2,154,000 / 2,016,100	2,181,300 / 2,040,900	2,126,800 / 1,991,300
Rural CGU			
Water volume change		+10%	-10%
Fair value	1,180,300 / 1,139,500	1,198,700 / 1,154,100	1,161,800 / 1,124,900

The fair value of the Consolidated entity's assets may be impacted by variable revenues due to climate-related events, such as droughts and floods. Droughts could lead to a decrease in water availability, which could impact the Consolidated entity's ability to generate revenue and reduce the fair value of the assets. Floods could result in lower sales due to a reduction in water quality as well as less demand for water which could reduce the fair value of the assets.

The Consolidated entity will continue to monitor the impacts of climate-related events on the fair value of its assets.

In revaluing system assets, the asset's current use is considered its highest and best use.

Valuation techniques and inputs used to determine fair value of other property, plant and equipment

Other property, plant and equipment is valued at fair value in accordance with Australian Accounting Standards and guidance within TPP 21-09 *Valuation of Physical Non-Current Assets at Fair Value*. For non-specialised assets, TPP 21-09 allows for recognition at depreciated historical cost as an acceptable surrogate for fair value. Depreciated historical cost is considered an appropriate surrogate because any difference between fair value and depreciated historical cost is unlikely to be material. Further, the benefit of ascertaining a more accurate estimate of fair value does not justify the additional costs of obtaining it.

In revaluing other property, plant and equipment, the asset's current use is considered its highest and best use.

There were no changes to the valuation technique adopted for other property, plant and equipment during the year.

19 Current liabilities – trade and other payables

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Trade payables	4,512	15,474	4,512	15,201
Other liabilities – pass through charges	8,792	9,540	8,792	9,540
Non-trade payables and accrued expenses	38,778	24,275	38,405	23,871
Accrued salaries, wages and on-costs	13,690	11,704	13,690	11,704
Fringe benefits tax	24	32	24	32
Accrued interest on loans	35,058	34,228	29,528	28,947
	100,854	**95,253**	**94,951**	**89,295**

Refer to note 38 for further information on financial instruments.

Recognition and measurement

Trade and other payables

Trade and other payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Invoices are generally payable in 30 days.

20 Current liabilities – borrowings

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current borrowings	773,684	260,646	731,721	209,470
Loan from the Controlled entity	-	-	37,052	29,159
Lease liabilities	2,467	2,817	2,467	2,817
	776,151	**263,463**	**771,240**	**241,446**

Refer to note 38 for further information on financial instruments.

Recognition and measurement

Interest-bearing borrowings obtained by the Consolidated entity from the NSW Treasury Corporation (TCorp) are recognised initially at the fair value of the consideration received, which incorporates any transaction costs associated with the borrowing. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any differences between the initial fair value and the final redemption value of borrowings, such as discounts and premiums. These differences are amortised to profit or loss as part of the finance costs over the period of the loan on an effective interest basis.

Gains or losses are recognised in profit or loss when liabilities are derecognised, such as through a debt restructuring or early repayment of debt, as well as through the amortisation process.

Under the Master Terms agreement, the Consolidated entity is able to rollover its maturing debt to any term offered by its lender (TCorp), provided the total capital value of the debt remains within limits approved under the *Government Sector Finance Act 2018* (Refer Note 25). The Consolidated entity also pays a Government Guarantee Fee to NSW Treasury to have its loans guaranteed by the State of NSW.

The loan provided is secured by a charge on income and revenue of the Corporation pursuant to section 6.28 of the GSF Act.

21 Current liabilities – provisions

	Consolidated			Parent
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Annual leave	15,207	14,975	15,207	14,975
Long service leave	27,202	25,911	27,202	25,911
Other benefits	1,948	1,008	1,948	1,008
Insurance works	29,662	30,847	29,662	30,847
Payroll tax	2,301	2,218	2,301	2,218
Other	2,240	2,589	2,240	2,589
Termination benefits	258	953	258	953
Remediation	736	1,121	736	1,121
Land tax	42,936	35,050	42,935	35,049
	122,490	**114,672**	**122,489**	**114,671**

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months.

	Consolidated			Parent
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Long service leave	23,215	22,543	23,215	22,543

Recognition and measurement

Annual leave

The liability for annual leave benefits is actuarially calculated to determine the present value of the future benefit that employees have earned in return for their service up to the reporting date. Annual leave, which is not expected to be settled wholly within 12 months of the end of the annual reporting period in which the employees render the related service is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. The discount rate used is the yield at the reporting date on high quality corporate bond rates that have maturity dates approximating to the terms of the annual leave obligations.

If benefits are expected to be settled wholly within 12 months of the end of the reporting period, then they are measured at the undiscounted amount of the benefit.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 (although short-cut methods are permitted). Actuarial advice obtained by the Consolidated entity has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Long service leave

The present value of the future benefit related to long service leave is calculated using an actuarial valuation method called the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Consideration is given to expected wages and salary levels, experience of employee departures and periods of service. The discount rate of 5.5% (2023: 5.5%) used is the yield at the reporting date on high quality corporate bond rates that have maturity dates approximating the terms of the long service leave obligations.

Unconditional entitlements to long service leave benefits are classified as current liabilities in the statement of financial position, while conditional and pre-conditional entitlements are classified as non-current liabilities as they do not fall due for settlement at the reporting date.

Termination benefits

Termination benefits are employee benefits payable as a result of an employee's decision to accept voluntary redundancy in exchange for those benefits. The liability for redundancy benefits for specific employees is measured at the non-discounted calculated entitlement that will be paid to those employees. The liability for redundancy benefits for employees that are subject to a restructuring program is recognised when a detailed formal plan for the restructuring exists and when a valid expectation in those affected has been raised.

Other provisions

Unused non-vesting sick leave does not give rise to a liability as it is considered improbable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax and workers compensation insurance premium, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have also been recognised.

Insurance works

The insurance provision recognises the costs relating to the Consolidated entity's obligation to repair or replace assets resulting from damage as a result of the 2020 bushfires and various floods since 2020.

The frequency and severity of climate-related events, such as bushfires and floods, have increased in recent years, which has resulted in an increase in insurance works for the Consolidated entity.

We will continue to monitor the impacts of climate-related events on our insurance claims, premiums, and deductibles, and adjust our plans and forecasts accordingly.

Land tax

The land tax provision recognises the Consolidated entity's obligation to pay tax on the taxable value of land that is owned by Water NSW.

