ANNUAL REPORT

2023 – 2024

PowerWater

In-kind support of Power and Water's water trailer at Parrtjima.
Cover page: Hmalan Hunter Xénié, Environment Officer and Reconciliation Action Plan Working Group Member.

Acknowledgement of Country

Power and Water operates across 1.3 million square kilometres of the Northern Territory, including in some of the most remote parts of Australia.

We acknowledge the Traditional Owners of the lands we operate on and their connections to land, sea, and community. We pay our respect to Elders past, present and future, and extend that respect to all Aboriginal and Torres Strait Islander peoples.

CONTENTS

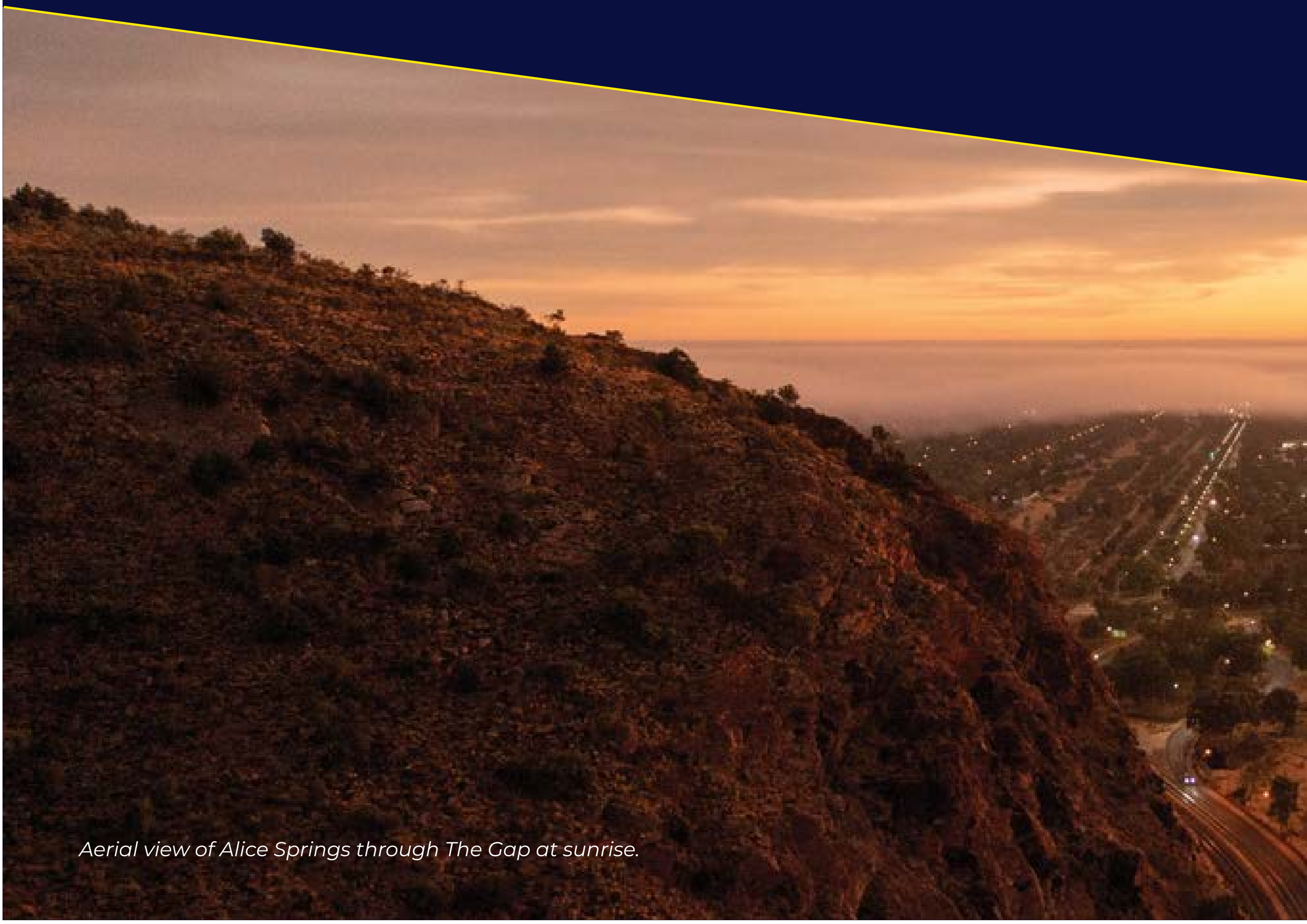
PURPOSE

We transmit and distribute electricity and provide gas, water, and wastewater services to customers across the Northern Territory.

This report informs the Northern Territory Government (as owner and sole shareholder), regulators, stakeholders and customers of our:

- primary services and responsibilities
- significant activities for the year, highlighting major projects, key achievements and outcomes as they relate to the Statement of Corporate Intent
- financial management and performance for the year.

This report has been prepared in line with the *Government Owned Corporations Act 2001* and other relevant legislation that governs our operations.



Aerial view of Alice Springs through The Gap at sunrise.

LETTER TO THE SHAREHOLDER

The Honourable Bill Yan MLA, Treasurer of the Northern Territory

Dear Treasurer,

On behalf of Power and Water Corporation, we are pleased to present the corporation's 2024 annual report, in accordance with section 41 and 44 of the *Government Owned Corporations Act 2001.*

Yours sincerely,

Peter Wilson AM
Chair, Power and Water Corporation
30 September 2024

Djuna Pollard
Chief Executive Officer, Power and Water Corporation
30 September 2024

MESSAGE FROM THE BOARD CHAIR

I have a strong personal commitment to reconciliation and strengthening relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples.

It has been an exciting year of growth, achievement and challenges for Power and Water as we deliver essential services that meet customer expectations in an environment of rapidly changing technology, regulation and reform.

As the Chair of the Power and Water Board, I am impressed each day with the commitment of Power and Water's team who work 24 hours a day, 7 days a week to ensure the lights stay on, the water running and gas flowing for the benefit of Territorians.

Embracing a sustainable future

It has been encouraging to see the continued progress in the Northern Territory's transition to a renewable energy future.

Significant milestones have been achieved on the $6.1 million expansion of the Wurrumiyanga solar farm and Battery Energy Storage System (BESS) installation. The additional solar panels have been installed and testing of the BESS has been completed, with connection of the battery to the solar farm expected in coming months.

On completion, the project will boost Wurrumiyanga's renewable energy generation to nearly 50%, contributing to a broader target of an average of 70% renewables in remote communities.

Australian Energy Regulator endorsement

One of the most important achievements this year was the Australian Energy Regulator's endorsement of Power and Water's 2024-29 investment plans for the Darwin-Katherine, Tennant Creek and Alice Springs electricity networks.

The renewable energy future presents exciting opportunities, but also challenges for network operators such as Power and Water.

Securing long-term gas supply

Power and Water is continuing to manage the challenges of a reduction in the supply of gas from Eni's Blacktip Field since 2021.

The priority remains the ongoing supply of safe and reliable energy to Territorians and other customers, and to secure long-term gas supplies that support the Northern Territory's economic development.

To ensure no impact to Territory homes and businesses, we have implemented extensive contingency plans, including new gas sales agreements with other producers.

We are continuing to pursue our legal rights and entitlements under the 25-year gas supply agreement with Eni.

Learning from lived experiences

I have a strong personal commitment to reconciliation and strengthening relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples.

As part of Power and Water's reconciliation journey, we have established a Reconciliation Advisory Committee.

I am proud to be the Co-Chair of the Committee and learn from the lived experiences of my fellow Co-Chair Jeanneen McLennan and community leaders, David Cusack, Sharon Greenoff Richard Hayes and Amber Shepherd.

Acknowledgements

I would like to acknowledge my fellow Board Directors for their guidance and contributions throughout the year.

Similarly, I would like to thank Power and Water's Chief Executive Officer, Djuna Pollard, and the management team for their leadership – and everyone across Power and Water for their ongoing commitment to our customers and the Northern Territory community.

It is important that Power and Water remains responsive to the expectations from customers, the community and the Northern Territory Government.

I look forward to continuing to work together to achieve strong outcomes for the Northern Territory community.

Peter Wilson.

Peter Wilson AM
Chair, Power and Water Corporation
30 September 2024

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I am proud to work alongside a team of passionate and experienced experts who are committed to delivering safe, reliable and sustainable essential services to our customers.

I am proud to work alongside a team of passionate and experienced experts who are committed to delivering safe, reliable and sustainable essential services to our customers.

Shaping the energy future with our customers

Customers are at the centre of everything we do as we work to make a difference to the lives of Territorians.

Over the past 2 years, we have worked closely with customers and stakeholders across the Northern Territory to co-design our investment plans for the Darwin-Katherine, Tennant Creek and Alice Springs electricity networks for 2024-29.

In April 2024, the Australian Energy Regulator approved our plans that respond to our customers' priorities to balance managing customer affordability with the need to invest in uplifting our infrastructure and technical capabilities to transition to a renewable energy future.

Renewable energy opportunities

We have been working closely with renewable energy generators for a number of years to support them to progress their projects safely to full commercial operation on the Darwin-Katherine electricity system.

These are complex and challenging projects and as the network owner and system operator, we have a responsibility to ensure new connections to the electricity network meet the standards and guidelines that maintain a reliable electricity supply to customers.

This year, we celebrated the results of successful collaboration with Defence to officially open the 3.25 megawatt RAAF Darwin solar farm and the 10 megawatt Robertson Barracks solar farm at 100% operating capacity.

With significant funding investments from the Australian and Northern Territory Governments, Power and Water is pleased to be working in partnership to support the implementation of the Territory Water Plan and deliver projects that are supporting communities to prosper now and into the future.

In Katherine, the largest PFAS treatment plant in Australia is now successfully operating.

In remote communities including Maningrida, Milingimbi and Yuendumu, extensive work is underway to deliver improved water infrastructure and additional water sources.

Work has commenced on the significant Manton Dam Return to Service project to deliver an additional 7.3GL per year to the Darwin region.

It was also fantastic to have the Laramba ion exchange water treatment plant recognised with an Australian Water Award for its innovation solution to remove naturally occurring uranium from the drinking water.

Continuing our reconciliation journey

It is exciting to see and feel the support for reconciliation growing across our organisation as we work to achieve our vision to be a culturally diverse, modern multi-utility where Aboriginal and Torres Strait Islander peoples feel respected, safe and recognised as trusted partners now and into the future.

Good progress continues to be made in implementing our 2023-2025 Innovate Reconciliation Action Plan, with 58% of our commitments now delivered and a solid body of work continuing to June 2025.

Career opportunities with Power and Water

As a long-term Territorian, I am committed to growing and supporting a local, skilled and empowered workforce.

We are a longstanding partner of GTNT and, together, we have helped hundreds of people kick-start their career or realise their ambition to take on the challenges of a new career.

This year we welcomed 11 new apprentices and 7 graduates in a variety of exciting roles.

It was fantastic to have 8 finalists at the 2024 GTNT Awards, and I was very proud of the whole team when Power and Water was recognised as Host Business of the Year.

Industry representation

I was pleased to continue my role as a Director on the Boards of the Water Services Association of Australia (WSAA) and Energy Networks Australia (ENA). With rapidly changing operating and regulatory environments, coupled with changing customer expectations, it is important the Northern Territory is represented at national energy and water forums.

Amongst the strategic positions being considered by these Boards is closing the gap to improve water service delivery to remote communities, improved protections for vulnerable customers, cyber security and renewable energy pathways.

Acknowledgements

I would like to acknowledge and thank the Power and Water Board, leadership team and all employees for their dedication and efforts again this year in making a difference to the lives of Territorians.

Djuna Pollard
Chief Executive Officer,
Power and Water Corporation
30 September 2024

LEADERSHIP AND GOVERNANCE

BOARD DIRECTOR ATTENDANCE RECORD

	Power and Water Board		Audit and Risk Management Committee		People, Safety, Sustainability and Reconciliation Committee		Gas Committee		System Control, Market Operations and Regulation Committee	
Board Director	Eligible to attend[1]	Attended[2]	Eligible to attend[1]	Attended[2]	Eligible to attend[1]	Attended[2]	Eligible to attend[1]	Attended[2]	Eligible to attend[1]	Attended[2]
Peter Wilson AM	26	26	5	5	7	7	5	5	5	5
Trevor Armstrong	26	26	0	0	7	7	0	0	5	5
Greg Martin	26	23	0	1[3]	0	0	5	5	5	5
Paul Italiano	26	26	5	5	7	7	0	0	5	4
Jodie Ryan	26	22	5	5	7	7	0	0	0	0
Megan Corfield	26	24	5	4	7	6	5	4	0	0
Treasurer's nominated observer	0	10	0	0	0	0	0	0	0	0

[1] Number of meetings held while the director was a member of the Board/committee.
[2] Number of meetings attended.
[3] Notwithstanding that the individual was not a member of the committee, they attended the number of meetings indicated as an invitee.

Performance evaluation

The Board and its committees undertook a performance evaluation in 2023-24. The evaluation framework comprised feedback provided by way of a questionnaire completed by directors, members of the Executive Leadership Team and specialist advisors to the Board.

The evaluation included questions in relation to delivering on both financial and operational key performance indicators and Statement of Corporate Intent targets, performance and effectiveness of the Board's committees, engagement with senior management and effectively monitoring the corporation's performance and taking appropriate action if required. Results were collated into a report and discussed by the Board. A report on the outcomes of the evaluation was also provided to the shareholding Minister.

Power and Water Board (left to right): Paul Italiano, Peter Wilson AM, Jodie Ryan, Megan Corfield, and Greg Martin. Not pictured: Trevor Armstrong.

Georgena James, electrical apprentice in Alice Springs.

EXECUTIVE LEADERSHIP TEAM

Djuna Pollard
Chief Executive Officer

John Pease
Deputy Chief Executive Officer and Company Secretary

Graciano Chatikobo
Chief Financial Officer

Stephen Vlahovic
Executive General Manager, Water Services

Jason Howe
Executive General Manager, Customer, Strategy and Regulation

Belinda Small
Executive General Manager, Power Services

Michael Besselink
Executive General Manager, Core Operations

Antoni Murphy
Executive General Manager, Gas Services

Roe Creek pump station solar array in Alice Springs.

YEAR AT A GLANCE

CUSTOMER CONNECTIONS

Electricity connections
90,819

Water connections
50,960

Wastewater connections
68,129

New connections
1,233

448 Electricity
606 Solar
179 Water

CUSTOMER CONTACT

Calls to Customer Service
70,539

Website live Chats
2,513

Facebook/Instagram direct messages
633

Customer emails
50,561

Increase in life support registrations
40%

COMMUNITY PARTNERSHIPS

Major sponsorships awarded
7

Community grants awarded
10

Community events supported
90

SIGNIFICANT ACHIEVEMENT

- We exceeded the target of 25,000 smart meter replacements for the 2019-24 regulatory period, with more than 28,000 meters now in place across the Territory. More than 17,000 smart meters were installed in 2023-24.

