

Half Yearly Report 2023-24



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Acknowledgement of Country

In the spirit of reconciliation WaterNSW acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, water and their communities. We pay our respect to their Elders past and present and extend that respect to all First Nations peoples today.

This artwork by Kheely Turner, commissioned to mark WaterNSW's progression to the Innovate Reconciliation Action Plan, represents the continued connection we have to our waterways and how they play an important role in the ever changing, but always dependable, landscape of our beautiful country.

Kheely Tuner is a proud woman of the Ngiyampaa and Wiradjuri peoples and has connection to West Wyalong and areas of Ivanhoe, Lake Cargelligo and Cobar.



Executive summary

WaterNSW is pleased to present this mid-year report and provide an update on how we are continuing to deliver on our Corporate Strategic Plan to meet the needs of our customers, stakeholders and communities.

For most of the reporting period there was little significant rainfall across most of the state, and our operational staff were dealing with unseasonably warm conditions. Despite the high storage levels in our dams, some areas – particularly in northern NSW – started to enter drought conditions.

Despite recent early summer rainfall, WaterNSW's precautionary drought preparations are underway. We are developing 14 drought management plans across all regional river valleys and implementing the Greater Sydney Drought Response Plan. We are also developing new tools to monitor evolving drought conditions, continuing to focus on the efficiency of our dam operations, and encouraging our customers to estimate their water orders as accurately as possible to promote minimal wastage. These actions and behaviours will help extend supply from the state's major dams if dry conditions return and are important irrespective of the water security outlook.

In July WaterNSW made a major submission to the Office of the Chief Scientist and Engineer's (OSCE) review into the March 2023 Menindee mass fish death event. The OSCE final report was handed down in September and we are working with government and stakeholders to implement the endorsed recommendations.

In November WaterNSW released the findings of a review of our operations during the Menindee flooding events from May 2022 to February 2023. The independently reviewed report, which included community feedback, found WaterNSW's actions contributed to reducing overall flow peaks downstream of the lakes, supported by appropriate operational manuals and procedures. The review also identified areas for improvement, including upgrades to the river gauging network to provide better data upstream of the lakes, and in delivering communications to the local community. We have reported our findings back to the community and are working to address areas needing improvement.

As we began the third year of implementing our Corporate Strategic Plan, we delivered against priorities including customer and community consultation and engagement, reconciliation, customer service and sustainability.

On the consultation and engagement front, work continued to build our pricing submission to IPART for 2025-2030. Notably, we completed the third of five rounds of engagement with our water working groups, a new engagement format that has proven to be productive and insightful. For the first time, WaterNSW, NRAR and the Department are working together on our consultation and we are seeing consistent priorities emerge across diverse customer and stakeholder groups. These priorities include the desire for water planning and management decisions supported by trustworthy data and modelling, sustainable management of water sources, greater use of local knowledge in water planning and management, ready access to data and information for decision making, and reliable water access for communities and businesses. These general trends cut across all government agencies.

Priorities where WaterNSW can have the biggest impact for customers includes levels of service, the ability to source unregulated sources of revenue from our assets, and our ability to maintain our assets without compromising our obligations to the wider community.

Translating this feedback into actions that WaterNSW can operationalise, given our operating and regulatory context, is part of the next phase of our pricing submission development.

We have seen an improvement in our financial performance, primarily due to higher than projected Rural Valley water sales, which in several years prior, were below budget expectations. Our Cost Transformation program has also assisted in managing the growth in our operating costs. However, like many other organisations we are having to manage several ongoing cost pressures including increases in financing costs.

Reconciliation Australia approved our Innovate Reconciliation Action Plan. Actions under the Innovate RAP include embedding our new co-design principles framework enabling early engagement during project delivery to better manage cultural heritage values and identifying procurement and employment opportunities for First Nations people.

We achieved several customer service milestones, introducing real-time visual support to our customers, enabling screensharing on our Customer Portal to assist customers when applying for a basic landholder rights bore, and customer verification, also going live through our investment in new customer and water markets technology. The improved verification process makes things easier for our customers and provides us with more robust and accurate customer details. It also helps other agencies in the water sector who rely on WaterNSW, our systems and data.

On sustainability, work continued to finalise the next of our renewable energy agreements, to leverage the utilisation of WaterNSW land and water assets to generate and store renewable energy.