22 Current liabilities – Dividend payable

Under the NTER, the Corporation is not required to maintain a dividend franking account.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Dividend payable	40,000	40,000	40,000	40,000
Reconciliation of the fair values at the beginning and end of the current and previous financial year				
Opening balance	40,000	15,000	40,000	15,000
Dividend declared	40,000	40,000	40,000	40,000
Dividend paid	(40,000)	(15,000)	(40,000)	(15,000)
Closing balance	**40,000**	**40,000**	**40,000**	**40,000**

Recognition and measurement

Dividends payable are agreed by the Board of Water NSW, the Directors of WaterNSW Infrastructure and the relevant Ministers in May/June of each financial year. This process establishes a present obligation for the future payment of a dividend.

Dividends are calculated in accordance with the requirements of TPG 21-10 *Capital Structure and Financial Distribution Policy for Government Businesses*.

23 Current liabilities – other

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Subsidies and grants received in advance	19,987	19,394	19,987	19,394
Refund liabilities	9	10	9	10
Foreign exchange contracts – cash flow hedges	13	-	13	-
	20,009	**19,404**	**20,009**	**19,404**

Recognition and measurement

Refund liabilities

Refund liabilities are recognised where the Consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Consolidated entity does not expect to be entitled to and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Foreign exchange contracts

Forward foreign exchange contracts are used to mitigate exchange rate exposure arising from firm commitments for the purchase of goods and services in foreign currency.

Generally, forward foreign exchange contracts are designated as hedging instruments in cash flow hedges in accordance with AASB 9 *Financial Instruments*. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date. The gain or loss from remeasuring these hedging instruments to fair value is recognised in other comprehensive income and deferred in equity in the cash flow hedge reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current year. Where forward exchange contracts are not designated as hedging instruments, the gain or loss from remeasuring these contracts is recognised in the profit or loss.

24 Current liabilities – contract liabilities

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Contract liabilities	7,696	4,053	7,696	4,053

Recognition and measurement

Contract liabilities are recognised when a customer pays consideration, or when the Consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the Consolidated entity has transferred the goods or services to the customer. The liability is the Consolidated entity's obligation to transfer goods or services to a customer from which it has received consideration.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period is expected to be recognised as revenue in future periods as follows.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Within 6 months	3,771	1,073	3,771	1,073

25 Non-current liabilities – borrowings

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Borrowings	1,161,251	1,627,854	904,254	1,383,223
Lease liabilities	15,811	16,332	15,811	16,332
	1,177,062	**1,644,186**	**920,065**	**1,399,555**

Refer to note 38 for further information on financial instruments.

Financing arrangements

The following facilities were available at the reporting date.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Total facilities				
Long term borrowing facility	2,400,000	2,400,000	2,050,000	2,050,000
Come & Go facility	50,000	50,000	50,000	50,000
Credit card facility	2,000	2,000	2,000	2,000
Borrowing facility – WaterNSW Infrastructure	–	–	65,000	65,000
	2,452,000	**2,452,000**	**2,167,000**	**2,167,000**
Used at the reporting date				
Long term borrowing facility	1,934,935	1,888,500	1,635,975	1,592,693
Come & Go facility	–	–	–	–
Credit card facility	582	491	582	491
Borrowing facility – WaterNSW Infrastructure	–	–	37,349	29,159
	1,935,517	**1,888,991**	**1,673,906**	**1,622,343**
Unused at the reporting date				
Long term borrowing facility	465,065	511,500	414,025	457,307
Come & Go facility	50,000	50,000	50,000	50,000
Credit card facility	1,418	1,509	1,418	1,509
Borrowing facility – WaterNSW Infrastructure	–	–	27,651	35,841
	516,483	**563,009**	**493,094**	**544,657**

Come and Go short-term borrowing facility

The Consolidated entity has a $50 million (2023: $50 million) short term borrowing facility in place with TCorp. The 'Come and Go' facility is used extensively as part of the Consolidated entity's daily cash management function.

Long-term borrowing facility

The Consolidated entity has the NSW Treasurer's approval to obtain long-term borrowing facilities from the central borrowing authority, TCorp. TCorp loans are negotiated with either a floating interest rate, in which case the rate is reset periodically, or at a fixed rate where interest is paid half-yearly in arrears or on maturity. Additionally, TCorp provides CPI indexed bonds and resettable loans to the Consolidated entity.

Intercompany loan

On 21 December 2020, the Treasurer approved an intercompany loan for $65 million of which $37.3 million was used at 30 June 2024 (2023: $29.2 million). The intercompany loan is at-call, interest free and unsecured, and is measured at amortised cost.

Changes in liabilities arising from financing activities – Consolidated 30 June 2024	Dividends $'000	Short-Term borrowings $'000	Long-Term borrowings $'000	Leases $'000	Total $'000
Balance at 1 July 2023	40,000	260,646	1,627,854	19,149	1,947,649
Non-cash movements	40,000	478,038	(466,603)	993	52,428
Net cash movements	(40,000)	35,000	-	(1,864)	(6,864)
Balance at 30 June 2024	**40,000**	**773,684**	**1,161,251**	**18,278**	**1,993,213**

Changes in liabilities arising from financing activities – Consolidated 30 June 2023	Dividends $'000	Short-Term borrowings $'000	Long-Term borrowings $'000	Leases $'000	Total $'000
Balance at 1 July 2022	15,000	233,691	1,645,022	19,539	1,913,252
Non-cash movements	40,000	26,955	(17,168)	1,780	51,567
Net cash movements	(15,000)	-	-	(2,170)	(17,170)
Balance at 30 June 2023	**40,000**	**260,646**	**1,627,854**	**19,149**	**1,947,649**

Changes in liabilities arising from financing activities – Parent 30 June 2024	Dividends $'000	Short-Term borrowings $'000	Long-Term borrowings $'000	Leases $'000	Loans from Controlled entity $'000	Dividends from Controlled entity $'000	Total $'000
Balance at 1 July 2023	40,000	209,470	1,381,771	19,149	29,159	(2,400)	1,677,149
Non-cash movements	40,000	487,251	(477,517)	983	-	-	50,717
Net cash movements	(40,000)	35,000	-	(1,864)	7,893	2,400	3,429
Balance at 30 June 2024	**40,000**	**731,721**	**904,254**	**18,278**	**37,052**	**-**	**1,731,305**