OUR PEOPLE

Full time employees
882

Apprentices
29

Trainees
14

Graduates
7

Aboriginal and Torres Strait Islander employees
66

People with disability
1.1%

Culturally and linguistically diverse
12.6%

Women
30%

Women in executive roles
31%

BRAND, TRUST AND REPUTATION

Reputation score up
4%

Respondents felt they knew Power and Water 'Very well'
53%

Resident respondents were aware of our involvement with charities and community initiatives
73%+

SIGNIFICANT ACHIEVEMENT

- We successfully installed 3,417 new prepayment smart meters across 32 remote communities in the Territory. This included participation at 17 Local Authority meetings, 17 community information sessions and engagement with 2,368 households.

SERVICE AREA MAP

Key

- Water supply
- Water supply and sewerage
- Power stations
- Connected to electricity grid
- Solar site
- <u>**Major remote town**</u>

Arrernte Elder Kumalie Riley at the Power and Water Reconciliation Action Plan launch event in Alice Springs.

Power and Water 4WD with a reconciliation artwork wrap parked at Garma Festival.

2023-24 HIGHLIGHTS

CUSTOMERS, COMMUNITY, ENVIRONMENTAL, CULTURAL AND SOCIAL VALUES

Community partnerships making a difference

Power and Water supports community organisations that make a difference to the lives of Territorians.

Our Community Grants Program awards grants between $1,000 and $5,000 to community groups that give back to Territorians in meaningful ways.

One of the recipients in 2023 was Good Dog AAI, an organisation that delivers therapy dog services. Their grant allowed them to install a ramp to improve accessibility for children and elderly clients to attend therapy sessions.

Another recipient was Bluearth Foundation's Movement Education Program, which supports young people through the exploration of movement, play and mindfulness, fostering confidence in and outside of school. Their grant supported the Active Play Movement Program at Ntaria School in Hermannsburg. The program helps children enhance their behavioural, social and emotional competence, to improve focus and academic outcomes, and build resilience.

Good Dog AAI therapy dog in training.

Children at Ntaria School participating in the Bluearth Active Play Movement Program.

Connections at Garma Festival

As part of our ongoing commitment to reconciliation, Board Chair Peter Wilson AM and director Paul Italiano attended Garma Festival in northeast Arnhem Land in August 2023.

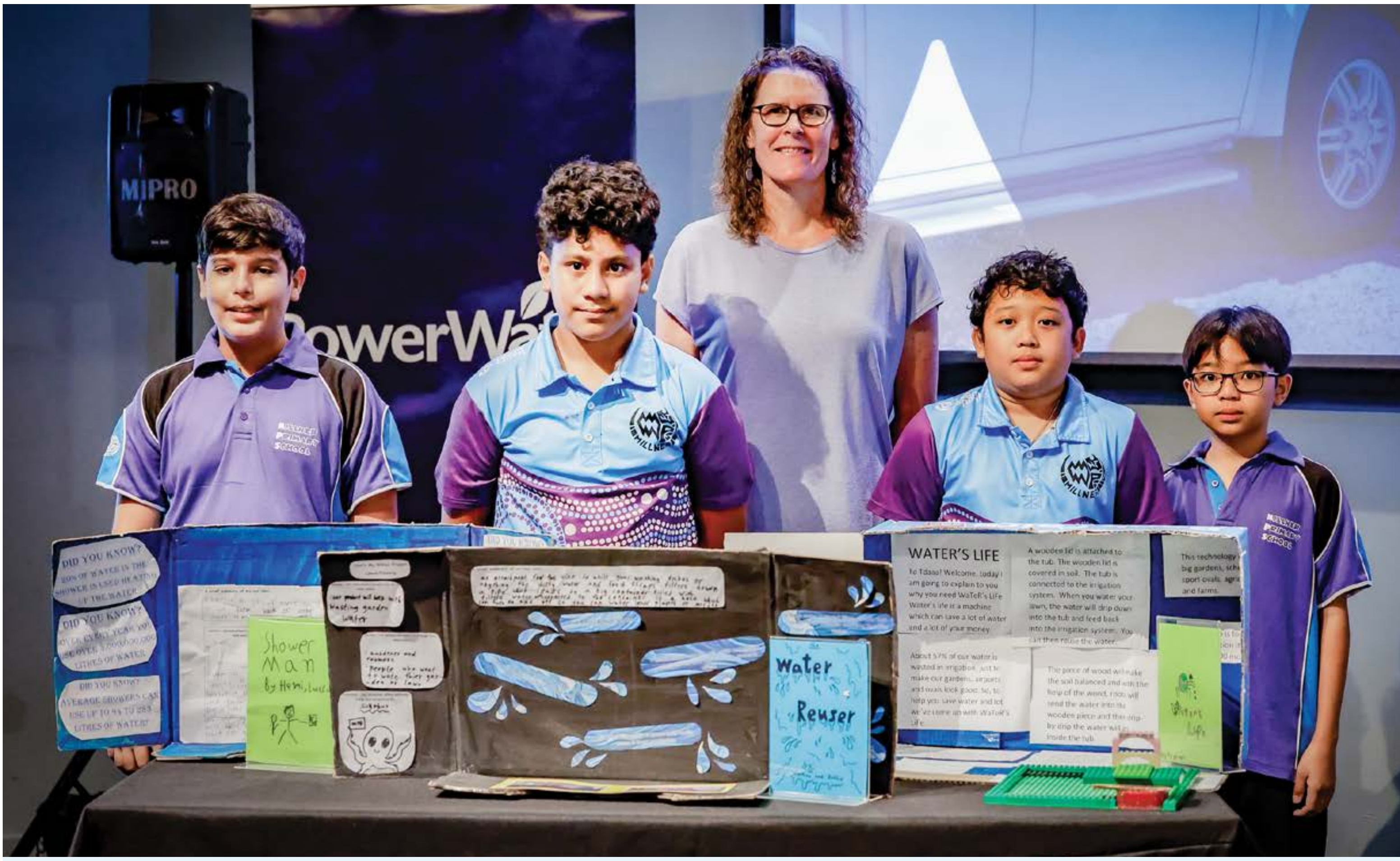
Held at the Gulkula ceremonial site, Garma Festival is the largest event of its kind in Australia, and showcases Yolngu life and culture through traditional miny'tji (art), manikay (song), bunggul (dance) and storytelling. It also includes meetings, workshops and presentations on a range of political, business, community and social themes, creating thought-provoking discussions.

With 5,400 attendees and 750 corporate guests, including Indigenous and non-Indigenous leaders from various sectors, the festival provided a unique platform for cross-cultural learning and collaboration.

We recognise the importance of going beyond organisational boundaries to understand the challenges faced by remote communities and First Nations businesses.

Garma Festival was an opportunity to genuinely listen, learn, and engage with the Indigenous community. Through meaningful conversations and interactions, Mr Wilson and Mr Italiano gained valuable insights into the challenges and opportunities for communities in remote areas.

These insights will help inform our approach to reconciliation and advocating for positive change across the Northern Territory. We are committed to leveraging the connections made at Garma to foster partnerships and initiatives that make a real difference to the lives of Territorians.



That's My Water! project presentations at Millner Primary School.

Students ready to save water for future generations

Almost 800 students from 9 schools across the Darwin region took part in our That's My Water! program, which explains where our water comes from and how important it is to understand water use for our future.

That's My Water! gives students the opportunity to learn alongside STEM industry professionals while they investigate water sustainability.

To celebrate the end of the 2023 program, we hosted an expo in October. Students were challenged to create a project that contributes to a sustainable water future. They then presented their project to scientists, engineers and our senior team. The event also launched National Water Week.

Participating schools included Good Shepherd Lutheran College, Mackillop Catholic College, Dripstone Middle School, The Essington School, Millner Primary School, Stuart Park Primary School, Wulagi Primary School, St Paul's Catholic Primary School and Taminmin College.

To date, That's My Water! has engaged more than 4,800 students across 37 schools. We've worked with the Department of Education and school communities since 2016 to deliver the program and spread the message about the importance of saving water for future generations.

Our reconciliation journey

Our vision for reconciliation is to be a culturally diverse, modern multi-utility where Aboriginal and Torres Strait Islander peoples feel respected, safe and recognised as trusted partners now and into the future.

In June 2023 we unveiled our second Innovate Reconciliation Action Plan (RAP), with several outcomes achieved this financial year.

To guide our journey and decision making, we formed a Reconciliation Advisory Committee. This included community leaders David Cusack, Sharon Greenoff, Jeanneen McLennan, Richard Hayes and Amber Shepherd, alongside our Chair Peter Wilson AM, CEO Djuna Pollard, Deputy CEO John Pease, and General Manager of People, Culture and Safety Ian Jackson.

In June 2023 we unveiled our second Innovate Reconciliation Action Plan (RAP), with several outcomes achieved this financial year.

As part of our journey, we are updating our procurement practices to reflect our RAP initiatives and address the requirements of the *Modern Slavery Act*. We also updated our procurement 'How To' guides to include the use of local Aboriginal Business Enterprises, with links added for easier access.

We became a member of Diversity Council Australia, a peak body leading diversity and inclusion in the workplace, and joined the Northern Territory Indigenous Business Network, which has a mission to increase the economic participation and social prosperity of Indigenous Australians.

We developed relationships with the Clontarf Foundation, which improves the education, life skills and employment prospects of young Aboriginal and Torres Strait Islander men, and the Stars Foundation, which supports Indigenous girls and young women to remain engaged at school, complete Year 12 and move into work or further study. These relationships will build on our recruitment efforts from secondary schools.

GOAL Indigenous Services creates employment opportunities for Aboriginal and Torres Strait Islander people, and we are piloting support of the organisation to source trainees.

We have integrated Aboriginal employment into our strategic workforce planning, helping us better understand intersections with the talent landscape and the needs of our business units.

National Reconciliation Week and National NAIDOC Week 2024 were important opportunities for us to reflect on how we can all play a part in achieving reconciliation while also celebrating the culture and achievements of Aboriginal and Torres Strait Islander peoples.

Our Reconciliation Action Plan Working Group, made up of representatives from the organisation, will continue to oversee the implementation of our reconciliation actions and report on outcomes as we continue our journey.

Didgeridoo performance by Les Huddleston at a Power and Water NAIDOC Week launch event.

Power and Water Reconciliation Action Plan working group members.

Aerial view of houses in Ali Curung.

Helping lift living standards

The Australian and Northern Territory Governments have committed to improving Aboriginal housing in remote communities by investing $4 billion over the next 10 years, and we play a vital role in this commitment.

The investment focuses on reducing overcrowding and improving living conditions by increasing housing stock through subdivisions, replacing beyond-repair homes and increasing living areas in existing dwellings.

Our role is to provide essential and reliable water, sewerage and electrical services to support these outcomes. We assess our assets and infrastructure to ensure they are robust, reliable and have the capacity to support future development and demands.

Funding for such assessments and capital investments is via allocated infrastructure funding under the Remote Housing Program. As the only servicing authority in the Northern Territory, our involvement is essential and we are committed to enhancing and improving living standards in vulnerable remote communities.

Stakeholder engagement is a key focus for us, with our infill team at the forefront, coordinating efforts across multiple business units to achieve and maximise outcomes.

The program is managed by the Department of Territory Families, Housing and Communities with support from our organisation and the Department of Infrastructure, Planning and Logistics, among other stakeholders.

We assess our assets and infrastructure to ensure they are robust, reliable and have the capacity to support future development and demands.

Visitors to the Power and Water Refresh Tent at the Darwin Show.

Refreshing the community

Events and festivals are attended by thousands of people in the Northern Territory, and we support these events by providing portable water refilling stations and trailers, so attendees can enjoy free water refills.

In the 2023-24 financial year, we supported 68 events in the Top End and 27 events in the Central region. They included the Katherine Christmas Lights, Red CentreNATS, Bridgestone World Solar Challenge, Mindil Beach Sunset Markets, Alice Springs Rodeo and Darwin Festival.

We commissioned our first chilled water trailer in 2019, and it became a sought-after addition to events after its debut at the Darwin Seabreeze Festival in 2021. In 2023 we expanded our offering with a second chilled water trailer to service Central Australia.

These resources are offered as in-kind support to community groups and events in Darwin, Katherine, Tennant Creek and Alice Springs – ensuring festival and event goers can stay hydrated. We cover all the associated costs of this initiative, which reflects our commitment to the health and wellbeing of Territorians. Earlier this year a water trailer was also placed at the Royal Darwin Showgrounds, to provide clean water to people evacuated from the Borroloola floods.

Events and festivals are attended by thousands of people in the Northern Territory, and we support these events by providing portable water refilling stations and trailers, so attendees can enjoy free water refills.

TECHNICAL CAPABILITIES AND EXPERTISE/RELIABLE AND TRUSTED SERVICES

Storm damage in Alice Springs and flooding in Daly River, Lajamanu and Nitjpurru.

Restoring services in severe weather

Our team responded to many events across the Northern Territory during the busy 2023-24 severe weather season.

A severe thunderstorm hit Alice Springs in late November 2023, with wind gusts exceeding 110 km/h resulting in widespread power outages. We stood up an incident management team and field crews worked diligently to restore power to most homes as quickly and safely as possible.

Our team also faced a severe fire season, most notably with the Barkly fires, which burnt 13 million hectares during September and October. Weather forecasts and accumulated fuel loads from previous wet years resulted in it being a high-risk season. We took preventative measures, such as clearing vegetation around infrastructure, and implemented contingency plans to ensure operations were not affected.

A severe storm hit Katherine on New Year's Eve, causing widespread damage to power infrastructure in the town. Our crews went above and beyond, working through the night to clear debris and restore power to approximately 3,000 customers.

In January 2024, a tropical storm caused flooding in the Daly and Victoria River catchment areas, leading to evacuations from Daguragu, Nitjpurru and Timber Creek. Our crews ensured essential services such as power, water and sewerage remained operational.

In March 2024, Tropical Cyclone Megan hit Groote Eylandt and Borroloola, causing major damage to power, water and sewarage system infrastructure. Angurugu suffered significant impact, with partial closure of the airport and damage to the wharf that complicated recovery efforts.

In Borroloola, the McArthur River was forecast to flood 3 metres higher than the previous record, but peaked just below it. The flooding resulted in the closure of the Stuart Highway and railway near Tennant Creek.

We recognise the enormous effort and dedication of the teams involved in restoring services to customers as quickly as possible in these challenging conditions.

Katherine PFAS treatment plant commissioned

We completed construction of Australia's largest PFAS treatment plant in late 2023, guaranteeing safe drinking water for Katherine residents for the next 30 years.

The Katherine River provides the majority of Katherine's water supply, with treated groundwater blended in for the remainder. The groundwater is filtered in line with the Australian Drinking Water Guidelines to ensure any Per- and Polyfluoroalkyl Substances (PFAS) are removed.