WaterNSW received funding to roll out Phase 2 of the Town Water Risk Reduction Program, a whole-of-government approach to the challenges facing local water utilities in regional and remote areas. The funding will enable WaterNSW to use our expertise to provide local councils with extra support for risk assessments on dam safety and source water quality, helping to demonstrate the feasibility of WaterNSW being able to expand its service offering and build the resilience of local communities across the state.

On the regulatory front, there were three concurrent reviews and audits taking place during the reporting period – including the Operating Licence Audit, Operating Licence Review, and IPART's system and process review (a pre-cursor to the pricing review commencing in September 2024) – as well as pricing submission engagement and business planning. We provided feedback to IPART on key issues around flood mitigation, improving our engagement in line with IPART's 3Cs framework (customers, costs, credibility), and the role IPART proposed WaterNSW could play in river health, amongst other issues, as part of the review of our Operating Licence and other discussions.

Pleasingly, the WaterNSW Enterprise Agreement 2023-2026 was approved by the Fair Work Commission in October, following an employee vote where it recorded 95% support.

In November we won six diamond awards at the 2023 International Learning and Development (LearnX) Awards. These awards recognised our rapid onboarding program for new starters, in the niche area of water operations, that we jointly developed with Mind the Gap Consulting.

We completed our annual Voice of Customer survey, this year joining with DPE-Water and NRAR to conduct a whole-of-sector approach, covering not only customers but stakeholders and the general public. This new approach provided some unique and valuable insights for all agencies. The survey found that while water management and rules were identified as key customer pain points, service components provided by WaterNSW positively contributed to overall satisfaction with the water sector.

We submitted the final business case in partnership with policy sponsor DPE-Water (now NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) Water Group) to Infrastructure NSW for the Warragamba Dam e-flows project, consistent with the direction set in the Greater Sydney Water Strategy. If funded, the project aims to improve the aquatic health and recreational amenity of the Hawkesbury-Nepean River by replicating natural flow patterns and conditions downstream of the dam.

With respect to our capital program, for the six months ending 31 December 2023 we invested \$96.8 million in regulated capital assets, \$19.8 million below budget expectations. Our asset renewals and replacement program continued to deliver on commitments throughout the state with investments exceeding target by \$10.3 million in the reporting period, with works to upgrade the Lake Cargelligo embankments starting earlier than expected. This positive result was more than offset by deferral of the execution phase of the Warragamba Resilience and Warragamba Dam e-flows projects from 2023-24 to 2024-25, and lower capex on preparation of our pricing submission.

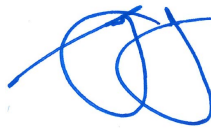
WaterNSW's earnings before interest, tax, depreciation and amortization (EBITDA) of \$115.4 million for the half year ended 31 December 2023 was \$5.6 million favourable to budget. This result was achieved through higher water sales volumes, particularly in Rural Valleys, and insurance proceeds to compensate for business interruption losses due to floods in Greater Sydney in March and July 2022.

Finally, we would like to acknowledge the work of our people across NSW over the past six months, and thank our customers, stakeholders, delivery partners and communities for their collaboration, feedback and support.