Changes in liabilities arising from financing activities – Parent 30 June 2023	Dividends $'000	Short-Term borrowings $'000	Long-Term borrowings $'000	Leases $'000	Loans from Controlled entity $'000	Dividends from Controlled entity $'000	Total $'000
Balance at 1 July 2022	15,000	181,547	1,404,189	19,539	24,104	(3,400)	1,640,979
Non-cash movements	40,000	27,923	(22,418)	1,780	-	(2,400)	44,885
Net cash movements	(15,000)	-	-	(2,170)	5,055	3,400	(8,715)
Balance at 30 June 2023	**40,000**	**209,470**	**1,381,771**	**19,149**	**29,159**	**(2,400)**	**1,677,149**

26 Non-current liabilities – provisions

	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Long service leave	4,428	3,872	4,428	3,872
Payroll tax	241	210	241	210
Restoration	384	374	384	374
Defined benefit superannuation scheme	48,726	49,832	48,726	49,832
	53,779	**54,288**	**53,779**	**54,288**

Recognition and measurement

Defined benefit superannuation schemes

The Consolidated entity contributes to three defined benefit superannuation schemes in the NSW Public Sector Pooled Fund. These are: State Superannuation Scheme (SSS), State Authorities Superannuation Scheme (SASS) and State Authorities Non-contributory Superannuation Scheme (SANCS).

The net obligation in respect of defined benefits plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The benefit is also adjusted for any asset ceiling (i.e. the present value of economic benefits available as refunds from the plan or reductions in future contributions to the plan).

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability or asset are recognised in other comprehensive income (directly through retained earnings) in the reporting period in which they occur. Such remeasurements include actuarial gains or losses, the return on plan assets (excluding amounts included in net interest on the defined benefit liability or asset) and any change in effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability or asset).

AASB 119 *Employee Benefits* does not specify whether the current and non-current portions of the liability should be disclosed because at times the distinction can be arbitrary. Management has determined that the liability be disclosed as non-current as this best reflects when the liability will most likely be settled.

Assumptions underlying defined benefit superannuation expenses and liabilities are disclosed in Note 27.

Restoration

The provision for restoration is based on long term estimates to restore leased premises discounted to their present value. The restoration costs are separately capitalised against assets that have been acquired as part of leasing the premises, such as fit outs. Where the Consolidated entity has not incurred expenditure to acquire assets as part of leasing the premises, the restoration costs are expensed in profit or loss.

Movements in provisions

Movements in each class of provision (current and non-current) during the current financial year, other than employee benefits, are set out below.

Consolidated - 2024	Other provisions $'000	Land tax $'000	Restoration $'000	Remediation $'000	Insurance works $'000
Carrying amount at the start of the year	2,589	35,050	374	1,121	30,846
Additional provisions recognised	-	7,886	10	-	13,752
Amounts used	(349)	-	-	(385)	(14,936)
Carrying amount at the end of the year	**2,240**	**42,936**	**384**	**736**	**29,662**

Consolidated - 2023	Other provisions $'000	Land tax $'000	Restoration $'000	Remediation $'000	Insurance works $'000
Carrying amount at the start of the year	2,618	27,112	359	1,073	17,602
Additional provisions recognised	97	7,938	15	48	15,688
Amounts used	(126)	-	-	(385)	(2,444)
Carrying amount at the end of the year	**2,589**	**35,050**	**374**	**1,121**	**30,846**

Parent - 2024	Other provisions $'000	Land tax $'000	Restoration $'000	Remediation $'000	Insurance works $'000
Carrying amount at the start of the year	2,589	35,050	374	1,121	30,846
Additional provisions recognised	-	7,885	10	-	13,752
Amounts used	(349)	-	-	(385)	(14,936)
Carrying amount at the end of the year	**2,240**	**42,935**	**384**	**736**	**29,662**

Parent - 2023	Other provisions $'000	Land tax $'000	Restoration $'000	Remediation $'000	Insurance works $'000
Carrying amount at the start of the year	2,618	27,112	358	1,073	17,602
Additional provisions recognised	97	7,938	15	48	15,688
Amounts used	(126)	-	-	-	(2,444)
Carrying amount at the end of the year	**2,589**	**35,050**	**373**	**1,121**	**30,846**

27 Non-current liabilities – defined benefit obligations

Defined benefit superannuation schemes

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. All the Schemes are closed to new members.

Description of the regulatory framework

The schemes in the Pooled Fund were established and are governed by the following NSW legislation:

- *Superannuation Act 1916*
- *State Authorities Superannuation Act 1987*
- *State Authorities Non-Contributory Superannuation Scheme Act 1987*
- and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy. An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed as at 30 June 2024.

Description of other entities' responsibilities for the governance of the fund

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules
- management and investment of the fund assets
- compliance with other applicable regulations.

Description of risks

There are a number of risks to which the Pooled Fund exposes the employer. The more significant risks relating to the defined benefits are:

- Investment risk - The risk that investment returns will be lower than assumed and the employer will need to increase contributions to offset this shortfall.
- Longevity risk - The risk that pensioners live longer than assumed, increasing future pensions.
- Pension indexation risk - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- Salary growth risk - The risk that wages or salaries (on which future benefits for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- Legislative risk - The risk that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events

There were no fund amendments, curtailments or settlements during the year.

	Consolidated		Parent	
Reconciliation of the net defined benefit liability As at 30 June 2024	**SASS $'000**	**SANCS $'000**	**SSS $'000**	**Total $'000**
Net defined benefit liability at beginning of the year	7,512	2,178	40,144	49,834
Current service cost	112	122	70	304
Net interest on net defined benefit liability	400	112	2,213	2,725
Actual return on fund assets less interest income	(508)	(15)	(1,759)	(2,282)
Actuarial (gains)/losses arising from changes in financial assumptions	907	144	3,272	4,323
Actuarial (gains)/losses arising from liability experience	(772)	329	(2,528)	(2,971)
Employer contributions	(856)	(405)	(1,943)	(3,204)
Net defined benefit liability at end of the year	**6,795**	**2,465**	**39,469**	**48,729**

	Consolidated		Parent	
Reconciliation of the net defined benefit liability As at 30 June 2023	**SASS $'000**	**SANCS $'000**	**SSS $'000**	**Total $'000**
Net defined benefit liability at beginning of the year	8,188	2,374	44,542	55,104
Current service cost	181	160	108	449
Net interest on net defined benefit liability	407	116	2,343	2,866
Actual return on fund assets less interest income	(1,308)	(98)	(4,084)	(5,490)
Actuarial (gains)/losses arising from changes in financial assumptions	(542)	(16)	(3,976)	(4,534)
Actuarial (gains)/losses arising from liability experience	1,605	16	1,893	3,514
Employer contributions	(1,019)	(374)	(682)	(2,075)
Net defined benefit liability at end of the year	**7,512**	**2,178**	**40,144**	**49,834**