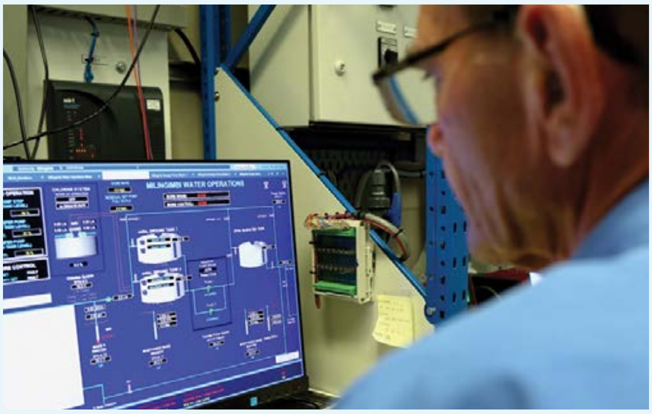
Supported by the Department of Defence, the new treatment plant can process 10 ML of water per day to supplement Katherine's drinking water supply.

The plant successfully removes PFAS from the groundwater and will continue to be verified with ongoing testing.

The plant allows us to shut down the existing surface water treatment plant in the wet season to undertake life extension works, providing growth, quality and operational flexibility. The asset also provides the added security of 2 water supplies for the Katherine region.

We remain committed to providing access to safe, sustainable and secure drinking water for all Territorians.

Katherine PFAS Treatment Plant.



Water Services team member checking remote SCADA systems in Alice Springs.

New supervisory control and data acquisition (SCADA) equipment improves safety and efficiency

The commissioning of SCADA systems at Areyonga on 3 February 2024 marked completion of SCADA installation across all southern region communities in the Territory.

This means we can remotely monitor water infrastructure from urban locations, ensuring customer safety, operational efficiency and real-time monitoring to help remote contractors diagnose and fix issues more quickly.

Automated alarms notify operators of issues needing immediate attention, while data collected – including demand metrics – means we can undertake analysis for planning purposes and enable better demand forecasting and asset management.

Looking ahead, we want to extend this capability to the remaining 11 northern region water sites, bolstering infrastructure management and supporting utility support contract workers in remote areas.

We remain committed to providing access to safe, sustainable and secure drinking water for all Territorians.

New digital smart meter in Ali Curung.

Solar-compatible digital smart meters rolled out

We reached a significant milestone in the roll-out of solar-compatible digital smart meters across the Territory. In 2023-24, more than 14,000 meters were upgraded, replacing ageing meters nearing the end of their operational life and supporting our commitment to the Northern Territory Government's target of 50% renewables by 2030.

The smart meter design seamlessly integrates with rooftop solar panel installations and batteries, meaning Territorians did not need to invest in new meters when installing solar panels.

The new meters are expected to last for at least 15 years and enable accurate remote readings of electricity usage, providing data that can be used to improve safety, and monitor and optimise the power network.

Reducing the need for physical access to properties by meter readers and requiring fewer estimate readings, the new meters help us deliver a smoother and more secure process for both customers and our team.

Responding to recommendations from the Australian Energy Regulator (AER), we plan to continue replacing meters and, at the current rate of replacement, all meters will be replaced with smart meters by 2029.

By modernising this aspect of operations, we can maintain our commitment to safely delivering power to homes and businesses.

New Trevor Horman zone substation

Construction of the new Trevor Horman zone substation entered the detailed design phase in April 2024, signifying an important step in our strategic planning to address ageing infrastructure and meet growing power demands in the Berrimah and Wishart areas.

Construction of this infrastructure, which replaces the aging Berrimah zone substation, reflects our commitment to bolstering network security and maintaining a reliable power supply.

Darwin-based company ESPEC was awarded the design and construction contract in January 2024, with construction anticipated to be completed in 2026.

A $55.3 million investment in these works underlines our strategic focus on modernising our business while ensuring customers continue to receive efficient and reliable electricity services.

The substation honours a former, long-time member of our team, Trevor Horman, who passed away in 2019 after 50 years in the industry. Trevor is recognised for his years of service to our organisation and the Territory, having played a pivotal role in rebuilding the Top End's power network post Cyclone Tracy.

Trevor Horman at the Trevor Horman Zone Substation future site.

Trude Blizzard, Senior Project Manager, engaging with customers in Milikapiti about the new remote prepayment meters.

A modern meter solution for remote customers

With Telstra phasing out its 3G network by October 2024, we have been replacing 3G-connected power meters in remote communities and outstations as part of the Prepayment Meter Replacement Program.

Designed to ensure customers remain online, the project began in April 2023 with the aim to replace 5,000 meters with digital meters – creating a consistent, modern, digital prepayment meter solution across the Northern Territory.

As part of this project we introduced online top-up for the first time, alongside in-store and phone top-up options.

Stakeholder engagement was a key aspect, with ongoing communication both during and after meter installation to ensure customers were comfortable with how the new meters work. This involved community meetings, animated videos in targeted social media posts, flyers and posters.

Our team also visited each house to explain the new meter and top-up process in person. These visits also created an opportunity for members of our team to get to know our remote customers better.

The new meters offer advanced technology, enabling improved support, troubleshooting and data reporting to create a modern metering solution for all prepayment customers.

Approximately 3,600 meters have been replaced, with another 1,200 analogue prepayment electricity meters set for replacement by December 2024 in areas with 4G coverage.

With the network upgrade, more than 25 communities that previously lacked mobile network coverage will now be able to have smart meters installed.

Stakeholder engagement was a key aspect, with ongoing communication both during and after meter installation to ensure customers were comfortable with how the new meters work.

Power and Water team members celebrating at the 2024 GTNT Awards.

Award-winning apprentice, graduate and trainee program

Last year we embarked on a new approach to the way we select apprentices. It included inviting shortlisted applicants to an assessment session, which covered group work and individual exercises to provide a more holistic view of problem-solving abilities, resilience, collaboration, and health and safety attitudes.

We also introduced an induction week for graduates, to introduce them to senior leaders, teach them about the different business units, and help build rapport and a sense of how they fit into the wider team.

This innovative approach has helped us reap the rewards, with 4 wins at the 2024 GTNT Awards, including the coveted Host Business of the Year Award.

The awards, which recognise excellence in the apprenticeship and trainee space, took place on Friday 31 May 2024. Eight members of our team were shortlisted as finalists, with 3 taking a trophy home.

Our finalists and winners were:

- Steven Budd, Winner, Supervisor of the Year
- Oliver King, Winner, Outstanding Apprentice of the Year Stage 1, Southern Region
- Jaideep Randhay, Runner Up, Outstanding Apprentice of the Year Stage 1, Southern Region
- Huy Tran, Finalist, Outstanding Apprentice of the Year Stage 1, Southern Region
- Thomas Marsh, Winner, Outstanding Apprentice of the Year Stage 2
- Georgena James, Finalist, Outstanding Apprentice of the Year Stage 2 and Runner Up, NAWIC Award for Outstanding Female in the Construction Industry
- Jack Rentsch, Finalist, Outstanding Apprentice of the Year Stage 2
- Jacob Lane, Finalist, Trainee of the Year

We were proud to sponsor the Outstanding Apprentice Stage 3 award category, which celebrates individuals who have completed the third year of their apprenticeship.

We are committed to engaging at least 8 apprentices, 2 trainees and 2 graduates every year, and the numbers are often higher, with 10 apprentices engaged in January 2024 alone.

We now support 38 apprentices, 13 graduates and 14 trainees across Darwin, Katherine, Tennant Creek and Alice Springs.

Recognising project excellence

Power and Water's expertise was highlighted at the Chief Minister's Awards for Excellence in the Public Sector, showing our dedication to customers and community, and effective cross-agency collaboration.

Our 2024-29 Australian Energy Regulator Proposal People's Panels project won the award for excellence in customer-focused workplace practices and service delivery. Over 18 months, we engaged with a diverse group of Territorians from Darwin and Alice Springs, – including homeowners, solar users, Aboriginal and Torres Strait Islander peoples, pensioners, and vulnerable customers. Their feedback helped shape our investment and service plans for the next 5 years, demonstrating our commitment to listening and responding to customer needs.

Laramba water treatment plant won the making the Northern Territory a better place to live award. Collaborating with CleanTeQ Water and government partners, we improved water quality for the Laramba community. The plant, which has a capacity of 360 kilolitres per day, uses ion exchange technology to lower naturally occurring uranium levels in drinking water to meet Australian guidelines. The water treatment plant was officially opened in April 2023, with a ceremonial ribbon cut by the Minister for Essential Services Selena Uibo and Central Desert Regional Council President Adrian Dixon.

Power and Water was also recognised as a major project delivery partner in the Alice Springs Future Grid project, which was highly commended for excellence in cross-government collaboration. This project, led by the Intyalheme Centre for Future Energy (a project of Desert Knowledge Australia) and funded by the Northern Territory Government, focused on enabling renewable energy penetration in the Alice Springs power system. A Roadmap to 2030 Report was developed, bringing together insights from innovative trials, models and investigations from the project, and sets out options to upgrade the system for a renewable energy future.

Power and Water team members celebrating at the Chief Minister's Awards for Excellence in the Public Sector.

Water projects making a difference

The Laramba water treatment plant project was also awarded the Infrastructure Project Innovation Award (Regional) at the 2024 Australian Water Awards, for recognising efforts to improving the health and safety of remote communities.

As well as removing naturally occurring uranium from groundwater, the technology ensures minimal waste production, is low maintenance and has remote monitoring capabilities. The project was completed ahead of schedule and within budget.

Another water project making a difference is the Territory Water Plan, recognised as a finalist for project excellence.

The Territory Water Plan is the Northern Territory's first comprehensive strategic water plan, led by the Office of Water Security. Power and Water was a key contributor, with responsibility for water services across 18 urban centres, 72 remote communities and a number of outstations.

The plan addresses priorities such as developing infrastructure for Darwin's future water supply, supporting new drinking water law reforms, and promoting sustainable development while upholding Aboriginal cultural values.

Through effective collaboration, we are working to advance infrastructure and drive a sustainable water future for all Territorians.

Power and Water team members celebrating at the Australian Water Awards.

TRANSITION TO RENEWABLES

Power and Water team members at the RAAF Darwin solar farm opening.

Enabling large-scale solar projects

We have supported 2 large-scale solar generation projects on the Darwin-Katherine electricity network to achieve commercial dispatch of energy at 100% capacity.

In collaboration with the Department of Defence, we brought the new 9,000-panel 3.2 megawatt RAAF Darwin solar generator online in January. We have also brought the 10 megawatt Robertson Barracks solar generator online safely in May.

These projects – brought to life through a shared vision with Defence – represented important milestones for the Northern Territory electricity market and the Territory's progress towards a 50% renewable energy future.

In addition to the RAAF Darwin and Robertson Barracks projects, 4 other large-scale solar generators are connected to the Darwin-Katherine network. Each is at varying stages of testing and commissioning.

We are actively supporting these projects towards full commercial operation, including negotiating conditions for partial dispatch to manage network stability and security. Once all solar plants are fully operational, they are expected to supply approximately 7% of the Territory's annual energy consumption.

As the network owner and system operator, we have a responsibility to ensure new connections to the electricity network meet the relevant standards and guidelines, to maintain a reliable electricity supply to customers.

Renewable energy future a step closer in Wurrumiyanga

We expanded our renewable energy capabilities at Wurrumiyanga on the Tiwi Islands, providing an additional 1.1 megawatt solar array together with a 1.75 megavolt-amperes battery energy storage system as part of the Solar Infill and Energy Storage Pilot project.

We completed the installation of solar panels and power station upgrades in May 2024 to enable the connection of the new panels and battery energy storage system, adding to the existing 1.1 megawatt solar array we delivered under our Solar Energy Transformation Program in April 2019.

Estimated to boost renewable energy generation to nearly 50%, the project replaced some of the current diesel-generated power supply and will reduce diesel fuel consumption by more than 500,000 litres in the first year of operation.

The project reflects our commitment to supporting the Northern Territory Government's target of 50% renewables by 2030, which includes a 70% renewable energy target for remote communities.

We engaged a number of local contractors, including Bathurst Island Housing Authority and the Tiwi Islands Regional Council.

Wurrumiyanga solar array.

Power and Water Electricity and Market Reform team members.

Internationally recognised renewable energy integration method

Power and Water is at the forefront of enabling a renewable energy future in the Northern Territory, playing a pivotal role in advancing solar projects.

To support this, our Electricity and Market Reform team developed and implemented a groundbreaking renewable energy integration methodology. The new approach enhances the power regulation service, which balances power supply and demand, helping to manage stability and security within the power system. By leveraging sophisticated forecasting data and advanced calculations, the methodology significantly improves the management of renewable energy sources on the network.

The renewable energy integration methodology was showcased at the CIGRE International Symposium in Cairns in September 2023. The presentation drew global interest from electricity utilities and regulatory bodies and was honoured as one of the 11 'best papers' by the CIGRE Study Committee.

Partnership delivers battery energy storage system

The Territory has experienced a 45% annual growth in rooftop solar installations since 2010, demonstrating the strong embrace of solar power by households and businesses.

As the network operator, we ensure compliance with the Network Technical Code for commercial operation, constructing electrical connections and conducting operational compliance testing to maintain system security and power supply quality.

In partnership with Territory Generation, we expedited the upgrade of connection infrastructure to enable safe connection of the first battery energy storage system on the Darwin-Katherine electricity network.

This included major upgrades to the network protection, monitoring and control systems, and metering equipment.

The battery energy storage system aims to deliver enhanced stability and reliability in power supply, reduce carbon emissions for the Territory and enable more renewable energy from large-scale solar projects by replacing some gas-fired generation at Channel Island Power Station and supporting increased solar.

The project is a significant step towards the Northern Territory Government's goal of 50% renewables by 2030, while maintaining secure, reliable and affordable power for Territorians.

The Northern Territory Government has also announced the Darwin-Katherine battery energy storage system 2 project, a second large-scale battery system for across the Darwin-Katherine power system to further boost grid capability and increase solar energy use.

The Territory has experienced a 45% annual growth in rooftop solar installations since 2010, demonstrating the strong embrace of affordable solar power by households and businesses.

New battery energy storage system on the Darwin-Katherine electricity network. Image credit: Territory Generation.

FUTURE FOCUSED/SHAPING THE TERRITORY

Welcoming new Power and Water apprentices, graduates and trainees.

Building capability and expertise for the future

We provide diverse employment opportunities and focus on developing local capability and expertise for the future.

In January 2024, we welcomed 11 new apprentices and 7 Northern Territory Government graduates to our organisation.

We host apprentices employed through Group Training Northern Territory for a 4-year nationally accredited apprenticeship. They learn specialised skills in electrical, cable joining and line worker trades in our Power Services business unit.

Apprentice cable jointer Ethan McKay is looking forward to the opportunity to develop his skills and challenge himself, while apprentice linesman Shane Bracken is undertaking his apprenticeship to make his family proud – becoming the first person in his family to complete a trade certificate.