Peter Duncan AM

Chair

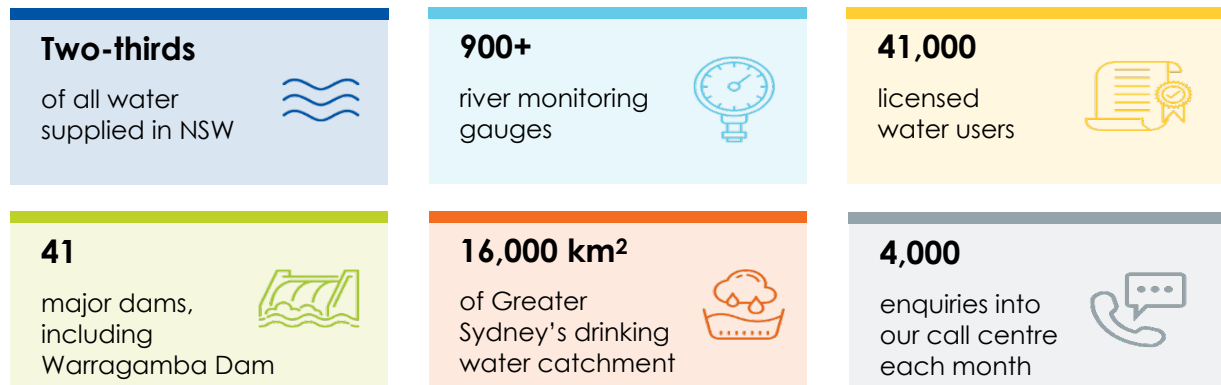


Andrew George

Chief Executive Officer and Managing Director

Overview

Our business at a glance



Who we are

As the operator of the state's dams and regulated waterways, WaterNSW has an important responsibility to operate these assets, which includes 41 major dams across the state, to meet the needs of our customers and local communities. The water we supply supports more than 8 million people across NSW and we are also required to respond to the challenges of drought, floods and climate change.

WaterNSW delivers five main functions:

- **Source water protection** - protection of the Greater Sydney drinking water catchment.
- **Bulk water supply** - supplying raw water from our storages to benefit customers, communities and the environment.
- **System operator** - managing water storages, operating the state's river systems and bulk water supply systems. This includes working with the Murray-Darling Basin Authority (MDBA) for the River Murray system.
- **Infrastructure planning, delivery and operation** - projects to increase the security and reliability of water supplies to customers and the communities of NSW.
- **Customer water transactions and information services** - providing our customers with the highest level of service and support for water licensing, water trades, billing and to meet their water resource information needs for surface and groundwater quantity and quality.

WaterNSW is one of four NSW agencies tasked with implementing the regulatory framework and managing water in the state. While the agencies work together to achieve the best possible outcomes for the people of NSW, each agency has its own roles and responsibilities.

- **NSW [Department of Climate Change, Energy, the Environment and Water \(DCCEEW\)](#)** - assesses and recommends changes to NSW's water legislation and sets the regulatory framework that water users and operators must work within.
- **[Natural Resources Access Regulator \(NRAR\)](#)** - responsible for compliance with and enforcement of the regulatory framework for water including water management rules.
- **[NSW Environment and Heritage Group](#)** - manages environmental water in NSW.

Regulation and pricing

WaterNSW's activities are guided and regulated under the following:

Operating Licence - WaterNSW operates under an Operating Licence granted by the Independent Pricing and Regulatory Tribunal (IPART). The Operating Licence enables WaterNSW to exercise its functions under the *Water NSW Act 2014*.

Water sharing plans and licensing - WaterNSW operates in accordance with water sharing plans developed by DCCEEW 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 works and water use approvals set out how the water management works are to be operated, including the amount of water 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.

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 is developed by DCCEEW and 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 2022-23 for Greater Sydney, Rural Valleys, Murray River to Broken Hill Pipeline and the Water Administration Ministerial Corporation (WAMC).

Strategy

Purpose and vision

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 the priorities of the business, ultimately with the aim of meeting the needs of our customers and the communities which we serve.

Our purpose

Water, delivered when and where it matters.



Our vision

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

Strategic priorities and initiatives

To deliver on our purpose and realise our vision we have five strategic priorities that are targeted to us achieving our purpose and vision for the future and meeting the needs of those we are here to serve.

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

Strategic initiatives for 2023-24



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.

Cost transformation program

The focus of the cost transformation program is to generate long-term sustainable savings. To date \$18m of recurrent savings on an annualised basis has been secured. The target is to achieve a further \$8m by the end of FY25 through a refreshed program of initiatives.

Future operations

Enabled by our new Operating Model, the future operations initiative aims to optimise field operations, water planning and delivery, asset planning and delivery functions through revised practices, processes, crossing skilling and technological enablers. A series of initiatives are in development to define scope, benefits, timing and approach.

Digital transformation including Water Added Value Environment (WAVE)

Our Technology Roadmap underpins strategic areas and will form the basis of the next pricing submission for the digital investment through to 2030. The initiative supports a strong working relationship between WaterNSW, DCCEE and NRAR by setting a joint technology strategy, objectives, principles and vision. A shared joint technology investment roadmap was co-developed by the three parties, putting customers at the centre and building on the capabilities delivered under the WAVE program.



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.

Capability uplift and early entry programs

This initiative supports delivery of WaterNSW's People Strategy. The program is designed to enhance performance and establish a sustainable model to build and nurture our talent in the future, over the next three years.