	Consolidated		Parent	
Reconciliation of the fair value of fund assets As at 30 June 2024	**SASS $'000**	**SANCS $'000**	**SSS $'000**	**Total $'000**
Fair value of fund assets at beginning of the year	31,695	2,107	105,535	139,337
Interest income	1,681	103	5,777	7,561
Actual return on fund assets less interest income	508	15	1,759	2,282
Employer contributions	856	405	1,943	3,204
Contributions by participants	243	-	114	357
Benefits paid	(4,555)	(1,124)	(7,160)	(12,839)
Taxes, premiums and expenses paid	(6)	(19)	418	393
Fair value of fund assets at end of the year	**30,422**	**1,487**	**108,386**	**140,295**

	Consolidated		Parent	
Reconciliation of the fair value of fund assets As at 30 June 2023	**SASS $'000**	**SANCS $'000**	**SSS $'000**	**Total $'000**
Fair value of fund assets at beginning of the year	35,156	2,994	103,116	141,266
Interest income	1,744	138	5,284	7,166
Actual return on fund assets less interest income	1,308	98	4,084	5,490
Employer contributions	1,019	374	682	2,075
Contributions by participants	324	-	187	512
Benefits paid	(7,657)	(1,311)	(8,075)	(17,044)
Taxes, premiums and expenses paid	(199)	(186)	257	(128)
Fair value of fund assets at end of the year	**31,695**	**2,107**	**105,535**	**139,337**

	Consolidated		Parent	
Reconciliation of the Defined Benefit Obligation As at 30 June 2024	**SASS $'000**	**SANCS $'000**	**SSS $'000**	**Total $'000**
Present value of obligation at beginning of the year	39,207	4,284	145,681	189,173
Current service cost	112	122	70	304
Interest cost	2,082	214	7,990	10,286
Contributions by participants	243	-	114	357
Actuarial (gains)/losses arising from changes in financial assumptions	907	144	3,272	4,323
Actuarial (gains)/losses arising from liability experience	(772)	329	(2,528)	(2,971)
Benefits paid	(4,555)	(1,124)	(7,160)	(12,839)
Taxes, premiums and expenses paid	(6)	(19)	418	393
Present value of obligation at end of the year	**37,218**	**3,950**	**147,857**	**189,026**

Reconciliation of the Defined Benefit Obligation As at 30 June 2023	Consolidated SASS $'000	SANCS $'000	Parent SSS $'000	Total $'000
Present value of obligation at beginning of the year	43,344	5,367	147,660	196,372
Current service cost	181	160	108	449
Interest cost	2,151	254	7,627	10,032
Contributions by participants	324	-	187	511
Actuarial (gains)/losses arising from changes in financial assumptions	(542)	(16)	(3,976)	(4,534)
Actuarial (gains)/losses arising from liability experience	1,605	16	1,893	3,514
Benefits paid	(7,657)	(1,311)	(8,075)	(17,043)
Taxes, premiums and expenses paid	(199)	(186)	257	(128)
Present value of obligation at end of the year	**39,207**	**4,284**	**145,681**	**189,173**

Fair value of Fund assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers and assets are not separately invested for each entity. As such, the disclosures below relate to total assets of the Pooled Fund.

Assets category as at 30 June	2024 Quoted prices in market for identical assets $'000	Significant observable inputs $'000	Unobserv-able Inputs $'000	Totals $'000	2023 Quoted prices in market for identical assets $'000	Significant observable inputs $'000	Unobserv-able Inputs $'000	Totals $'000
Short term securities	2,284,654	207,875	-	2,492,529	2,896,493	2,434,323	-	5,330,816
Australian fixed interest	-	91,776	-	91,776	-	100,350	-	100,350
International fixed interest	-	1,015,170	11,726	1,026,897	-	1,288,564	12,473	1,301,037
Australian equities	4,491,341	1,545,025	-	6,036,366	4,352,503	796,671	4,528,929	9,678,103
International equities	14,704,964	140,680	3,896	14,849,540	13,942,743	155,394	39,901	14,138,038
Property	-	-	2,100,819	2,100,819	-	-	769,724	769,724
Alternatives	2,865	2,864,176	7,592,814	10,459,855	179	1,206,068	4,852,952	6,059,199
Totals	**21,483,824**	**5,864,702**	**9,709,255**	**37,057,782**	**21,191,918**	**5,981,370**	**10,203,979**	**37,377,267**

Percentage invested in each asset class at the reporting date	2024 %	2023 %
Short term securities	6.70%	14.30%
Australian fixed interest	0.20%	0.30%
International fixed interest	2.80%	3.50%
Australian equities	16.30%	25.90%
International equities	40.10%	37.80%
Property	5.70%	2.10%
Alternatives	28.20%	16.20%
Total	100.00%	100.00%

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.
Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.
Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Fair value of entity's own financial instruments

The disclosures below relate to total assets of the Pooled Fund.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of $285 million (2023: $338 million).
- Health Administration Corporation previously occupied part of a property 50% owned by the Pooled Fund. The Corporation vacated this property prior to 30 June 2024.

Significant actuarial assumptions at the reporting date	30 June 2024	30 June 2023
Discount rate	5.57% p.a	5.65% p.a
Salary increase rate (excluding promotional increases)	4.56% 24/25; 3.80% 25/26; 3.78% 26/27; 3.80% 27/28; 3.70% pa thereafter	4.45% for 23/24; 2.95% for 24/25; 2.74% for 25/26, 3.20% pa thereafter
Rate of CPI increase	4.25% 23/24; 3.00% 24/25; 2.75% 25/26; 2.50% pa thereafter	6.65% for 22/23; 3.50% for 23/24; 3.00% for 24/25; 2.50% pa thereafter

The pensioner mortality assumptions are as per the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report on the Trustee's website. The report shows the pension mortality rates for each age.