Our graduates are employed through the Northern Territory Government's Early Careers Program, and they are embarking on a 2-year placement across various business areas, including Water Services, Power Services, Core Operations, and Safety, People and Governance.

Vera Chen, a Bachelor of Commerce graduate, has begun her placement in our Safety, People and Governance business unit. She is enthusiastic about working with us because her values closely align with ours.

We provide diverse employment opportunities and focus on developing local capability and expertise for the future.

Renewables, smart meters and customers at the heart of investment plans

We are required to submit a revenue proposal to the Australian Energy Regulator (AER) every 5 years outlining how much money we need to recover from customers over a 5-year period to provide safe, reliable and secure electricity services and address issues such as network cybersecurity, climate resilience, integration of consumer energy resources, and digitalisation.

Engagement, including 18 months of consultation with customers and industry representatives, was a pivotal part of developing our investment plans, and our proposal prioritised areas of revenue expenditure identified by customers. This includes important emerging areas such as improved network resilience due to severe weather events, the uptake and integration of resources such as rooftop solar, batteries and electrical vehicles, and cyber security and digitalisation measures.

Our regulatory determination is a blend of addressing customer affordability with the need to uplift technical capabilities, and the AER's 2024 final decision strikes an excellent balance.

Participants at one of the Alice Springs People's Panel engagement events.

Rollout of new electricity smart meters.

Modernising energy market operations

We became the first Australian utility to adopt an internationally recognised market settlements system in 2024. The decision stemmed from a 20-fold increase in interval meters in the Northern Territory power system, rendering the manual spreadsheet-based system obsolete.

With the Northern Territory Electricity Market changing thanks to increased generation competition, it is vital that we, as the market operator, provide accurate and timely information on energy consumption to facilitate prompt settlement of contracts between market participants.

The success of the settlements project reflects the dedication and expertise of our project teams, and provides confidence that we can continue to support the transition towards 50% renewable energy by 2030 while maintaining system security and reliability.

The $3.1 million investment in the settlements system has significantly reduced financial risk for system participants by ensuring timely settlement activities, and better supports our rollout of smart meters.

Water Engineer, Trevor Durling, at the Darwin Region Water Supply information stand at Freds Pass Show.

Design and construction of new water infrastructure

Approximately 85% of the Darwin region's water supply comes from Darwin River Dam. It is driven through a pump station, built in 1972, and distributed to customers in the Darwin water system network, including Palmerston and the surrounding areas.

In 2022, we awarded the design and construction tender for the new Darwin River Dam Pump Station to McMahon Services. Construction began in February 2023.

This vital infrastructure project involves constructing a new pump station designed to improve supply reliability and facilitate major refurbishment works on existing mechanical equipment, electrical systems and associated buildings. This includes the pump gallery and electrical switch room.

The project reached the halfway mark in February 2024, with the completion of the main pump hall construction basement being a significant milestone. The installation of above-ground walls and steel structures followed, and work is now underway on ancillary buildings such as the high-voltage switch room, power intake building, and transformer bays.

Our $29 million investment in this multi-year project will enhance pump capacity and provide essential redundancy, supporting future growth in the region while ensuring the security of the water supply network.

The new pump station is designed to be more hydraulically and economically efficient, particularly during the dry season and when higher flows are experienced, thereby bolstering water security.

Completion is expected in June 2025.

> *The project reached the halfway mark in February 2024.*

Meeting Darwin's future water needs

Manton Dam Return to Service project

We are working with the Australian and Northern Territory Governments to deliver the Darwin Region Water Supply Infrastructure Program and secure the region's water future for the next 30 years and beyond.

The program involves 2 stages:

- **Stage 1:** returning Manton Dam to service to boost short-term water supply by 2026, including completing Stage 1 of the Strauss Water Treatment Plant.
- **Stage 2:** constructing and commissioning the Adelaide River Off-stream Water Storage project to secure long-term water supply by 2031, including completing Stage 2 of the Strauss water treatment plant.

The program is funded by the Australian Government's National Water Grid, which has committed more than $300 million to support the delivery of the first stage of the program.

In May 2024, we awarded the design and construction tender of the Manton Dam Return to Service Project to Exact Contracting Pty Ltd. They are a Northern Territory company employing more than 600 people, with offices in Darwin, Alice Springs and Adelaide. The project will support up to 250 local jobs during construction.

As part of this project we will be upgrading infrastructure in the Darwin region, including the intake tower, and constructing a new 20mL/day pumping station at Manton Dam, a 22km 600mm pipeline from Manton to the Strauss water treatment plant, and a new 20mL/day water treatment plant at Strauss.

Adelaide River Off-stream Water Storage project

Led by the Department of Infrastructure, Planning and Logistics, the Adelaide River Off-Stream project (AROWS) is a long-term water scheme in the Marrakai region, tapping into the Adelaide River's flows and adding 60,500 megalitres annually to the region's water supply.

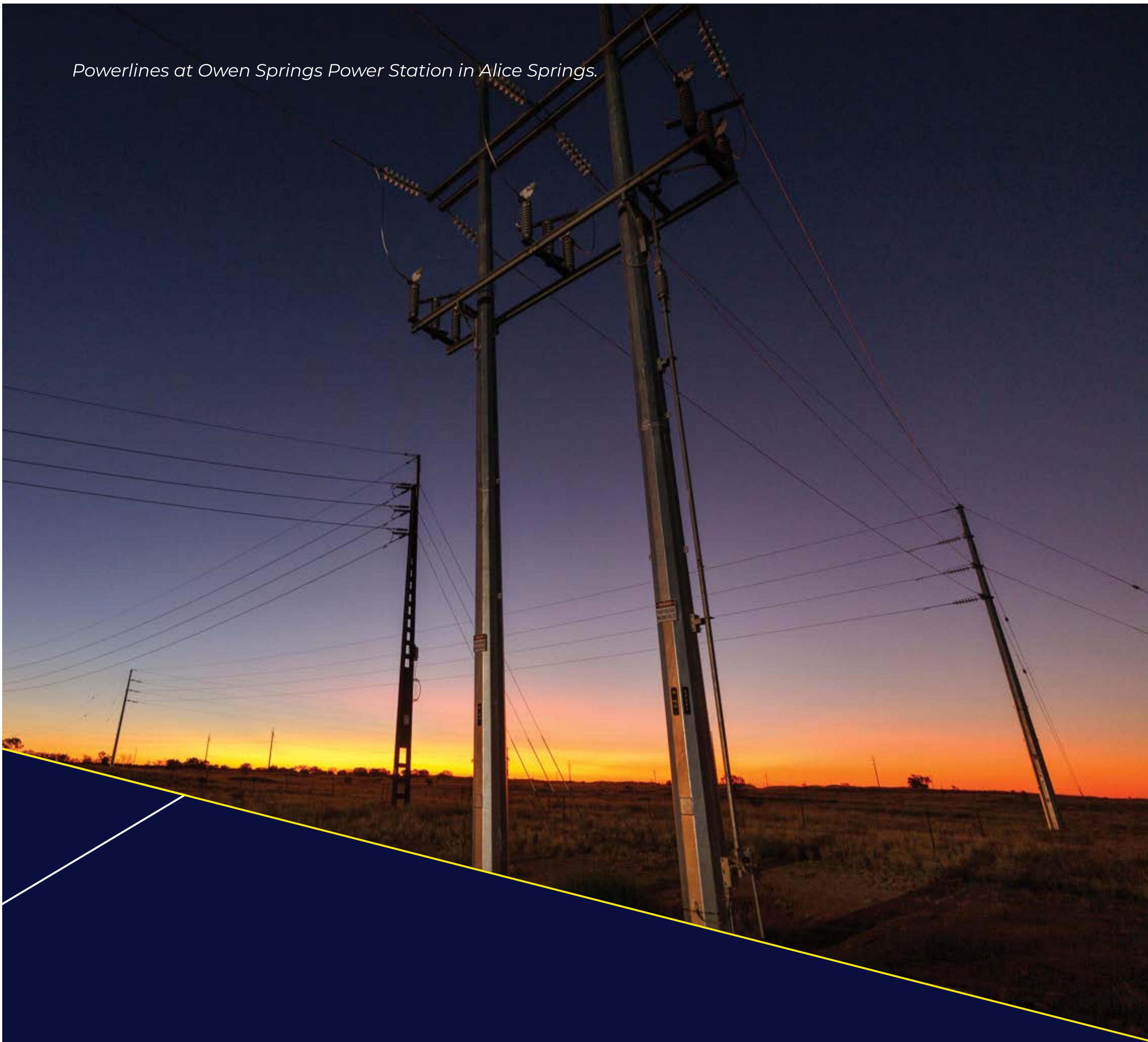
The Northern Territory Government has engaged GHD Pty Ltd to prepare an environmental impact assessment to clearly identify the likely impacts of AROWS, to avoid and minimise impacts to the environment.

SMEC Australia will deliver the concept design for the AROWS project.

A community reference group for the project is providing a direct line of communication between community leaders, representatives, the Northern Territory Government and ourselves, to ensure information is shared and community views captured and addressed.

Aerial view of the Adelaide River Off-stream Water Storage project site.


Aerial view of Manton Dam wall.



Powerlines at Owen Springs Power Station in Alice Springs.

PROGRESS AGAINST OUR STATEMENT OF CORPORATE INTENT

Power and Water is a complex multi-utility business that transmits and distributes electricity and provides gas, water, and wastewater services to customers across 1.3 million square kilometres of the Northern Territory.

We have ambitious targets for the future, aimed at making a difference to the lives of Territorians.

In July 2023, our strengthened strategic plan came into effect with 2 clear goals – modernising our business and embracing a sustainable future with innovation.

The strategic plan sharpens our focus on our customers, with each goal underpinned by 3 clear and targeted objectives. The plan also identifies the initiatives that we will deliver to reach our objectives and our goals.

Our Statement of Corporate Intent is our agreement with the Northern Territory Government and the community about our priorities and what will be delivered over a 6-year period to make a difference to the lives of Territorians.

PowerWater

Strategic Plan

Our purpose is making a difference to the lives of Territorians.

Our vision is to be a proud, trusted, modern multi-utility delivering value now and into the future.

Goals	**Modernising our business**			**Embracing a sustainable future with innovation**		
Objectives	Delivering sustainable value safely and reliably for our customers and community	An empowered and high performing workforce	Successful investments in core systems and capability to improve efficiency and value of service	Structuring, facilitating and enabling infrastructure and innovations to support the: - renewable energy transition, and - achievement of economic growth targets	Proactively adopting government policy for a clean and secure future	Partner with customers and stakeholders to create innovative solutions

Values	We put PEOPLE FIRST	We value our customers and give them OUR BEST	We have pride in ourselves and OUR WORK	We work better by working TOGETHER

KEY PERFORMANCE INDICATORS

KPI	Reporting Frequency	Measure	2023-24 Target	2023-24 Result	Long term Target
Total Recordable Injury Frequency Rate (TRIFR)	Monthly	#	<5.25	3.97	0
Customer satisfaction index	Bi-annually	%	≥74	71.5	≥80
System Average Interruption Duration Index (SAIDI)	Monthly	minutes	≤175.1	136.5	≤150
System Average Interruption Frequency Index (SAIFI)	Monthly	#	≤2.6	1.9	≤3
Average duration of unplanned water supply interruptions	Monthly	minutes	≤120	76	≤120
Return on capital employed	Monthly	%	≥3.0	4.9	≥6.7
Funds from operations to debt	Monthly	%	≥12	12	≥12
Debt to equity	Monthly	#	<1.5	0.7	<1.5
Return on assets	Monthly	%	≥0.5	2.2	≥4.7
Earnings before interest and taxes (EBIT) margin	Monthly	%	>10	29	>20
Employee engagement	Biennially	%	53-70	65	70-100
Delivery of renewable energy projects into remote communities within agreed timeframes	Quarterly	%	>90	100	>90
Generator connections to the electricity system within Northern Territory National Electricity Rules timeframes	Monthly	%	>90	100	>90
Manton Dam / Strauss project delivered on time and on budget	Quarterly	%	>90	100	>90
Environmental significant incidents	Monthly	#	0	0	0
Corporate reputation index	Annually	#	≥6.2	6.2	≥7.0
Aboriginal employment	Monthly	%	11.7	7.9	16.0

KEY PERFORMANCE INDICATOR COMMENTARY

Total Recordable Injury Frequency Rate (TRIFR)

Achieved

- Although we were disappointed to have 6 lost time injuries and one medical treatment injury in 2023-24, our TRIFR was 3.97, below the <5.25 target.

Customer satisfaction index

Not achieved

- We achieved a 75% customer satisfaction score in December 2023. However, the June 2024 result dropped below target to 68%.
- Several initiatives are underway to improve customer satisfaction, including the development of a Customer Experience Strategy.

System Average Interruption Duration Index (SAIDI)

Achieved

- We achieved our SAIDI target, but with a lower performance compared to the previous year. This was in part due to a more severe wet season and above average asset failures, particularly on underground cables that can take longer to locate and restore.
- We continue to invest in replacing assets nearing the end of their design life to maintain high levels of reliability across all regions.

System Average Interruption Frequency Index (SAIFI)

Achieved

- Customers experienced a similar number of outages compared to last year, below our 2023-24 target of ≤2.6. However, outages lasted longer resulting in an increase in SAIFI.

Average duration of unplanned water supply interruptions

Achieved

- The average duration of unplanned water supply interruptions was 76 minutes against the target of 120 minutes, as per minimum standard levels outlined in the Customer Contract.

Return on capital employed

Not achieved

- This was not achieved due to gas curtailment. Excluding gas, the target was achieved due to favourable underlying EBIT resulting from higher electricity network and water sales revenue, coupled with lower professional fees.

Funds from operations to debt

Not achieved

- This was not achieved due to slightly higher borrowings during the year to support gas operations. Excluding gas, the target was achieved.

EBIT margin

Not achieved

- This was not achieved due to gas curtailment. Excluding gas, the target was achieved due to favourable underlying EBIT resulting from higher electricity network and water sales revenue, coupled with lower professional fees.

Debt to equity

Achieved

- This was achieved due to slightly higher debt levels offset by an increase in enterprise valuation.

Employee engagement

Achieved

- We achieved a 65% employee engagement score through focused culture and engagement action plans and regular activation check-ins.

Return on assets

Not achieved

- This was not achieved due to gas curtailment. Excluding gas, the target was achieved due to favourable underlying EBIT resulting from higher electricity network and water sales revenue, coupled with lower professional fees.

Delivery of renewable energy projects into remote communities within agreed timeframes

Achieved

- The Wurrumiyanga Solar Infill and Battery Storage Project (1.75 megawatts / 3.75 megawatt hours) practical completion date has been extended by 3 months to August 2024 due to testing delays with the integrated control system. The project is tracking on budget.