The current focus is the development of a competency framework for critical roles and creating learning pathways. This includes early entry programs such as apprenticeships, traineeships and graduate programs. The graduate program, working with the Public Service Commission, has employed three engineering graduates to commence in January 2024.

Safety and wellbeing

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, whilst improving health and wellbeing outcomes of employees.

Recent activity includes improvements to our workplace health and safety management system, implementation of a work health and safety critical risk framework, cultural uplift training, embedding treatment action plans on key risks, public safety enhancements and targeted communications campaigns.



Respected by the customers and communities 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.

Reconciliation Action Plan (RAP)

This initiative acknowledges the cultural connection of First Nations communities to lands and waters. Following the delivery of our Reflect RAP, WaterNSW's next stage Innovate RAP was officially endorsed by Reconciliation Australia in August 2023. Key actions under the Innovate RAP include recruiting First Nations staff, embedding co-design principles on projects and identifying and implementing opportunities to positively influence external stakeholders to drive reconciliation.

WaterNSW pricing submission

We are preparing our regulatory submission to lodge with IPART by 30 September 2024. The submission covers Greater Sydney bulk water, Rural Valleys bulk water and Water Administration Ministerial Corporation (WAMC) business segments, from 1 July 2025.

Developing the pricing submission is a whole of business endeavour and reflects the combined efforts and expertise of many highly skilled contributors. Activity to date has focused on discovery and validation of asset need and risk, commercial drivers, reducing costs within our control to offset increasing non-discretionary external cost impacts, policy and regulatory changes. Most importantly this has been combined with extensive stakeholder, customer and community consultation, which continues into 2024; including reporting back on how feedback is incorporated into our plans.



Working together in partnership

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

Developing new revenue streams

The development of new revenue streams will strengthen our financial sustainability by growing our non-regulated revenue base in areas that align with NSW Government and ESG priorities. Initially WaterNSW is focused on the two-year Town Water Risk Reduction Program, funded by the NSW Government. This assists Local Water Utilities to meet dam safety risk assessment obligations and to identify opportunities to review source water risk reduction.



Building a sustainable future

We will play our part in creating a more resilient water system. One which enables thriving communities and healthy ecosystems, whilst reducing our environmental footprint – so we don't cost the earth.

Environment, social and governance (ESG) strategy and action plan

This initiative focuses WaterNSW on meeting our sustainability objectives while recognising existing environment, social and governance activities, and addressing current gaps and opportunities. Key focus areas for the reporting period include initiating a revised climate risk assessment to enable improved action planning, developing an optimal approach to achieving net zero objectives and recruiting sustainability specialists into the business.

Renewable energy program

This program seeks to facilitate private sector investment in large scale renewable energy or long duration storage projects utilising WaterNSW land or assets. The program contributes 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 pumped hydro energy storage project located at Lake Burrendong. We expect to announce several other development agreements early in 2024.

Performance

Key performance indicators

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 of Corporate Intent is at waterNSW.com.au.

Financial

Measure	Half Year Actual	Half Year Budget	2023-24 Forecast	2023-24 Budget
Returns to shareholders ¹	\$18.3 million	\$24.0 million	\$86.3 million	\$88.5 million
Regulated operating expenditure ²	\$111.7 million	\$113.3 million	\$225.3 million	\$223.3 million
Regulated capital expenditure ²	\$96.8 million	\$118.9 million	\$240.8 million	\$253.4 million
Capital structure	49.5% net debt to RAB ⁴	51.8% net debt to RAB ⁴	50.9% net debt to RAB ⁴	51.8% net debt to RAB ⁴
EBITDA ³	\$115.4 million	\$109.8 million	\$231.5 million	\$222.9 million

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
4. Regulated asset base

Returns to shareholders – year to date result was slightly lower than target due to lower current income tax due to additional prior year tax losses from accelerated tax deductions under the final year of the Federal Government's COVID-19 economic recovery measures. Dividend forecast of \$40.0 million is in line with target.

Regulated operating expenditure was favourable to target. Favourable salary and contractor expenses were partly offset by unfavourable temporary staff costs.

Regulated capital expenditure was lower than target, mainly driven by delays to the Warragamba environmental flows project. This was partly offset by higher asset renewal and replacement expenditure including cost escalation on the embankment upgrade works at Lake Cargelligo. The need for replacement and renewal was due to the embankment being materially damaged by a major weather event.