Sensitivity analysis

The Consolidated entity's total defined benefit obligation as at 30 June 2024 under several scenarios is presented below. The total benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2024. Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

Consolidated/Parent	Base case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate
Discount rate	as above	as above - 0.5% p.a.	as above +0.5% p.a.
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation ($'000)	189,025,595	199,076,236	179,770,667

Consolidated/Parent	Base case	Scenario C +0.5% CPI rate change	Scenario D -0.5% CPI rate change
Discount rate	as above	as above	as above
Rate of CPI increase	as above	plus 0.5% p.a.	less 0.5% p.a.
Salary inflation rate	as above	as above	as above
Defined benefit obligation ($'000)	189,025,595	199,091,023	179,708,275

Consolidated/Parent	Base case	Scenario E +0.5% Salary rate increase	Scenario F -0.5% Salary rate increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	plus 0.5% p.a.	less 0.5% p.a.
Defined benefit obligation ($'000)	189,025,595	189,445,881	188,616,862

Consolidated/Parent	Base case	Scenario G Lower mortality*	Scenario H Higher mortality**
Defined benefit obligation ($'000)	189,025,595	194,166,945	183,963,187

* Assumes mortality rates, including future improvements, are as if the pensioner were 1 year younger than actual.
** Assumes mortality rates, including future improvements, are as if the pensioner were 1 year older than actual.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cash flows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Surplus/deficit

The following is a summary of the 30 June 2024 financial position of the Fund calculated in accordance with AASB 1056 *Superannuation Entities*.

As at 30 June 2024	Consolidated SASS $'000	Consolidated SANCS $'000	Parent SSS $'000	Total $'000
Accrued benefits*	33,488	3,414	124,284	161,186
Net market value of fund assets	(30,424)	(1,488)	(108,387)	(140,299)
Net (surplus)/deficit	**3,064**	**1,926**	**15,897**	**20,887**

As at 30 June 2023	Consolidated SASS $'000	Consolidated SANCS $'000	Parent SSS $'000	Total $'000
Accrued benefits*	36,004	3,815	122,342	162,161
Net market value of fund assets	(31,697)	(2,107)	(105,536)	(139,340)
Net (surplus)/deficit	**4,307**	**1,708**	**16,806**	**22,821**

* There is no allowance for a contribution tax provision within the accrued benefit figure for AASB 1056. Allowance for contribution tax is made when setting the contribution rates.

Economic assumptions

The economic assumptions adopted for 30 June 2024 in accordance with AASB 1056 *Superannuation Entities*.

Weighted average assumptions	Per annum
Expected rate of return on Fund assets backing current pension liabilities	7.0% p.a.
Expected rate of return on Fund assets backing other liabilities	6.2% p.a.
Expected salary increase rate (excluding promotional salary increases)	4.56% 24/25; 3.80% 25/26; 3.78% 26/27; 3.80% 27/28; 3.70% pa thereafter
Expected rate of CPI increase	3.70% for 23/24; 2.50% pa thereafter

Sensitivity analysis – AASB 1056

Scenarios A and B relate to the sensitivity of the Accrued Benefits under AASB 1056 to changes in the expected return on Fund assets.

$'000	Base case	Scenario A -0.5% return	Scenario B +0.5% return
Expected rates of return on Fund assets	7.0%/6.2%	6.5%/5.7%	7.5%/6.7%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Accrued benefits ($'000)	161,186	168,044	154,841

	Consolidated		Parent	
Financial year to 30 June 2025	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Expected employer contributions	760	357	2,946	4,063

	Consolidated		Parent	
30 June 2024 Profit or loss impact	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Current service cost	112	122	70	304
Net interest	400	112	2,213	2,725
Profit or loss component of the defined benefit cost	**512**	**234**	**2,283**	**3,029**

	Consolidated		Parent	
30 June 2024 Other comprehensive income	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actuarial (gains)/losses on liabilities	135	473	744	1,352
Actual return on Fund assets less interest income	(508)	(15)	(1,759)	(2,282)
Total remeasurement in other comprehensive income	**(373)**	**458**	**(1,015)**	**(930)**

	Consolidated		Parent	
30 June 2023 Other comprehensive income	SASS $'000	SANCS $'000	SSS $'000	Total $'000
Actuarial (gains)/losses on liabilities	1,063	1	(2,084)	(1,020)
Actual return on Fund assets less interest income	(1,308)	(98)	(4,084)	(5,490)
Total remeasurement in other comprehensive income	**(245)**	**(97)**	**(6,168)**	**(6,510)**

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 10.6 years.

28 Non-current liabilities – other liabilities

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Subsidies and grants received in advance	99,880	95,555	99,880	95,555
Other liabilities	34	34	34	33
	99,914	**95,589**	**99,914**	**95,588**

Recognition and measurement

Deferred Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are initially recognised as liabilities at fair value and are then recognised as income over the expected useful life of the asset on a straight-line basis. That portion of deferred government grants received in relation to capital expenditure that relates to useful life in excess of 12 months is treated as a non-current liability.

29 Non-current liabilities – contract liabilities

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Contract liabilities	910	931	910	930

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period is expected to be recognised as revenue in future periods as follows.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
12 to 18 months	910	931	910	930

30 Equity – contributed equity

The contributed equity of the Consolidated entity is divided into two equal shares. The Consolidated entity's shareholders are: The Treasurer and Minister for Finance. All shares are issued and fully paid. The contributed equity balance represents transfers on formation of Water NSW, repayment of capital to NSW Government and various transfers of assets and liabilities to and from NSW Government owned entities.

Capital risk management

The Consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated entity, with approvals of the shareholders, may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the previous Annual Report.

Recognition and measurement

The contributed equity represents the net assets balance transferred between agencies as a result of administrative restructures, and transfers of programs / functions and parts thereof between NSW public sector agencies that are designated or required by Accounting Standards to be treated as contributions by owners. This treatment is consistent with AASB 1004 C*ontributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*. Transfers arising from an administrative restructure involving not-for-profit entities and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. In most instances this will approximate fair value.

WaterNSW Infrastructure Pty Ltd is incorporated under the *Corporations Act 2001* with issued capital of one hundred (100) fully paid $1 ordinary shares. The current shareholder is Water NSW. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Consolidated entity.

31 Related party transactions

Parent entity

The entity has related party relationships with key management personnel (refer (a) below) and with entities that belong to the NSW Total State Sector Consolidated group controlled by the NSW government (refer (b) below).

Subsidiaries

Interests in subsidiaries are set out in note 13.

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 32.

(b) Government-related entities

Government-related entities are those that are controlled or jointly controlled or significantly influenced by the NSW Government. The aggregate value of the transactions and outstanding balances are as follows:

Related Party	Nature of transaction	Note reference
Sydney Water Corporation	Water supply and delivery	Note 2
NSW Department of Climate Change, Energy, the Environment and Water	Rebates	Note 2
NSW Department of Climate Change, Energy, the Environment and Water	Government grants	Note 3
NSW Department of Climate Change, Energy, the Environment and Water	Various services engagements	Note 4
NSW Treasury Corporation	Borrowings and finance costs	Note 8, Note 20, Note 25
NSW Treasury	Dividends	Note 22
NSW Treasury	Government Guarantee Fee	Note 8
Revenue NSW	Income Tax, Land Tax, Payroll Tax	Note 10, Note 21, Note 26
Essential Energy	Broken Hill Pipeline transportation services	Note 2

32 Key management personnel

The Consolidated entity has related party relationships with key management personnel (refer (a) below) and their related entities (refer (b) below).