Generator connections to the electricity system within Northern Territory National Electricity Rules timeframes

Achieved

- All large generator connections were completed within Chapter 5 Northern Territory National Electricity Rules timeframes.
- We have compliant and effective connection and generation security standards.

Manton Dam / Strauss project delivered on time and on budget

Achieved

- The Manton Dam Return to Service project achieved 100% schedule and budget delivery against a target of 90%.

Environmental significant incidents

Achieved

- Zero environmental significant incidents were recorded in the period.

Corporate reputation index

Achieved

- Our overall corporate reputation index score of 6.2 met the 2023-24 Statement of Corporate Intent target.

Aboriginal employment

Not achieved

- We have an Aboriginal and Torres Strait Islander workforce representation of 7.9%, including hosted employees. An additional 41 Aboriginal and Torres Strait Islander employees would be required to meet the target.
- We will continue to deliver Aboriginal employment workshops throughout the regions. They educate our team about recruitment and unconscious bias.
- We will review our Special Measures Plan in September 2024 to ensure that it remains fit for purpose, including designated Aboriginal and Torres Strait Islander positions versus priority consideration.
- Power and Water also provides employment opportunities for remote residents through our Indigenous Essential Services Pty Ltd utility support contracts.

KEY PERFORMANCE INDICATOR DEFINITIONS

KPI	Description
Total Recordable Injury Frequency Rate (TRIFR)	Measures how frequently significant work-related injuries or illnesses are occurring. TRIFR is calculated by the number of Lost Time Injuries (LTI), Restricted Work Injuries (RWI) and Medical Treatment Injuries (MTI) per million hours worked over a rolling 12-month period.
Customer satisfaction index	Percentage of customers with an overall satisfaction rating of satisfied or very satisfied (7+ out of 10). Customer satisfaction research covers major centres (including Darwin rural) based on a random sample of total customer population.
System Average Interruption Duration Index (SAIDI)	Rolled up regulated system measure based on feeder category distribution reliability targets set by the Utilities Commission for the 2019-24 regulatory period. Targets for the 2024-29 regulatory period will be applied when available. The long-term target reflects the acceptable level set by the Power and Water Board.
System Average Interruption Frequency Index (SAIFI)	Rolled up regulated system measure based on feeder category distribution reliability targets set by the Utilities Commission for the 2019-24 regulatory period. Targets for the 2024-29 regulatory period will be applied when available. The long-term target reflects the acceptable level set by the Power and Water Board.
Average duration of unplanned water supply interruptions	Average duration of unplanned water supply interruptions in Darwin (12 month rolling average).
Return on capital employed (ROCE)	ROCE = earnings before interest and taxes (EBIT) / capital employed. EBIT = taxed earnings before interest and tax adjusted for non-cash impairments and depreciation calculated using fair value for asset valuations. Capital employed = equity + long-term liabilities.
Funds from operations (FFO) to debt	FFO to debt = operating cashflows / (term debt + current debt).
Debt to equity	Debt to equity = (term debt + current debt) / equity.
Return on assets (ROA)	ROA = (net profit after tax / average total assets) * 100.
Earnings before interest and taxes (EBIT) margin	EBIT margin = EBIT excluding impairment / revenue.
Overall employee engagement score	The level of favourable engagement for employees based on survey respondents measured biennially using the Kincentric methodology (previously known as AON Hewitt).
Delivery of renewable energy projects into remote communities	Timeliness of connecting renewable energy projects in remote communities, measured by average variance to agreed business case timeframes. Schedule variance tolerance of 10% is aligned with Enterprise Portfolio Management Office guidelines.

KPI	Description
Generator connections to the electricity system comply with Northern Territory National Electricity Rules timeframes	Timeliness of generator connections, measured by average variance to required timeframes, with 100% compliance under the Northern Territory National Electricity Rules Chapter 5 (Transmission Connections) and 5A (Distribution Connections) obligations and construction schedule variance tolerance of 10% aligned with Enterprise Project Management Office guidelines.
Manton Dam / Strauss project delivered on time and on budget	Measured by forecast completion cost as a proportion of approved business case budget and timelines.
Environmental significant incidents	Measured by the number of environmental incidents that result in serious, irreversible environmental harm or prolonged adverse media attention and/or community condemnation.
Corporate reputation index	Assessment of Power and Water's reputation score based on annual customer and brand survey.
Aboriginal employment	Percentage of employees identifying as Aboriginal (including permanent, fixed term and hosted trainees and apprentices, excluding contractors) as at 30 June each year.

Zenny Heffernan, Customer Service Representative.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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DIRECTORS' REPORT

The directors present their report together with the financial report of the Power and Water Corporation (the Corporation, we, us, our) and of the consolidated entity, being the Corporation and our controlled entities, for the year ended 30 June 2024 and the Auditor's report thereon.

Directors

The directors of the corporation at any time during or since the end of financial year are:

Name	
Peter Wilson AM B. Comm (Hons), MA (Melb), AMP (Wharton), FAICD, FCPALife, FCPHRLife	In addition to our board, Peter is also Chair and non-executive director of Indigenous Essential Services Pty Ltd, our wholly owned, not-for-profit subsidiary. Peter brings a great depth of private sector, government and Board knowledge and experience to the role. His previous roles include being Commissioner on the former State Electricity Commission of Victoria, CEO and Managing Director of Energy 21, and 4 terms as Chair of Yarra Valley Water. He was also Chair and National President of CPA Australia, the world's fourth largest professional accounting organisation, until his retirement from that board in December 2021, and was a non-voting board member on the International Federation of Accountants in New York from 2020-2021. A former head of the Victorian Government's Department of Industry, Peter has also held senior executive roles in the Commonwealth and Victorian Treasuries, and group executive roles at Amcor Limited, and ANZ Bank where he was responsible for operations in 40 countries with 22,000 employees. He has held non-executive director appointments on the respective boards of Dalgety Farmers Ltd, Kimberly-Clark Australia, and the Commonwealth Safety Rehabilitation and Compensation Commission. Peter's other roles include Chair of the Australian Disability Network Ltd Board since May 2015. He was a director and Chair of the National Alcohol and Drug Foundation from 2021-23. Peter also chairs the Audit and Risk Committee at the Office of the Auditor-General in Western Australia, and also at the Premier and Cabinet Department in WA. He is the independent member and Chair of the Australian Retail Credit Association and the Reciprocity and Data Exchange Administrator Limited which set respectively the credit reporting standards under National Privacy legislation, and also industry rules for data exchanges between financial institutions that are authorised by the ACCC. Peter was Chair of the Australian HR Institute from 2006-2020, and a non-executive director and past Chair of Vision Super from 2012-2022. He is Chair of the Victorian Institute of Strategic Economic Studies at Victoria University; a panel member at the Centre of Excellence into Population and Ageing Research at Sydney and Curtin Universities, and an advisor to the International Consortium for Research into Employment and Work at Monash University. Peter served as an Adjunct Professor in Management at the Monash Business School, Monash University, Melbourne from 2012-2020, and as an accredited PhD Supervisor at the La Trobe Business School, La Trobe University, Melbourne from 2015-2020. Peter was made a Member of the Order of Australia in 2005 for services to workplace relations and safety and community service and was awarded a Centenary Medal in 2004.
Trevor Armstrong BE. (Elect), GAICD, AMP INSEAD	In addition to our board, Trevor is also a non-executive Director of Indigenous Essential Services Pty Ltd, our wholly owned, not-for-profit subsidiary. Trevor has had an outstanding career in the energy sector for more than 30 years. He has held senior executive roles with Energy Australia, Networks NSW and Ausgrid, including as that organisation's interim Chief Executive Officer (CEO) and Chief Operating Officer. Trevor is the immediate past Chair of CIGRE Australia and has served as a member of the Reliability Panel of Australian Energy Market Commission. He is CEO of ACEREZ, the preferred network operator of the first Renewable Energy Zone in NSW, and the non-executive director of two BJEI Renewable Energy Projects.

Megan Corfield B. Comm, BA (Econ), GAICD	Megan Corfield is a strategic businesswoman and leadership coach with 25 years of executive and governance roles across utilities, sustainability, professional services, government, and major events. Megan serves on the boards of Unitywater, Altogether Group and Chief executive Women, and is Chair of International parking group Holdings. Her previous boards include Brisbane Grammar, Connell Griffin, Infrasol, Tourism and Events Queensland, GOLDOC (Commonwealth Games Organising Committee) and Urbis. Megan has a proven record in delivering new business value from strategy development to operational execution, negotiating and integrating mergers, and acquisitions and building high performance teams.
Paul Italiano B. Bus, MBA	In addition to being our board, Paul is also a non-executive director of Indigenous Essential Services Pty Ltd, our wholly owned, not-for-profit subsidiary. Born and raised in Western Australia, he graduated with a business degree majoring in Accounting and Finance. He has had a career in accounting and finance, including senior executive positions at RACWA, HBF Health Funds and Wesfarmers Insurance Division, plus senior advisory roles in corporate finance with Ernst & Young. Paul served as CEO of Western Power from 2011 to 2016, then as CEO of TransGrid from 2016 to 2021. He is Chair of Cyclowest Pty Ltd and SolisEnergy Pty Ltd.
Greg Martin B. Ec, LLB	Greg Martin has more than 40 years of experience in energy and water utilities, energy and energy related infrastructure, resources, financial services and private equity sectors, having spent 25 years with AGL, including five years as Managing Director and CEO. Greg's Board appointments include Chair of ASX-listed Provaris Energy Ltd (ASX:PV1); Nasdaq-listed Mawson Infrastructure Group Inc (MIGI:NASDAQ); and Sierra Rutile Holdings Limited (ASX:SRX). He is Deputy Chair of Western Power. Greg's prior executive roles include Chief Executive of Challenger Financial Services' infrastructure group, principally engaged in the origination, operational management and realisation of European, US, South American and Asian investments, and Managing Director and CEO of Murchison Metals Limited (ASX:MMI). Subsequent to leaving full-time executive roles, Greg was co-founder, partner and Chair of energy midstream infrastructure private equity investor Prostar Capital; non-executive director of Australian oil and gas major Santos Limited (ASX:STO); non-executive director of remote and renewable's energy provider Energy Developments Limited; Chair of the Sydney Desalination Plant, and founding Non-executive director of Australian Energy Market Operator Limited (AEMO). Greg's other former non-executive roles include former Chair of Hunter Water Corporation; Iluka Resources Limited (ASX:ILU); NGC Holdings Limited NZ (NZX:NGC); Empresa de Gas de la V Region S.A. (Chile); Kyungnam Energy Co. Ltd (South Korea); Energy Developments Limited (ASX:ENE); Spark Infrastructure (ASX:SKI); and the Royal Botanic Gardens & Domain Trust of New South Wales for 9 years. Greg is a previous Deputy Chair of the Australian Gas Association, and served as inaugural Chair of the Energy Supply Association of Australia. He is a past member of the Business Council of Australia, Committee for the Economic Development of Australia and Council of Australian Governments (CoAG), Energy Council's Energy Appointments Selection Panel. Greg is a member of the Australian Institute of Company Directors and holds a Bachelor of Laws degree from the University of Technology Sydney and a Bachelor of Economics degree from the University of Sydney. He has twice attended executive management programs at IMD in Lausanne, Switzerland.
Jodie Ryan	In addition to our board, Jodie is also a non-executive director of Indigenous Essential Services Pty Ltd, our wholly owned, not-for-profit subsidiary. Jodie commenced with our board in August 2022, following a 30-year career in the Northern Territory Public Sector, the last 9 of these as CEO of the Department of the Chief Minister and Cabinet and the Department of Treasury and Finance. Jodie has deep experience, knowledge and understanding of the Northern Territory Government, with a particular focus on improving the economic and financial growth of the Northern Territory. Her experience encompasses working extensively with all tiers of Government, the private sector and non-government organisations. Jodie is a former member of the Charles Darwin University Council, the Australia New Zealand School of Government and the Darwin Waterfront Corporation. She has a Bachelor of Business, Majoring in Accounting and is a Graduate of the Australian Institute of Company Directors.

Company Secretary

John Pease LLM (Dist.), FGIA FCG, MAICD	John has more than 15 years of executive-level experience with iconic organisations in the banking and finance, healthcare, electricity networks and infrastructure and higher education sectors. Covering all aspects of in-house legal services, risk management and insurance, compliance, internal audit and assurance, business continuity and crisis management, John brings extensive knowledge to our team. He also has substantial experience as a lawyer, including working as a barrister at Perth's Francis Burt Chambers, a solicitor in private practice and Deputy Registrar of the Administrative Appeals Tribunal, as well as working in various roles with the former Commonwealth Crown Solicitor's Office, the Australian Taxation Office and NSW Magistrates Courts Administration. John's legal experience covers both commercial law and dispute resolution, intellectual property, banking and finance, debt recovery and insolvency, trade practices, higher education, corporate governance and energy, building and construction, and infrastructure. He has extensive in-house legal practice management experience. A former WA President of the Australian Corporate Lawyers Association (and serving 4 years on its national board), John is a fellow of the Governance Institute of Australia and served on the WA State Council of Chartered Secretaries Australia. John graduated with a Master of Laws (with distinction) from the University of WA in 1998. He was appointed Company Secretary on 11 September 2020.

Principal activities

The principal activities of the Corporation and our wholly owned subsidiary, Indigenous Essential Services Pty Ltd, are the distribution of electricity, the provision of water and wastewater services to the people of the Northern Territory and gas supply to third parties. There were no significant changes in the nature of the activities during the financial year.

Review of Profitability and Equity

	Consolidated	
	June 2024 $ million	June 2023 $ million
Revenue	847.9	823.8
Total revenue	**847.9**	**823.8**
Expenditure	(631.4)	(575.6)
Impairment change and revaluation of assets adjustments	**21.4**	45.9
Total expenditure	**(610.0)**	**(529.7)**
EBITDA	**237.9**	**294.1**
Depreciation and amortisation	(206.1)	(194.6)
EBIT	**31.8**	**99.5**
Interest expense	(63.2)	(57.6)
Net (loss) / profit before income tax	**(31.3)**	**41.9**
Income tax benefit / (expense)	0.1	(16.0)
Net (loss) /profit after income tax	**(31.2)**	**25.9**
EBITDA excluding significant items		
EBITDA	237.9	294.1
Impairment changes and revaluation of assets adjustments added back	(21.4)	(45.9)
Underlying EBITDA[1]	**216.5**	**248.2**
Depreciation and amortisation	(206.1)	(194.6)
Underlying EBIT	**10.4**	**53.6**
Interest expense	(63.2)	(57.6)
Underlying net (loss) / profit before income tax[1,2]	**(52.8)**	**(4.0)**
Total assets	4,484.7	3,958.4
Total liabilities	(2,700.4)	(2,422.4)
Total equity	**1,784.3**	**1,536.0**

[1] EBITDA excluding significant items is non-IFRS (International Financial Reporting Standards) information. Management has provided an analysis of significant items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported (i.e. IFRS) information to assist readers to better understand the financial performance of the underlying operating business. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report.