Capital structure was below target, mainly due to lower capital expenditure in 2022-23 and 2023-24 year to date requiring lower borrowings.

EBITDA year to date result was favourable to target, mainly due to higher water sales volumes in Rural Valleys.

Non-financial

Measure	2023-24 Target	Half Year Actual
Incident severity rate	Zero class 4 or 5 incidents and no more than one class 3 incident	Zero class 3, 4 and 5 incidents
Customer service	5.61 out of 10 survey score for ease of doing business	Not assessed until end of year
Quality of water available for supply	Meets agreed standards more than 97.5% of the time	Standards met 99.97% of the time
Water delivery	Operational losses are no more than 3% of total sales volumes	Operational losses of 1.6%
Employee engagement	2.5% improvement on prior year	Not assessed until end of year
Deliver our Strategic Plan	100% of strategic initiatives meet expectations	Not assessed until end of year
Environment	100% of ESG program, plan met	Not assessed until end of year

Incident severity rate measures incidents with potential for severe harm and classifies them on a scale from 1 (negligible/no hurt) to 5 (fatality) based on the actual harm observed.

The **customer service** measure is formally assessed once a year. Results for this measure will be included in WaterNSW's 2023-24 Annual Report.

Quality of water available for supply continues to meet agreed standards more frequently than targeted.

Water delivery measures our purpose of water, delivered when and where it matters. Operational losses continue to be well below the target of three percent.

Employee engagement is formally assessed once a year. Results for this measure will be included in WaterNSW's 2023-24 Annual Report.

WaterNSW has 10 [initiatives](#) for 2023-24 to **deliver our Corporate Strategic Plan**. As at 31 December 2023 one initiative, Cost Transformation is currently assessed as not meeting expectations, due to the timing of some benefits being realised. Actions plans are in place to address this risk.

The key goal for our **environment** measure is to develop a WaterNSW-wide climate risk assessment and action plan, and establish milestone targets to achieve carbon neutrality. This measure is formally assessed once a year and results will be included in the 2023-24 Annual Report.

Financial performance summary

	Half Year			2023-24		
	Actual \$million	Budget \$million	Variance \$million	Forecast \$million	Budget \$million	Variance \$million
Revenue	244.1	238.1	5.9	484.3	477.6	6.7
Operating expenditure	(128.7)	(128.3)	(0.4)	(252.8)	(254.6)	1.8
Earnings before interest, tax, depreciation & amortisation	115.4	109.8	5.6	231.5	222.9	8.6
Depreciation & amortisation	(50.5)	(52.0)	1.4	(99.1)	(103.9)	4.8
Net financing costs	(31.8)	(32.7)	1.0	(67.2)	(70.2)	3.1
Net profit before tax	33.1	25.1	8.0	65.3	48.8	16.4
Income tax	(9.9)	(7.9)	(2.0)	(19.9)	(15.3)	(4.6)
Net profit after tax	23.2	17.2	6.0	45.3	33.5	11.8
Capital expenditure	(107.2)	(127.0)	19.8	(255.4)	(269.9)	14.5

Performance drivers

Revenue was favourable, mainly from higher regulated water sales volumes in Rural Valleys (\$7.3 million). WaterNSW also received insurance proceeds relating to the impact of prior year weather events (\$7.2 million). Offsetting these favourable outcomes were lower non regulated revenue, mainly from lower recognition of government grants (\$3.5 million).

Operating expenditure was in line with target.

Depreciation and amortisation were favourable due to lower than budgeted capital expenditure in 2022-23 and 2023-24. This also resulted in favourable **net financing costs** as lower debt levels were required to service expenditure requirements.

Capital expenditure was lower than budget, mainly due to rephasing of some expenditure for the Warragamba environmental flows project from 2023-24 to 2024-25. This was partly offset by higher expenditure on asset renewal and replacement projects.

Insurance proceeds relating to the impact of weather events

As at 31 December 2023, WaterNSW has provided \$33.5m for the obligation to replace and renew assets damaged from weather events in prior years. The cost of these works is expected to be substantially recovered from our insurer icare. In the first six months of 2023-24

WaterNSW incurred asset repair and replacement costs of \$8.0 million and recognised \$4.1 million in insurance proceeds.