(a) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Consolidated entity, directly or indirectly. This comprises all directors, whether executive or non-executive, and senior executives who lead the various business units of the Consolidated entity, the Consolidated entity's two shareholder Ministers and Portfolio Minister. Compensation is shown below for the directors and the senior executives only. The NSW Legislature pays the Ministers their compensation and this is not reimbursable from the Consolidated entity.

The aggregate compensation made to directors and other members of key management personnel of the Consolidated entity is set out below.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Short-term employee benefits	3,938	3,984	3,938	3,984
Post-employment benefits	252	249	252	249
Long-term benefits	35	45	35	45
	4,225	**4,278**	**4,225**	**4,278**

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Directors excluding Chief Executive Officer*	490	530	490	530
Senior executives including Chief Executive Officer	3,735	3,748	3,735	3,748
	4,225	**4,278**	**4,225**	**4,278**

The above disclosures for senior executives are based on accruals of employee benefits during the reporting period in accordance with the requirements of AASB 124 *Related Parties* and AASB 119 *Employee Benefits*.

(b) Other transactions with key management personnel

Any transactions undertaken with key management personnel or entities related to them are conducted on an arm's length basis on commercial terms and conditions. In accordance with the requirements of TPG 23-16 *Related Party Disclosures*, the Consolidated entity collects arm's length transactions only in excess of $100,000. Such transactions are disclosed if it is concluded that they are either quantitatively or qualitatively material to the Consolidated entity's financial statements.

There were no other related party transactions to disclose.

33 Auditors remuneration

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Financial audit of Water NSW	357	343	357	343
Financial audit of WaterNSW Infrastructure Pty Ltd	33	31	-	-
Total remuneration	**390**	**374**	**357**	**343**

34 Commitments

Capital commitments	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Committed at the reporting date but not recognised as liabilities, payable:				
Property, plant and equipment and intangible assets	88,422	107,249	88,422	107,150
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	84,596	82,811	84,596	82,712
One to five years	3,826	24,438	3,826	24,438
	88,422	**107,249**	**88,422**	**107,150**

Amounts disclosed as capital commitments includes GST of $8.0 million (2023: $9.7 million) recoverable from the Australian Taxation Office.

35 Contingent assets

The Consolidated entity is currently progressing various insurance claims with its insurer, iCare, to recover unrecognised insurance proceeds in relation to capital works required to replace assets written-off pursuant to extreme weather events in recent years (2020 bushfires, 2020 floods and subsequent floods).

Proceeds from these ongoing insurance claims will be recognised when received. The expected value of the settlement has not been disclosed to avoid prejudicing the claims process.

36 Contingent liabilities

The Consolidated entity is a party to various legal actions and claims which have arisen in the ordinary course of business. Possible liabilities arising from such claims cannot be reliably measured at this time. In the directors' opinion, disclosure of any further information would be prejudicial to the interests of the Consolidated entity.

The Consolidated entity has a potential exposure to risk from contaminated land and infrastructure that may contain hazardous materials and environmental incidents. There is an ongoing program for the management of contamination and remediation where required. It is not possible to estimate possible liabilities reliably, as the need for and the type of management and remediation is dependent on future events that cannot be determined at this time.

37 Cash flow information

Reconciliation of profit after tax to net cash from operating activities in the statement of cash flows.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Profit/(loss) after tax	44,938	1,968	44,670	2,170
Depreciation	99,815	89,858	94,309	84,717
Amortisation	5,602	5,582	5,602	5,558
Fair value adjustment through profit and loss	(188)	(3,394)	(188)	(3,400)
Loss on disposal of property, plant and equipment	(384)	10,457	(384)	10,457
Dec/(inc) trade and other receivables	(856)	(3,819)	(1,716)	(3,021)
Dec/(inc) other operating assets	(3)	42	(3)	42
Inc/(dec) trade and other payables	6,554	(7,304)	5,967	(7,709)
Dec/(inc) income tax	19,282	10,611	19,166	9,669
Inc/(dec) other costs of finance	10,800	9,198	7,647	6,297
Inc/(dec) other provisions	8,131	14,479	8,131	14,479
Inc/(dec) other operating liabilities	(747)	(1,040)	(747)	(1,040)
Net cash from operating activities	**192,948**	**126,638**	**182,457**	**118,219**

38 Financial instruments

(a) Risk management framework

The Consolidated entity's principal financial instruments are outlined below. These financial instruments arise directly from operations of the entity or are required by the entity to finance its operations. The Consolidated entity does not enter into or trade financial instruments including derivative financial instruments for speculative purposes.

The Consolidated entity's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing identified risks. Risk management policies are established to identify and analyse the risks faced by the entity, as well as to set limits and controls and monitor identified risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

The totals for each category of financial instruments, measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies to these financials statements, are as follows.

	Consolidated		Parent	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Financial assets				
Cash and cash equivalents (category: not applicable)	63,974	84,668	63,964	84,664
Trade and other receivables* (category: amortised cost)	81,498	80,395	76,875	77,279
	145,472	**165,063**	**140,839**	**161,943**
Financial liabilities				
Trade and other payables* (category: amortised cost)	100,854	95,253	94,951	89,295
Contract liabilities* (category: amortised cost)	8,606	4,984	8,606	4,983
Borrowings (category: amortised cost)	1,934,935	1,888,500	1,635,975	1,621,852
Lease liabilities	18,278	19,149	18,278	19,149
	2,062,673	**2,007,886**	**1,757,810**	**1,735,279**

* Excludes statutory receivables / payables as well as prepayments and deferred income which fall outside the scope of AASB 7 *Financial Instruments: Disclosures*.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Consolidated entity's exposure to foreign currency risk is immaterial. Water NSW limits currency risk by fully hedging foreign currency transactions in excess of $500,000 within five days of the exposure arising. At the reporting date, there are no material foreign currency exposures attached to any financial assets or financial liabilities.

Interest rate risk

Exposure to interest rate risk arises primarily through the Consolidated entity's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings through TCorp. The Consolidated entity does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity.