[2] Gifted asset revenue, although a non-cash item, is a recurring item in the normal course of business and therefore has not been excluded from underlying profits before tax.

Review of Operations

Profit from operations

The consolidated entity reported a net loss after tax from continuing operations of $31.2 million for the year ended 30 June 2024 compared to a net profit after tax of $25.9 million for the prior year. The decrease in the net profit after tax was primarily attributable to higher energy and material expenses and repair and maintenance expenses by $35.7 million and $11.2 million respectively. The higher energy costs were due to the purchase of emergency gas at higher prices due to curtailment of supply by our main supplier (Eni). The Corporation is seeking damages from Eni for losses caused by the reduction of Eni's supply of gas. The matter has been referred to arbitration and the directors believe that a favourable outcome is probable. However, the contingent asset has not been recognised as a receivable at 30 June 2024 as receipt of the amount is dependent on the outcome of the arbitration process.

The consolidated entity recognised revenue of $847.9 million for the current year compared to $823.8 million for the prior year; an increase of $24.1 million. The increase in revenue recognised was primarily attributable to revenue from contract with customers by $35.9 million, partly offset by decrease in revenue from rendering of services and government grants by $11.8 million. The increase in revenue from contract with customers is primarily driven by increase in electricity distribution and water of $32.0 million and $14.5 million, partly offset by decrease in gas revenue of $8.5 million.

Liquidity and capital resources

The consolidated cash flow statement shows an increase in cash and cash equivalents for the year ended 30 June 2024 of $37.7 million (2023: $52.9 million decrease). Operating activities generated $246.9 million (2023: $215.3 million) of net cash flows.

Cash flows from operating activities have been supplemented by net cash generated from financing activities of $111.1 million (2023: $33.3 million used), primarily from proceeds from borrowings of $170 million (2023: $35 million), partially offset by $20 million repayment of borrowings and $36.9 million repayment of leases.

Cash flows from operating activities have been offset by net cash used for investing activities of $320.3 million (2023: $234.9 million), largely due to payments for property plant and equipment of $312.6 million (2023: $228.8 million).

The net cash inflow of $37.7 million (2023: $52.9 million outflow) in the current year is primarily due to improved operating cash flows and increased borrowings to fund capital projects.

Loans to subsidiaries

As at 30 June 2024, Indigenous Essential Services Pty Ltd owed us $37.2 million (2023: $42.6 million) which is made up of an inter-entity receivable of $12.2 million (2023: $17.6 million) in relation to services provided and $25.0 million (2023: $25.0 million) in loans provided in respect of the Indigenous Essential Services Pty Ltd Solar SETuP program.

Capital Expenditure

Capital expenditure for the consolidated entity totalled $316.7 million for the year to 30 June 2024. Major project spending in the current year included:

Entity	Description	$ million
Power and Water Corporation	Manton Dam Return To Service	26.5
	Core Capabilities Program - Capability Uplift Meter 2 Cash	24.8
	Northern Gas Pipeline Reversal Project	18.9
	Trevor Horman Zone Substation	15.8
	Regulated Metering Capital Expenditure	13.7
	Darwin River Dam New Pump Station	13.4
	Unlocking Existing Large Scale Renewable Generation In Darwin/Katherine - Synchronous Condenser	6.5
	Tiwi Sewerage Pump Station Renewal	3.9
	Customer Water Meter Replacement Program - All Urban Centres	3.6
	Energy Management System (EMS) Upgrade	3.4
Indigenous Essential Services Pty Ltd	Wurrumiyanga Setup and Energy Storage Project	4.1
	Gapuwiyak Upgrade Sewer Pumping Station (NTG Remote Housing Program)	3.8
	Indigenous Essential Services Prepayment Metering	3.3
	Umbakumba Bore Rising Main and Overhead Powerline Diversion	2.5
	Beswick Groundwater Storage Tank	2.5
	Maningrida Water Link Infrastructure	2.1

Property, plant and equipment

Our fixed assets are stated at fair value, in accordance with the fair value requirements of the Australian Accounting Standards, with the core operational assets of the Power Services and Water and Sewerage business units using the income approach. Consistent with the accounting standards, the income approach has a 'purchaser of the business' perspective and is based on the net present value of the forecasted cash flows of these businesses applying anticipated market conditions. The infrastructure assets of Indigenous Essential Services Pty Ltd are valued on a current replacement cost basis.

The directors' note to the readers of the financial statements that the income approach differs to a current replacement cost basis of valuation, which is based on the cost of replacing the service capacity of the assets.

During the current year, the consolidated entity performed valuation exercises on its property, plant and equipment resulting in net assets being written up by $317.2 million, of which $300.0 million increase was recognised in Other Comprehensive Income, and $17.2 million recognised as reversal of impairment expense through profit or loss.

Gas contracts

We have in place long term contracts to procure gas and associated gas transport arrangements. The fixed price nature of the long-term gas contracts, the volatility in the market price of gas, the pricing and volume risk from as yet unsecured contracts, increasing competition in the gas supply market and more recently the potential impact from the displacement of gas by renewables over time are risks to our ability to sell the gas at a price higher than the cost of gas and transport.

Monitoring and assessing gas market conditions is important in determining potential future impacts on the Gas Services business. We engage external experts to perform independent assessments of future market conditions on a regular basis while also using data from a variety of credible sources to inform decision making.

Directors have considered the current gas market environment in both the Northern Territory and Australian East Coast gas market. Independent publications are predicting a shortage of gas in the East Coast market will continue during our gas supply contract.

As part of the development of the Integrated System Plan for electricity markets in Australia the Australian Energy Market Operator (AEMO) prepared forecasts for gas prices under three scenarios. AEMO price forecasts represent the closest that there is to an industry standard forecast of gas prices in eastern Australia, and therefore represent the best forecasts available.

The key risk to the outlook for higher prices is the emergence of new low-cost gas supply. Given the uncertainty about where new gas in eastern Australia will be sourced from and at what prices, the likelihood of low-cost, domestic gas supply is considered.

Having considered the probability of risks and opportunities that can be quantified and assessed for materiality as required under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', the directors have concluded that, at the date of this report, an onerous contract does not exist.

The directors will continue to monitor the gas sales strategy and associated financial outlook having regard to sources of estimation uncertainty discussed above and note that the key underlying assumption adopted by the directors is that gas purchase volumes will be covered by sales in the market.

Impairment

Make-up Gas

The current gas contracts relating to the sale and purchase of gas have resulted in us paying for gas that will only be sold in future financial years. These payments are classified as intangible assets and disclosed under Make-up Gas in Note 4.4. Make-up Gas is determined to be an intangible asset defined in and within the scope of AASB 138 as it is an identifiable non-monetary asset without physical substance.

We recognised an impairment write back of $4.2 million at 30 June 2024 (2023: $2.0 million impairment write down).

Dividends

Subsequent to 30 June 2024 our board resolved to declare a special dividend of $2.0 million, which will be paid from retained earnings during the year ended 30 June 2024. A dividend of $2.0 million was declared and paid during the year ended 30 June 2024 in relation to the prior year.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The accounting standards require directors to make disclosures about the existence and the nature of material uncertainties that lead to significant doubts about going concern. There are no material uncertainties that cast significant doubt about the consolidated entity's ability to continue as a going concern. For further details refer to Note 1.1 basis of preparation.

The consolidated entity has carried out an assessment of the going concern assumption. This includes assessing:

i. Forward cash flow projections
ii. Funding sources
iii. Compliance with debt covenants
iv. The continuity of key customers and suppliers
v. The impact of current economic conditions
vi. Forward forecasts and budgets

For the year ended 30 June 2024, the consolidated entity made a net loss after tax of $31.2 million (2023: net profit after tax of $25.9 million). The Corporation is forecast to be profitable across the four-year budget period as reported in the most recent Statement of Corporate Intent (SCI).

Adoption of new and revised Accounting Standards

There have been no new or revised accounting standards or interpretations that are effective from the year beginning on or after 1 July 2023 which materially impact the financial results. Where applicable, comparative figures have been updated to reflect any changes in the current period.

Future developments

The consolidated entity will continue to pursue its vision of being a proud, trusted, modern multi-utility delivering value now and into the future and being respected in the community for making a difference to the lives of Territorians.

Environmental regulation

The consolidated entity's operations are subject to significant statutory responsibilities under both Commonwealth and Northern Territory legislation. In 2020-21 we were issued with a Show Cause Letter from the Department of Agriculture, Water and the Environment (DAWE) in relation to a potential breach of conditions associated with the East Point Effluent Rising Main - Environment Protection and Biodiversity Conservation Act Approval (2009/5113). A formal response was provided to DAWE as per required timeframes, however as yet no formal determination has been received from DAWE regarding potential fines/penalties. No known regulatory breaches have occurred in Indigenous Essential Services Pty Ltd. The consolidated entity continues to pursue compliance with its statutory obligations and improve processes to meet its responsibilities in this area.

Subsequent events

Subsequent to the year end, directors declared a special dividend of $2.0 million, payable by 30 November 2024.

The financial statements of the consolidated entity were approved on 30 September 2024.

In the opinion of our directors, there were no material and unusual events that have arisen in the interval between the end of the financial year and the date of this report. Material events are those that are likely to affect significantly the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity, in future financial years.

Indemnification and insurance of directors and officers

Indemnification

The Northern Territory Government has indemnified our directors from and against all liabilities incurred or arising out of conduct as a director of the Corporation, acting in good faith in compliance with any direction or request made by the shareholding Minister or the portfolio Minister to the Corporation or the Board of the Corporation pursuant to the *Government Owned Corporations Act 2001.*

Insurance premiums

The following insurance policies were purchased to cover the directors and officers of the entities in the consolidated group. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

i. Group Personal Accident Insurance
ii. Professional Industry Insurance
iii. Directors' and Officers' Liability

Rounding off

Amounts in the financial report have been rounded to the nearest thousand dollars ($'000), unless otherwise stated.

This report is made in accordance with a resolution of directors pursuant to s.298(2) of the *Corporations Act 2001*.

Dated at Darwin this 30th day of September 2024

Peter Wilson
Chair

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

		Bodies corporate		Tax residency	
Entity name	**Entity type**	**Place formed or incorporated**	**% of share capital held**	**Australian or foreign**	**Foreign jurisdiction**
Power and Water Corporation	Body corporate	Australia	N/A	Australian (i)	N/A
Indigenous Essential Services Pty Limited	Body corporate	Australia	100%	Australian (i)	N/A
BGP Tenure Holdings Pty Limited (ii)	Body corporate	Australia	50%	Australian	N/A

(i) This entity is grouped for Goods and Services Tax reporting under Australian taxation law, for which the Corporation is the head entity.

(ii) The Corporation owns 50% of the shares in BGP Tenure Holdings Pty Limited with the remaining 50% held by non-controlling interests. The relevant activities of the BGP Tenure Holdings Pty Limited are determined by the Board of Directors of BGP Tenure Holdings Pty Limited. The Board of Directors of BGP Tenure Holdings Pty Limited consists of two members, of which one of the positions is held by an individual nominated by the Corporation. BGP Tenure Holdings Pty Limited is a non-trading entity.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Auditor-General

Independent Auditor's Report to the Board of Directors of Power and Water Corporation

Opinion

I have audited the financial report of Power and Water Corporation (the Corporation) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the Directors' Declaration.

In my opinion, the accompanying financial report of the Corporation and the Consolidated Entity is in accordance with the *Government Owned Corporations Act 2001*, including:

- giving a true and fair view of the Corporation's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Corporation in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Notes 4.2 and 4.4 of the financial report, which describe the key sources of estimation uncertainty associated with the measurement of the make-up gas intangible asset recoverable amount, the considerations informing management's assessment of any impairment of the carrying amount of make-up gas intangible asset and the need to recognise a provision for onerous contracts, all of which may be necessary as a result of present supply constraints. Management have determined that there is no onerous contract and no impairment as the remaining term of the gas supply agreement provides sufficient time for the gas supply to be restored and the benefits from the make-up gas to be realised. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section, I have determined the matters described below to be key audit matters to be communicated in my report.

Auditor-General

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Key Audit Matter	Audit scope response to the Key Audit Matter
Intangible assets – banked gas	
The balance of intangible assets in Note 4.4 includes $65.844 million relating to gas that has been paid for but not yet delivered under a take-or-pay condition in gas supply agreements between the Corporation and its gas suppliers. Impairment testing is required when events occur that indicate an asset may not be fully recoverable. Because of the reduction in the gas supply, management completed impairment testing to determine if the recoverable amount is below the carrying value. The impairment of intangible assets is a key audit matter due to the significance of the balance and the estimation of the recoverable amount. The calculations involve complex and subjective management estimates based on management's judgement of key variables and market conditions such as future commodity prices, future operating performance of the supplier and the discount rate. Following management's assessment, no impairment has been recognised against the carrying amount of the banked gas for the year ended 30 June 2024.	My procedures included but were not limited to: ▪ assessing and challenging the appropriateness of cash flows projections resulting from management's assumptions; ▪ verifying the inputs used in the impairment assessment model; ▪ recalculating the outputs of the model; ▪ performing a sensitivity analysis to test the key assumptions used in the calculations pertaining to key drivers such as future prices, quantities and timing of gas deliveries; and ▪ assessing the appropriateness of classification and adequacy of disclosures in the financial statements.

Auditor-General

Key Audit Matter	Audit scope response to the Key Audit Matter
Provision for onerous contracts	
The Corporation entered into primarily long-term gas purchase and sale contracts. Each year, the management estimates the expected lifetime revenue and costs of the contracts to determine if the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received. As disclosed in Note 4.2, no provision for onerous contract has been recognises at 30 June 2024. The assessment of whether contacts are onerous is a key audit matter because of the high degree of management judgement and estimation. Changes to the circumstances and events affecting future opportunities in the gas market may result in the Corporation recognising, adjusting or derecognising a provision for onerous contracts at each reporting date. The sources of estimation uncertainty and sensitivity analysis are disclosed in Note 7.3 (i) to the financial statements.	My procedures included but were not limited to: ▪ assessing and challenging the appropriateness of cash flow projections resulting from management's assumptions; ▪ verifying the inputs used in the model; ▪ recalculating the outputs of the model; ▪ assessing the integrity of the gas contract model used by management based on assumptions around the functionality of the model when compared to industry standards; and ▪ assessing the appropriateness of classification and the adequacy of disclosures in the financial statements.
Unbilled revenue	
Revenue from contracts with customers, as disclosed in Note 2.1 includes an estimate of unbilled gas, electricity, water, sewerage services and electricity distribution services supplied to customers between the date of the last meter reading and the year end. Unbilled revenue was estimated at $35.713 million as disclosed in Note 5.1 (a). The estimation of unbilled revenue is a key audit matter as it requires significant management judgement to estimate customer consumption between the last invoice date and the end of the reporting period.	My procedures included but were not limited to: ▪ obtaining an understanding of the key controls management has in place to determine the accuracy of the estimate of supplied units (sent out data) and related revenue amounts; ▪ comparison of unbilled revenue to the actual subsequent billings; ▪ analysing the trends in billed revenue throughout the year and the reasonableness of the estimate of unbilled revenue at year end, taking into consideration seasonal fluctuations affecting demand and supply; and ▪ evaluating the adequacy of the related disclosures in the financial report.