In addition, due to floods in Greater Sydney in March and July 2022, WaterNSW incurred business interruption losses following increased operation of the Sydney Desalination Plant and increased field services costs to assist with managing water quality issues. icare approved this claim for a total of \$5.6 million, with \$3.1 million in proceeds received in the first half of 2023-24 and the balance received in January 2024.

In line with NSW Treasury guidance on accounting for insurance recoveries from icare, WaterNSW is not able to account for these insurance recoveries until the insurance proceeds are received from the insurer.

Abridged consolidated financial statements

Water NSW

ABN 21 147 934 787

Notes to the financial statements

Unaudited financial statements

The financial statements in this Half Yearly Report have not been audited.

Corporate information

The information contained in this half yearly report presents the consolidated financial performance, financial position and cash flows of Water NSW.

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).

Water NSW is a statutory State Owned Corporation domiciled in Australia and constituted under the *Water NSW Act 2014*. WaterNSW Infrastructure Pty Ltd is a wholly owned subsidiary of Water NSW established in November 2018 under the *Corporations Act 2001*.

Reporting period

The financial statements cover the financial performance and cash flows of the Consolidated entity for the reporting period 1 July 2023 to 31 December 2023, and its financial position as at 31 December 2023.

Presentation currency

The financial statements are presented in Australian dollars and all values are rounded to the nearest tenth of a million dollars (\$0.0m).

Income tax

The Parent and Controlled entity are subject to the National Tax Equivalent Regime which is based on the *Income Tax Assessment Act 1936 and 1997* (as amended). Income tax on profit or loss comprises current and deferred tax respectively. Income tax is measured using tax rates enacted at the reporting date applied to taxable income.

Statement of profit or loss

	Half Year			2023-24		
	Actual \$million	Budget \$million	Variance \$million	Forecast \$million	Budget \$million	Variance \$million
Greater Sydney	112.4	111.2	1.2	225.0	224.2	0.8
Rural Valleys	70.7	63.1	7.7	138.4	124.7	13.7
WAMC	23.7	24.2	(0.5)	48.2	48.4	(0.2)
Broken Hill	11.3	11.5	(0.2)	22.7	23.1	(0.4)
Government grants & other	26.0	28.2	(2.2)	49.9	57.2	(7.3)
Total revenue	244.1	238.1	5.9	484.3	477.6	6.7
Salary & wages	(76.4)	(76.2)	(0.2)	(142.7)	(140.4)	(2.3)
Other employee related	(6.4)	(2.9)	(3.5)	(9.6)	(5.9)	(3.7)
Contractors & consultants	(30.5)	(36.6)	6.1	(67.8)	(74.5)	6.7
Administration	(14.7)	(15.3)	0.7	(29.7)	(30.7)	1.0
Materials plant & equipment	(14.0)	(11.1)	(2.9)	(27.8)	(30.3)	2.5
Gain/(loss) on disposal of assets	(0.1)	0.0	(0.1)	(0.0)	0.0	(0.0)
Capitalised overhead	13.4	13.8	(0.4)	24.8	27.2	(2.4)
Total operating expenditure	(128.7)	(128.3)	(0.4)	(252.8)	(254.6)	1.8
EBITDA	115.4	109.8	5.6	231.5	222.9	8.6
Depreciation and amortisation	(50.5)	(52.0)	1.4	(99.1)	(103.9)	4.8
Net financing costs	(31.8)	(32.7)	1.0	(67.2)	(70.2)	3.1
Net profit before tax	33.1	25.1	8.0	65.3	48.8	16.4
Income tax	(9.9)	(7.9)	(2.0)	(19.9)	(15.3)	(4.6)
Net profit after tax	23.2	17.2	6.0	45.3	33.5	11.8