TCorp manages interest rate risk exposures applicable to specific borrowings of the Consolidated entity in accordance with a debt portfolio mandate agreed between the two parties. TCorp receives a fee for this service. At reporting date, the carrying value of borrowings managed by TCorp for the Consolidated entity stood at $1,935 million (2023: $1,889 million).

Fixed rate instruments	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Loans State guaranteed	1,920,166	1,874,437	1,621,207	1,578,629
Loans to Authorities	14,768	14,063	14,768	14,063
	1,934,934	**1,888,500**	**1,635,975**	**1,592,692**

Variable rate instruments	Consolidated 2024 $'000	Consolidated 2023 $'000	Parent 2024 $'000	Parent 2023 $'000
Cash and cash equivalents	63,974	84,668	63,964	84,664
	63,974	**84,668**	**63,964**	**84,664**

The Consolidated entity's exposure to interest rate risk is set out below.

Intercompany loan of $37.3 million (2023: $29.2 million) is at-call, unsecured and interest free. The interest rate risk exposure is considered to be very low.

Consolidated - 2024	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax $'000	Basis points increase: Effect on equity $'000	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax $'000	Basis points decrease: Effect on equity $'000
Cash and cash equivalents	100	640	640	(100)	(640)	(640)

Consolidated - 2023	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax $'000	Basis points increase: Effect on equity $'000	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax $'000	Basis points decrease: Effect on equity $'000
Cash and cash equivalents	100	847	847	(100)	(847)	(847)

Parent - 2024	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax $'000	Basis points increase: Effect on equity $'000	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax $'000	Basis points decrease: Effect on equity $'000
Cash and cash equivalents	100	640	640	(100)	(640)	(640)

Parent - 2023	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax $'000	Basis points increase: Effect on equity $'000	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax $'000	Basis points decrease: Effect on equity $'000
Cash and cash equivalents	100	847	847	(100)	(847)	(847)

(c) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Consolidated entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment) in the statement of financial position. Credit risk arises from the financial assets of the Consolidated entity, including cash, receivables, and deposits. Credit risk associated with financial assets, other than receivables, is managed through the selection of counterparties, the establishment of minimum credit rating standards, and obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating the risk of loss.

The Consolidated entity held bank guarantees from various suppliers for the amount of $23.0 million as at 30 June 2024 (2023: $17.8 million).

The Consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all non-government customers of the Consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

No collateral is held by the Consolidated entity and no material financial guarantees have been granted.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

Credit risk associated with financial assets, other than receivables, is managed through the selection of counterparties and the establishment of minimum credit rating standards. The Consolidated entity's deposits held with NSW Treasury Corporation are guaranteed by the State.

Cash and cash equivalents

Credit risk related to business with banks and other financial institutions is managed by the Audit and Risk Committee in accordance with approved Board policy. Investment with individual counterparties is limited to TCorp, and the NSW Government's state financial services provider bank.

Trade and other receivables

All trade receivables are recognised at amounts receivable at reporting date. The Consolidated entity monitors collectability of trade debtors on an ongoing basis and has policies in place to recover or write-off amounts outstanding. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

The entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. The expected loss rates are based on historical observed loss rates and forward-looking information. This analysis includes past experience, and current and expected changes in economic conditions and debtor credit ratings. Debts which are known to be uncollectible are written off. All credit and recovery risks associated with trade debtors have been provided for in the statement of financial position.

Under the *Water Act 1912* and the *Water Management Act 2000* if the NSW Department of Climate Change, Energy, the Environment and Water issues a new licence or transfers an existing licence then that licensee automatically becomes a customer of the Consolidated entity under the conditions of that licence. The Consolidated entity does not undertake any credit quality assessment or define any credit limits before accepting new water customers issued such licences. *The Water Act 1912* allows outstanding monies to be charged on the land supplied with water, and if this charge is registered against the land title, the debt will pass with the land to any future owner. Given these facts, fees charged on a water access licence are largely perpetual and not standard commercial debt where only court action is available to collect a debt when a debt is considered doubtful, unless security is held against the debt. Generally prospective acquirers of a water access licence undertake searches on the licence they are seeking to acquire to determine whether there is any debt outstanding. If there is, the acquirer discounts the market value of the licence by the debt owing or arranges to settle the debt at the time of acquisition. The Consolidated entity also has trade receivables for non-water related charges. The majority of such debt relates to government related bodies and are considered low risk.

(d) Liquidity risk

Liquidity risk is the risk that the Consolidated entity will be unable to meet its payment obligations when they fall due. The Consolidated entity continuously manages risk by monitoring its future cash flows and maturities and holding adequate amounts of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of readily accessible standby facilities.

The Consolidated entity has obtained approval under the *Government Sector Finance Act 2018* (Note 25) for limits on its borrowing facilities.

The Consolidated entity's Financial Capital and Risk Management Policy establishes prudential limits on the percentage of debt which can mature in any one financial year. Planned future capital expenditure will be funded in part through TCorp borrowings. Future committed expenditure is disclosed in Note 34.

The Consolidated entity’s current ratio is 0.14 (Parent – 0.14). There is $773.7 million (Parent - $731.7 million) in borrowings that mature in the next twelve months. However, management has the capacity to rollover the debt as and when it falls due. Under the Master Terms agreement with TCorp, the Consolidated entity is able to rollover maturing debt into new debt so long as the total capital value of loan portfolio remains within the approved limit.

During the current and prior reporting year there were no defaults on loans payable. No assets have been pledged as collateral. The Consolidated entity's exposure to liquidity risk is deemed insignificant based on prior periods data and the current assessment of risk.