Auditor-General

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Key Audit Matter	**Audit scope response to the Key Audit Matter**
Fair value of infrastructure assets	
Corporation's power and water services infrastructure assets totalled $2.021 billion as disclosed in note 7.4, representing 74% of the Corporation's total property, plant and equipment disclosed in note 4.1. The power and water services infrastructure assets are carried at fair value using an income approach, where future cash flows are discounted to present value. The valuation is based on long-term price predictions and expected utilisation of the assets. Other key inputs are weighted average cost of capital and terminal growth rates. The valuation of infrastructure assets is a key audit matter due to the complexity involved in determining the key assumptions used in the calculations and the sensitivity of the calculations to changes in those assumptions.	My procedures included but were not limited to: ▪ obtaining an understanding of the key controls associated with the preparation of the valuation models used to assess the recoverable amount of the Corporation's cash generating units; ▪ assessing the reasonableness of key assumptions used in the calculations, namely: o revenue and operating expenditure growth rates; o terminal value growth rates; o regulatory asset base inflation rate; o weighted average cost of capital; and o target gearing levels. ▪ testing, on a sample basis, the mathematical accuracy of the cash flow forecast and impairment model and the appropriateness of the inclusion of the specific cash flows in accordance with the Australian Accounting Standards; ▪ assessing the consistency of forecast cash flow used in total to the Board approved Statement of Corporate Intent; and ▪ performing a sensitivity analysis to test the key assumptions used in the estimate pertaining to key drivers such as growth rates and discount rates.

Auditor-General

Key Audit Matter	Audit scope response to the Key Audit Matter
Classification and valuation of capital work in progress, including capitalisation of overhead costs	
As disclosed in Note 4.1, the Corporation has recorded capital work in progress valued at $492.385 million. The valuation of capital work in progress is a key audit matter due to the judgements and assumptions involved in the valuation and the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. In addition, and as disclosed in note 3.3, the Corporation has adopted an estimation methodology to identify indirect costs incurred by its corporate, power and water services divisions which are directly attributable to the acquisition, preparation or construction of capital assets. The financial effect of this methodology is a reduction in the expenses recognised in the statement of profit or loss with a corresponding increase in the value of property, plant and equipment. The application of the methodology is a key audit matter as it requires management's assessment and judgement and has a significant effect on the amounts recognised in the financial statements.	My procedures included but were not limited to: ▪ obtaining an understanding of the key controls associated with the allocation and monitoring of actual project expenditure against the approved budget expenditure for the Corporation's major projects; ▪ obtaining an understanding of the key controls associated with the estimation of the stage of completion used to determine the value of costs accrued at year-end; ▪ obtaining an understanding of the overhead capitalisation methodology and assessing its compliance with Australian Accounting Standards; ▪ reviewing the application of the overhead capitalisation methodology which included verification of the inputs used in the calculation and recalculation of the outputs using management's inputs; ▪ checking the review of capital work in progress performed by the Corporation at year-end; and ▪ for a sample of capital expenditure; o tracing the recorded costs to the invoices and assessing whether the nature of the costs represent future benefits to the Corporation in accordance with Australian Accounting Standards; o tracing accrued expenditure at year-end to any subsequent invoices received from contractors; and o examining progress reports related to major projects at year-end.

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the *Director's report* included in the Corporation's financial report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Corporation are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Government Owned Corporations Act 2001*, and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Government Owned Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditor-General

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report however future events or conditions may cause the Corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Consolidated Entity's audit. I remain solely responsible for my audit opinion.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Jara K Dean
Auditor-General for the Northern Territory
Darwin, Northern Territory

30 September 2024

DIRECTORS' DECLARATION

In the director's opinion:

(a) the attached financial statements and notes of the Corporation and the consolidated entity are in accordance with the *Government Owned Corporations Act 2001*, including compliance with Accounting Standards in Australia and giving a true and fair view of the financial position and performance of the Corporation and the consolidated entity;

(b) there are reasonable grounds to believe the Corporation and the consolidated entity will be able to pay debts as and when they become due and payable;

(c) the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board; and

(d) the consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the directors.

Peter Wilson
Chair

Darwin
30 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated		Corporation	
	Note	**June 2024 $'000**	**June 2023 $'000**	**June 2024 $'000**	**June 2023 $'000**
Revenue from contracts with customers	2.1	710,074	674,171	663,382	627,063
Revenue from rendering of services and government grants	2.5.1	104,814	116,622	116	740
Finance revenue	2.2	3,191	3,305	3,098	3,448
Other income	2.3	29,826	29,661	29,826	29,661
Inter-group sales		-	-	8,761	10,141
		847,905	**823,759**	**705,183**	**671,053**
Energy and materials		(339,941)	(304,193)	(292,388)	(255,905)
Repairs and maintenance expense	3.2	(92,990)	(81,775)	(71,817)	(60,030)
Employee benefits expense	3.1.1	(83,946)	(82,907)	(74,611)	(72,684)
External service agreements		(74,616)	(60,503)	(52,429)	(38,940)
Impairment of non-current assets and onerous contract provisions	4.2	21,428	45,872	21,428	45,872
Net loss on disposal of property, plant and equipment, inc. gifted streetlights		(1,646)	(4,830)	(1,173)	(1,366)
Operating expenses	3.3	(38,300)	(41,362)	(33,219)	(37,045)
		(610,011)	**(529,698)**	**(504,209)**	**(420,098)**
Earnings before interest, tax, depreciation and amortisation		**237,894**	**294,061**	**200,974**	**250,955**
Depreciation and amortisation	4.6	(206,079)	(194,637)	(147,059)	(137,942)
Finance costs	6.5	(63,159)	(57,598)	(61,848)	(56,524)
(Loss)/profit before tax		**(31,344)**	**41,826**	**(7,933)**	**56,489**
Income tax equivalent expense	8.1.1	123	(16,027)	123	(16,027)
(Loss)/profit for the year		**(31,221)**	**25,799**	**(7,810)**	**40,462**
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation surplus	9.3	281,521	67,683	43,158	25,352
Other comprehensive income for the year, net of tax		**281,521**	**67,683**	**43,158**	**25,352**
Total comprehensive income for the year		**250,300**	**93,482**	**35,348**	**65,814**

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated		Corporation	
	Note	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Current assets					
Cash and cash equivalents	6.2	132,109	94,411	94,444	30,871
Trade and other receivables	5.1	125,123	123,484	118,351	127,743
Finance lease receivables	4.5	1,076	1,070	2,469	2,271
Current tax assets	8.1.3	1,644	5,053	1,644	5,053
Inventories	5.3	40,717	41,004	33,023	33,552
Loans to subsidiaries	5.4	-	-	-	14,000
Intangible assets	4.4	3,149	2,897	1,023	989
Total current assets		**303,818**	**267,919**	**250,954**	**214,479**
Non-current assets					
Trade and other receivables	5.1	10,637	17,166	10,621	17,138
Loans to subsidiaries	5.4	-	-	25,000	11,000
Investments	5.5	3	3	3	3
Finance lease receivables	4.5	4,000	4,741	19,268	20,518
Property, plant and equipment	4.1	3,625,358	3,145,523	2,738,554	2,485,366
Right-of-use assets	4.3	414,952	425,108	376,731	386,232
Intangible assets	4.4	71,912	63,900	71,799	63,741
Deferred tax assets	8.1.2	54,046	34,030	54,046	34,030
Total non-current assets		**4,180,908**	**3,690,471**	**3,296,022**	**3,018,028**
Total assets		**4,484,726**	**3,958,390**	**3,546,976**	**3,232,507**
Current liabilities					
Trade and other payables	5.2	105,109	85,691	91,123	72,951
Unearned revenue	2.4	148,547	73,853	148,547	73,853
Interest bearing borrowings	6.1	222,000	282,000	222,000	282,000
Lease liabilities	6.4	40,991	37,789	39,676	36,455
Employee provision	3.1.2	51,411	48,236	51,411	48,236
Environmental contribution provision	8.2	12	15	12	15
Government grants	2.5.2	7,698	12,433	-	-
Total current liabilities		**575,768**	**540,017**	**552,769**	**513,510**
Non-current liabilities					
Deferred tax liabilities	8.1.2	185,527	146,521	185,527	146,521
Unearned revenue	2.4	32,329	29,139	32,329	29,139
Interest bearing borrowings	6.1	1,114,000	904,000	1,114,000	904,000
Lease liabilities	6.4	403,907	414,084	379,123	389,552
Employee benefits provisions	3.1.2	5,087	4,992	5,087	4,992
Unearned government grants	2.5.2	383,780	383,609	-	-
Total non-current liabilities		**2,124,630**	**1,882,345**	**1,716,066**	**1,474,204**
Total liabilities		**2,700,398**	**2,422,362**	**2,268,835**	**1,987,714**
Net assets		**1,784,328**	**1,536,028**	**1,278,141**	**1,244,793**
Equity					
Contributed equity	9.1	44,336	44,336	44,336	44,336
Retained earnings	9.4	396,760	428,217	725,208	734,364
Asset Revaluation Reserve	9.3	1,343,232	1,063,475	508,597	466,093
Total equity		**1,784,328**	**1,536,028**	**1,278,141**	**1,244,793**

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Consolidated		Corporation	
	Note	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Contributed equity					
Balance at beginning of year		44,336	44,336	44,336	44,336
Equity (withdrawal)/contributions from shareholders		-	-	-	-
Balance at end of year	9.1	**44,336**	**44,336**	**44,336**	**44,336**
Retained earnings					
Balance at beginning of year		428,217	402,424	734,364	703,317
Effect of adoption of new accounting standards		-	-	-	-
(Loss)/net profit for the year		(31,221)	25,799	(7,810)	40,462
Retirements transferred from asset revaluation reserve	9.3	1,764	9,994	654	585
Dividends paid	9.2	(2,000)	(10,000)	(2,000)	(10,000)
Balance at end of year	9.4	**396,760**	**428,217**	**725,208**	**734,364**
Asset revaluation reserve					
Balance at beginning of year		1,063,475	1,005,786	466,093	441,326
Increase in asset valuation		300,017	78,547	61,654	36,216
Deferred tax effect recognised in deferred tax liabilities		(18,496)	(10,864)	(18,496)	(10,864)
Retirements transferred to retained earnings	9.3	(1,764)	(9,994)	(654)	(585)
Balance at end of year	9.3	**1,343,232**	**1,063,475**	**508,597**	**466,093**
Total equity		**1,784,328**	**1,536,028**	**1,278,141**	**1,244,793**
Total equity attributable to owners of the parent		**1,784,328**	**1,536,028**	**1,278,141**	**1,244,793**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Consolidated		Corporation	
	Note	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Cash flows from operating activities					
Receipts from customers		771,345	746,205	735,937	704,387
Payments to suppliers and employees		(598,309)	(628,940)	(485,117)	(512,446)
Income tax receipt / (paid)	8.1.3	4,026	(517)	4,026	(517)
Community Service Obligations received		29,279	29,077	29,279	29,077
Receipt of government grants		100,134	123,434	-	-
Interest received		3,190	3,391	3,098	3,493
Interest paid		(62,800)	(57,367)	(61,471)	(56,293)
Net cash generated by operating activities	6.2	**246,865**	**215,283**	**225,752**	**167,701**
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		204	234	-	234
Payments for property, plant and equipment		(312,626)	(228,839)	(267,702)	(178,925)
Payments for intangible assets	4.4	(7,883)	(6,263)	(7,883)	(6,263)
Loans to controlled entity		(14,000)	-	(14,000)	-
Proceeds from repayment of loans to controlled entity		14,000	-	14,000	-
Net cash used in investing activities		**(320,305)**	**(234,868)**	**(275,585)**	**(184,954)**
Cash flows from financing activities					
Repayment of borrowings	6.2 (d)	(20,000)	(24,000)	(20,000)	(24,000)
Proceeds from borrowings	6.2 (d)	170,000	35,000	170,000	35,000
Repayment of lease liabilities	6.2 (d)	(36,862)	(34,316)	(34,594)	(32,200)
Dividends paid	9.2	(2,000)	(10,000)	(2,000)	(10,000)
Net cash generated/(used) in financing activities		**111,138**	**(33,316)**	**113,406**	**(31,200)**
Net increase/(decrease) in cash and cash equivalents		**37,698**	**(52,901)**	**63,573**	**(48,453)**
Cash and cash equivalents at beginning of year		94,411	147,312	30,871	79,324
Cash and cash equivalents at end of year	6.2	**132,109**	**94,411**	**94,444**	**30,871**

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTE 1 ABOUT THIS REPORT

Introduction

The Corporation is a government owned corporation domiciled in Australia. The consolidated financial report of the Corporation for the year ended 30 June 2024 comprises the Corporation and its subsidiary as disclosed in Note 5.6.

The consolidated entity is principally engaged in the provision of electricity distribution, electricity retail and generation services, water and sewerage services to customers across the Northern Territory. The consolidated entity also sells gas to a number of customers across Australia. Further information of the nature of the operations and principal activities of the consolidated entity is provided in the Directors' report. Information on other related parties is provided in Note 9.6.

The Financial Report was authorised for issue by the Directors on 30 September 2024.

Note contents

1.1 Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and the Government Owned Corporations Act 2001. The Government Owned Corporations Act 2001 requires the financial statements of the Corporation and the consolidated entity to comply with the requirements of the Corporations Act 2001. The Corporation is a for-profit entity for the purpose of preparing these general purpose financial statements, therefore any accounting policy differences arising from Indigenous Essential Services Pty Ltd (a not-for-profit entity) are adjusted on consolidation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain property, plant and equipment and financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The consolidated entity is of a kind referred to in the Australian Securities and Investment Commission (ASIC) instrument 2016/191 (for rounding in Financial/Directors' reports), issued by ASIC, in relation to "rounding off". Amounts in this report have been rounded off in accordance with that ASIC instrument to the nearest thousand dollars, or in certain cases the nearest dollar.

1.1.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Corporation and entities controlled by the Corporation (the Consolidated entity). A list of subsidiaries appears in Note 5.6 to the financial statements.

Specifically, the consolidated entity controls an investee if, and only if, the consolidated entity:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

When the Corporation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

- The consolidated entity's voting rights and potential voting rights
- Rights arising from other contractual arrangements
- The contractual arrangement(s) with the other vote holders of the investee.

The consolidated entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the consolidated entity gains control until the date when the consolidated entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting policies into line with the consolidated entity's accounting policies. All intragroup balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated on consolidation.