Statement of financial position

	Half Year			2023-24		
	Actual \$million	Budget \$million	Variance \$million	Forecast \$million	Budget \$million	Variance \$million
Cash & cash equivalents	30.4	5.0	25.4	8.9	5.0	3.9
Trade & other receivables	151.6	102.5	49.1	144.1	107.1	37.0
Total current assets	182.0	107.5	74.5	153.1	112.1	41.0
Property plant & equipment	3,595.4	3,795.6	(200.2)	3,825.8	4,011.7	(185.9)
Intangible assets	16.0	26.0	(10.0)	15.7	25.7	(10.0)
Right-of-use assets	16.4	23.5	(7.1)	16.6	27.8	(11.1)
Total non-current assets	3,627.8	3,845.2	(217.3)	3,858.2	4,065.2	(207.0)
Total assets	3,809.9	3,952.7	(142.8)	4,011.2	4,177.3	(166.0)
Trade & other payables	75.3	61.0	14.3	74.2	48.6	25.6
Contract liabilities	11.9	1.9	10.1	1.9	1.9	0.0
Borrowings	762.9	743.7	19.1	784.5	784.5	(0.0)
Income tax payable	4.9	13.7	(8.8)	18.2	23.8	(5.6)
Provisions	125.7	114.3	11.4	127.9	114.9	13.1
Dividend payable	0.0	0.0	0.0	40.0	40.0	0.0
Other current liabilities	42.5	4.7	37.8	17.2	4.9	12.3
Total current liabilities	1,023.2	939.2	83.9	1,063.9	1,018.6	45.3
Borrowings	1,212.2	1,224.9	(12.7)	1,212.9	1,255.8	(42.9)
Deferred tax	350.2	400.1	(49.9)	385.9	437.9	(52.0)
Provisions	50.2	55.5	(5.3)	50.2	55.5	(5.3)
Other non-current liabilities	83.7	115.5	(31.9)	131.1	121.2	9.8
Total non-current liabilities	1,696.3	1,796.0	(99.7)	1,780.1	1,870.4	(90.3)
Total liabilities	2,719.5	2,735.3	(15.8)	2,844.0	2,889.0	(45.0)
Net assets	1,090.4	1,217.4	(127.0)	1,167.2	1,288.3	(121.0)
Contributed equity	363.1	363.1	0.0	363.1	363.1	0.0
Asset revaluation reserve	570.3	704.1	(133.8)	664.6	798.7	(134.0)
Retained profits	157.0	150.2	6.7	139.4	126.5	13.0
Total equity	1,090.4	1,217.4	(127.0)	1,167.2	1,288.3	(121.0)

Trade and other receivables were \$49.1 million higher than budget at 31 December 2023 as invoices were issued in November and December 2023 for annual charges under the WAMC determination, and in December 2023 for quarterly charges under the WAMC and Rural Valleys determinations. The budget assumes invoices are issued monthly as opposed to quarterly and half yearly.

Note: The budget was finalised prior to the closing of year-end accounts in June 2023 and the amount for asset revaluations in the budget was overstated. This is the main cause for the variances of Property, plant and equipment, Deferred tax liability and asset revaluation reserve.

Statement of cash flows

	Half Year			2023-24		
	Actual \$million	Budget \$million	Variance \$million	Forecast \$million	Budget \$million	Variance \$million
Receipts from customers & other	231.0	249.0	(18.0)	495.1	499.3	(4.2)
Payments to suppliers & employees	(152.2)	(168.7)	16.5	(319.9)	(335.2)	15.3
Interest received	0.5	0.3	0.2	0.6	0.4	0.2
Interest paid	(41.2)	(40.3)	(0.9)	(55.9)	(55.9)	0.0
Income tax (paid)/refund received	0.0	3.7	(3.7)	(1.4)	3.7	(5.1)
Net cash - operating activities	38.1	44.0	(5.9)	118.6	112.3	6.2
Payments for property plant & equipment	(114.3)	(134.5)	20.2	(255.3)	(277.7)	22.3
Proceeds from sale of property plant & equipment	0.1	0.0	0.1	0.0	0.0	0.0
Net cash - investing activities	(114.3)	(134.5)	20.2	(255.3)	(277.7)	22.4
Proceeds from borrowings	123.2	48.1	75.1	162.0	122.9	39.1
Repayment of borrowings	(60.0)	0.0	(60.0)	(60.0)	0.0	(60.0)
Repayment of principal - leases	(1.3)	0.0	(1.3)	(1.1)	0.0	(1.1)
Dividends	(40.0)	(40.0)	0.0	(40.0)	(40.0)	0.0
Net cash - financing activities	21.9	8.1	13.8	61.0	82.9	(22.0)
Net increase/(decrease) in cash and cash equivalents	(54.3)	(82.4)	28.1	(75.8)	(82.4)	6.6
Cash at beginning of period	84.7	87.4	(2.7)	84.7	87.4	(2.7)
Cash at end of period	30.4	5.0	25.4	8.9	5.0	3.9