Remaining contractual maturities

The following tables detail the Consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2024 Non-derivatives	Weighted average interest rate* %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturity $'000
Non-interest bearing						
Trade payables	-	100,854	-	-	-	100,854
Contract liabilities	-	8,606	-	-	-	8,606
Interest bearing – fixed rate						
Borrowings	3.00%	803,012	200,850	662,729	484,499	2,151,090
Lease liability	3.64%	2,524	2,596	8,719	7,720	21,559
Total non-derivatives		**914,996**	**203,446**	**671,448**	**492,219**	**2,282,109**

Consolidated – 2023 Non-derivatives	Weighted average interest rate* %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturity $'000
Non-interest bearing						
Trade payables	-	95,253	-	-	-	95,253
Contract liabilities	-	4,984	-	-	-	4,984
Interest bearing – fixed rate						
Borrowings	2.03%	290,847	796,153	497,693	481,509	2,066,202
Lease liability	3.56%	2,957	2,497	8,182	9,405	23,041
Total non-derivatives		**394,041**	**798,650**	**505,875**	**490,914**	**2,189,480**

Parent – 2024 Non-derivatives	Weighted average interest rate* %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturity $'000
Non-interest bearing						
Trade payables	-	94,954	-	-	-	94,954
Contract liabilities	-	8,606	-	-	-	8,606
Interest bearing – fixed rate						
Borrowings	2.32%	755,637	148,241	527,056	376,353	1,807,287
Lease liability	3.64%	2,524	2,596	8,719	7,720	21,559
Total non-derivatives		**861,721**	**150,837**	**535,775**	**384,073**	**1,932,406**

Parent – 2023 Non-derivatives	Weighted average interest rate* %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturity $'000
Non-interest bearing						
Trade payables	-	89,295	-	-	-	89,295
Contract liabilities	-	4,983	-	-	-	4,983
Intercompany loan	-	29,159	-	-	-	29,159
Interest bearing – fixed rate						
Borrowings	1.91%	234,571	750,653	374,123	372,832	1,732,179
Lease liability	3.56%	2,957	2,497	8,182	9,405	23,041
Total non-derivatives		**360,965**	**753,150**	**382,305**	**382,237**	**1,878,657**

(e) Fair value of financial instruments

Cash and cash equivalents, trade and other receivables, trade and other payables and other financial liabilities are short term instruments in nature whose carrying amounts are considered to be a reasonable approximation of their fair values. Borrowings are stated at amortised cost.

The following table details the financial instruments, by class, where the fair value differs from the carrying amount.

		2024		2023
Consolidated Liabilities	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Borrowings	1,934,935	1,875,045	1,888,500	1,796,969

		2024		2023
Parent Liabilities	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Borrowings	1,635,975	1,589,354	1,592,693	1,517,019

(f) Capital management

The Consolidated entity's agreed capital structure is reviewed every year as part of the Statement of Corporate Intent process. The purpose of such a review is to confirm whether or not the current capital structure continues to be appropriate and, if not, to negotiate revised arrangements between the Board and NSW Treasury.

Dividend policy

The declared dividend of $40.0 million (2023: $40.0 million) is in line with TPG 21-10 *Capital Structure and Financial Distribution Policy for Government Businesses*.

39 Events after the reporting date

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated entity's operations, the results of those operations, or the Consolidated entity's state of affairs in future financial years.

Statement by the Accountable Authority

Water NSW

Statement by the Accountable Authority

30 June 2024

Pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('the Act'), I state that these financial statements:

a) Present fairly Water NSW financial position, financial performance and cash flows as at 30 June 2024.

b) have been prepared in accordance with;
- applicable Australian Accounting Standards (including Australian Accounting Interpretations);
- the applicable requirements of the Act;
- the Government Sector Finance Regulation 2024;
- the Treasurer's directions, and
- the State Owned Corporations Act 1989.

I am not aware of any circumstances at the date of this statement that would render any particulars included in the financial statements to be misleading or inaccurate.

At the date of this statement, there are reasonable grounds to believe that Water NSW will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Peter Duncan AM
Chair of the Board of Directors
Water NSW
11 September 2024

AUDITOR-GENERAL NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Water NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Water NSW, which comprise the Statement by the Accountable Authority, the Statements of comprehensive income for the year ended 30 June 2024, the Statements of financial position as at 30 June 2024, the Statements of changes in equity and the Statements of cash flows for the year then ended, and Notes to the financial statements, including Material accounting policy information and other explanatory information of Water NSW and the consolidated entity. The consolidated entity comprises Water NSW and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- presents fairly the financial position, financial performance and cash flows of Water NSW and the consolidated entity.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of Water NSW and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Level 19, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000
GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | mail@audit.nsw.gov.au | audit.nsw.gov.au

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2024. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

Key Audit Matter	How my audit addressed the matter
Fair value of infrastructure, water meters and buildings	
At 30 June 2024, the consolidated entity's statement of financial position reported $3.0 billion of infrastructure, water meters and buildings measured at fair value. These assets are highly specialised and account for 80 per cent of the total property, plant and equipment balance. I consider this to be a key audit matter because: • these assets are financially significant to the statement of financial position • the discounted cash flow (DCF) model used to value these assets is complex and involves significant judgements and assumptions • changes in assumptions, such as the discount rate, demand growth expectations, price and cost assumptions, can significantly affect the fair value. Further information on the valuation techniques, inputs and sensitivity for these assets is disclosed in Note 14 and 18.	Key audit procedures included: • obtaining an understanding of the consolidated entity's approach to estimating the fair value of infrastructure, water meters and buildings • assessing whether the DCF model: – incorporated all key assumptions and inputs relevant to valuing these assets of a water entity – met the requirements of Australian Accounting Standards • assessing the competence, capability and objectivity of management's independent experts • reviewing the reasonableness of key assumptions and sensitivity of the conclusions to changes in the assumptions • reviewing the model's mathematical accuracy • assessing the adequacy of the financial statement disclosures against the requirements of the Australian Accounting Standards.
Valuing of defined benefit superannuation liabilities	
At 30 June 2024, the consolidated entity's statement of financial position reported net defined benefit superannuation liabilities totalling $48.7 million. This liability balance is provided by the Administrator of the SAS Trustee, based on an independent actuarial assessment. I consider this to be a key audit matter because: • the defined benefit superannuation liability is financially significant to the statement of financial position • the underlying liability valuation model (the model) is complex due to the significant degree of judgement required to determine key assumptions used to value the liability • the value of the liability is sensitive to minor changes in valuation inputs. Further information on the significant actuarial assumptions and sensitivity analysis is disclosed in Note 27.	Key audit procedures included: • obtaining an understanding of the processes and key controls in place supporting the: – membership data used in the model – defined benefit superannuation liability calculation. • assessing the completeness and accuracy of the membership data used in the model • with the assistance of actuarial experts reviewing the methodology and key assumptions for reasonableness • assessing qualifications, competence and objectivity of actuarial experts • assessing the adequacy of the financial statement disclosures against the requirements of Australian Accounting Standards and Treasurer's Directions.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulation, Treasurer's Directions and the *State Owned Corporations Act 1989*. The Directors' responsibility also includes such internal control as the Directors determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability of Water NSW and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar5.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that Water NSW and the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Nicky Rajani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

12 September 2024
SYDNEY

For more information

1300 662 077
enquiries@waternsw.com.au