The financial statements of the subsidiary, Indigenous Essential Services Pty Ltd, are prepared for the same reporting period as the Corporation, using consistent accounting policies with the exception of the treatment of government grant revenue received by Indigenous Essential Services Pty Ltd. Indigenous Essential Services Pty Ltd, as a not-for-profit entity, applies Accounting Standard AASB 1058 Income of Not-for-Profit Entities for recognition and measurement of government grants. This accounting treatment is adjusted on consolidation to align to Note 2.5 Government grants.

If the consolidated entity loses control over a subsidiary, it derecognises the related assets, liabilities and components of equity, while any resultant gain or loss is recognised in profit or loss.

1.1.2 Current versus non-current classification

The consolidated entity presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period
  or
- Cash or a cash equivalent (unless the asset is 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 current when:

- It is expected to be settled in the 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.

The consolidated entity classifies all other liabilities as non-current.

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

1.1.3 Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The accounting standards require directors to make disclosures about the existence and the nature of material uncertainties that lead to significant doubts about going concern.

The consolidated entity has carried out an assessment of the going concern assumption. This includes assessing:

(i) Forward cash flow projections

(ii) Funding sources

(iii) Compliance with debt covenants

(iv) The continuity of key customers and suppliers

(v) The impact of current economic conditions

(vi) Forward forecasts and budgets.

For the year ended 30 June 2024, the consolidated entity made a net loss after tax of $31.2 million (2023: net profit after tax of $25.8 million). The consolidated entity is forecast to be profitable across the 4 year budget period as reported in the most recent Statement of Corporate Intent (SCI).

Although the consolidated entity's current liabilities for the current year exceed its current assets by $278.6 million (2023: $272.1 million), this is due to the debt maturity profile of the consolidated entity. All debt maturing in the next financial year, and in subsequent years of the SCI period is anticipated, to the extent required, to be replaced by new long-term debt.

Combined with the improvement on the working capital ratio, the consolidated entity operating cash flows and underlying EBITDA remain positive, consistent with prior periods.

There have been no material changes to funding sources for the consolidated entity, and there continues to be a strong relationship with key customers and suppliers.

Based on the above assessment performed, there are no material uncertainties that cast significant doubt about the consolidated entity's ability to continue as a going concern.

1.1.4 Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.2 Compliance with International Financial Reporting Standards

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer below for critical accounting judgments and key sources of estimation uncertainty.

The following are the critical judgements, apart from those involving estimations (see below), that management have made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements, and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Critical accounting judgements and key sources of estimation uncertainty	Note number
Capitalisation of borrowing costs on qualifying assets	Note 6.5
Discount rate to be used in determining the provision for onerous contracts	Note 4.2
Fair value measurements and valuation process	Note 7.4
Impairment write-back	Note 4.2
Impairment write-off	Note 4.2
Unbilled revenue	Note 5.1
Useful lives of property, plant and equipment	Note 4.6
Borrowing costs	Note 6.5
Labour recovery costs	Note 3.1.1
Indirect costs supporting capital projects	Note 3.3

NOTE 2 FUNDING DELIVERY OF OUR SERVICES

This section provides additional information about how the Corporation is funded and the accounting policies that are relevant for an understanding of the revenue items recognised in the financial statements. Revenue and income that fund delivery of the Corporation's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

Note contents

2.1 Revenue from contract with customers

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Revenue from contracts with customers	710,074	674,171	663,382	627,063
	710,074	**674,171**	**663,382**	**627,063**

The consolidated entity recognises revenue from the following major sources: sale of gas, electricity distribution, water and sewerage services to customers across the Northern Territory.

In addition to the major sources of revenue discussed above, the consolidated entity also recognises revenue from a number of other minor sources such as electricity generation and retail services to some minor and remote centres across the Northern Territory, gifted assets and capital contributions towards the purchase or construction of infrastructure assets owned and controlled by the consolidated entity.

Revenue is measured based on the consideration to which the consolidated entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The consolidated entity recognises revenue when it transfers control of a product or service to a customer.

Types of service	Nature of performance obligations and revenue recognition policies
Sale of gas	The consolidated entity has a number of long-term contracts with customers for the sale of gas. The majority of these contracts have been established as take-or-pay arrangements, whereby the minimum amount specified is considered the contract as it is the only enforceable part of the agreement. Options in the contract to acquire additional volumes of gas are considered a separate contract at the time the customer exercises the option on the basis that the additional units are provided at a standalone selling price. The transaction price is subject to periodic price escalation throughout the course of each contract. Any future price adjustments are not reflected in the initial transaction price as they are unknown at the time of the initial contract. The sale of gas represents a promise to transfer a series of distinct goods (i.e. each gigajoule of gas) to the customer and is therefore considered a single performance obligation satisfied over time. Revenue is recognised over time as the consolidated entity satisfies its performance obligations and transfers control of the gas to the customer who simultaneously receives and consumes that gas. The amount of revenue recognised is determined by measuring the progress toward the complete satisfaction of the performance obligation. A receivable is recognised by the consolidated entity as it transfers control of the gas to the customer. An invoice is raised once the consolidated entity is entitled to compensation. There is not considered to be a significant financing component in these types of contracts with customers as the period between the recognition of revenue and the payment is less than one year. For those contracts established as take-or-pay arrangements, any gas paid for but not taken is recognised as a contract liability until such time as the customer takes delivery of that make-up gas. It is only when the customer takes delivery and control of that make-up gas that the consolidated entity satisfies its performance obligations under the contract and therefore recognises revenue. At the end of each reporting period, the consolidated entity undertakes an assessment of its contract liabilities related to make-up gas for breakage i.e. the consolidated entity assesses the likelihood of the customer taking delivery of the full quantity of make-up gas assets that they are entitled to before the end of contract or other time as specified in the contract. Revenue is recognised where it has been assessed that it is highly probable the customer will not take delivery of the full quantity of make-up gas on or before the end of the contract or other time as specified in the contract.
Electricity distribution services	The consolidated entity provides electricity distribution services under long term variable price contracts to a small number of customers (third party retailers). The electricity distribution services represent a promise to transfer a series of distinct services to the customer and are therefore considered a single performance obligation satisfied over time. The transaction price is subject to annual price adjustment or escalation throughout the course of each contract as determined by the Australian Energy Regulator through the Network Price Determination. Any future price adjustments are not reflected in the initial transaction price as they are unknown at the time of the initial contract. The consolidated entity recognises revenue from electricity distribution services over time as the service is rendered, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the consolidated entity.

Types of service	Nature of performance obligations and revenue recognition policies
Sale of water, electricity and wastewater services	The consolidated entity sells water and wastewater services to a large number of customers as a bundled package. For those customers located in minor centres and remote communities, the bundled package may also include the supply of electricity. For some customers the contract may only be for the sale of electricity. Each contract entered into may consist of one, two or three separate performance obligations because the promises to transfer water, wastewater services and electricity are distinct and separately identifiable goods and services and are not dependent on each other for complete satisfaction of the performance obligations under the contract. Each contract entered into with a customer is a variable contract because the volume of water and/or electricity to be transferred to the customer over the duration of the contract is not specified; however for the provision of sewerage services the transaction price is fixed. The transaction price for water, wastewater services and electricity is subject to an annual price adjustment or escalation as determined by the regulators. Revenue from the sale of water and electricity is recognised over time as the consolidated entity transfers the electricity and water to the customer who simultaneously receives and consumes the benefits provided by the consolidated entity. The amount of revenue recognised is determined using an input method to measure progress towards complete satisfaction of each of the performance obligations. A contract asset is recognised when the consolidated entity has transferred the water and/or electricity to the customer until the consolidated entity has a right to invoice the customer for payment of consideration at which time the contract asset is transferred to trade receivables. Customers are billed quarterly, and consideration is payable when invoiced. Revenue from the provision of wastewater services is recognised over time based on the stage of completion of the contract, being the total number of days that has elapsed at the end of the reporting period. Customers are generally billed quarterly in advance based on the number of sanitary fittings and recognised as a contract liability until the service is rendered. Consideration is payable when invoiced.
Community service obligations	Revenue in the form of Community Service Obligation (CSO) is received from the Northern Territory Government where the Corporation is required to carry out activities on a non-commercial basis. CSO revenue is recognised when there is reasonable assurance that the revenue will be received, and all attached conditions have been complied with.

2.1 Revenue from contract with customers (Cont'd)

Disaggregation of revenue from contracts with customers

The consolidated entity derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Gas	Electricity distribution	System Control	Water	Sewerage	Electricity	Gifted assets & capital contributions	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				For the year ended 30 June 2024					
Consolidated entity									
Revenue from external customers	221,928	191,700	9,546	135,017	89,813	42,144	15,735	4,191	710,074
Timing of revenue recognition									
- Over time	221,928	191,700	9,546	135,017	89,813	42,144	-	964	691,112
- At a point in time	-	-	-	-	-	-	15,735	3,227	18,962
	221,928	**191,700**	**9,546**	**135,017**	**89,813**	**42,144**	**15,735**	**4,191**	**710,074**
Corporation									
Revenue from external customers	221,928	191,551	9,546	129,130	86,406	5,112	15,563	4,146	663,382
Timing of revenue recognition									
- Over time	221,928	191,551	9,546	129,130	86,406	5,112	-	1,010	644,683
- At a point in time	-	-	-	-	-	-	15,563	3,136	18,699
	221,928	**191,551**	**9,546**	**129,130**	**86,406**	**5,112**	**15,563**	**4,146**	**663,382**
				For the year ended 30 June 2023					
Consolidated entity									
Revenue from external customers	230,433	159,663	9,563	120,483	88,662	41,974	16,079	7,314	674,171
Timing of revenue recognition									
- Over time	230,433	159,663	9,563	120,483	88,662	41,974	-	4,087	654,865
- At a point in time	-	-	-	-	-	-	16,079	3,227	19,306
	230,433	**159,663**	**9,563**	**120,483**	**88,662**	**41,974**	**16,079**	**7,314**	**674,171**
Corporation									
Revenue from external customers	230,433	159,458	9,563	114,209	85,341	4,804	16,079	7,176	627,063
Timing of revenue recognition									
- Over time	230,433	159,458	9,563	114,209	85,341	4,804	-	4,040	607,848
- At a point in time	-	-	-	-	-	-	16,079	3,136	19,215
	230,433	**159,458**	**9,563**	**114,209**	**85,341**	**4,804**	**16,079**	**7,176**	**627,063**

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
2.2 Finance revenue				
Interest income:				
Financial instruments measured at fair value:				
Finance leases	145	161	594	613
Financial instruments measured at amortised cost:				
Bank deposits	3,046	3,144	1,790	1,964
Loans to related party	-	-	714	871
	3,191	**3,305**	**3,098**	**3,448**
2.3 Other income				
Community Service Obligations:				
Uniform tariffs	10,609	10,475	10,609	10,475
Gas CSO	14,400	14,400	14,400	14,400
Pensioner Concessions Scheme	4,270	4,202	4,270	4,202
Other revenue	547	584	547	584
	29,826	**29,661**	**29,826**	**29,661**
2.4 Unearned revenue				
Capital contributions - government (i)	127,863	54,198	127,863	54,198
Capital contributions - non-government (i)	11,114	8,965	11,114	8,965
Contract liabilities arising from contracts with customers				
Banked gas arising from sales to third parties (ii)	32,329	29,139	32,329	29,139
Customer payments received in advance for water, electricity and sewerage services (iii)	9,035	8,012	9,035	8,012
Recoverable works (iv)	55	2,331	55	2,331
Other	480	347	480	347
	180,876	**102,992**	**180,876**	**102,992**

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Provided for in the financial statements as:				
Current	148,547	73,853	148,547	73,853
Non-current	32,329	29,139	32,329	29,139
	180,876	**102,992**	**180,876**	**102,992**

(i) Capital contributions are contributions provided by customers towards the construction of new or upgrades to existing infrastructure assets for the purpose of being connected to the network system. The consolidated entity retains control and ownership of these assets. Capital contributions are billed and paid for upfront prior to any work commencing and are recognised as a contract liability until construction of the asset is completed and the customer is connected to the network system, at which time the capital contribution is transferred from contract liabilities to revenue.

(ii) A contract liability arises in respect of take-or-pay contracts with customers for the sale of gas with the amount recognised as a contract liability representing the volume of gas paid for but not taken.

(iii) For sales of electricity and water (and in some instances wastewater services) revenue is recognised when control of the goods and/or services passes to the customer. Payments received in advance are recognised as a contract liability until the goods and/or services have been transferred to the customer.

(iv) Contract liabilities relating to recoverable works are balances due to customers under construction contracts. As with capital contributions customers are billed in advance with payment expected prior to any construction work commencing, and recognised as a contract liability until the consolidated entity achieves particular milestones.

Liabilities related to contracts with customers

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
The consolidated entity has recognised the following liabilities related to contracts with customers:				
Contract liabilities (current)	148,547	73,853	148,547	73,853
Contract liabilities (non-current)	32,329	29,139	32,329	29,139

2.4 Unearned Revenue (Cont'd)

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the consolidated entity has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the consolidated entity transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the consolidated entity performs under the contract.

The contract liabilities relate primarily to the advance consideration received from customers for:
- Waste removal (sewerage) contracts for which revenue is recognised over time as the consolidated entity satisfies its performance obligations
- Capital contributions for the purpose of constructing infrastructure assets that will be owned by the consolidated entity, for which the revenue will be recognised at a point in time on completion of the construction of the infrastructure asset and connected to the network system
- Capital contributions (recoverable works) for the purpose of constructing infrastructure assets that will be owned by the customer, for which revenue is recognised over time as the asset is being constructed (as the asset is constructed on the customer's premises).

Reconciliation of capital grants

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Opening balance	63,163	59,586	63,163	59,586
Capital grants received	78,952	5,883	78,952	5,883
Less: Capital Grant income recognised during the year	(3,138)	(2,306)	(3,138)	(2,306)
Closing balance	**138,977**	**63,163**	**138,977**	**63,163**

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	1 to 2 years $'000	3 to 5 years $'000	6 to 10 years $'000	10+ years $'000
30 June 2024				
Gas sales	-	-	7,529	24,800
30 June 2023				
Gas sales	-	-	7,429	21,711

For sales of electricity distribution services, water, wastewater and other waste management services and electricity, the consolidated entity is unable to disclose information relating to unsatisfied (or partially unsatisfied) performance obligations at the reporting date because the contracts are for indefinite periods or the volumes of goods and/or services to be provided were unknown at the initial date of the contract.

The consolidated entity applies the practical expedient in paragraph 121 of AASB 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

2.5 Government grants

2.5.1 Revenue from rendering of services and government grants

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Indigenous Essential Services Pty Ltd capital government grants	29,557	29,498	-	-
Indigenous Essential Services Pty Ltd recurrent government grants	75,141	87,124	-	-
Power and Water Corporation operational grant	116	-	116	740
	104,814	**116,622**	**116**	**740**

Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attaching to them and the grants will be received. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the consolidated entity has elected to present the grant in the statement of financial position by reducing the carrying amount of the asset. The grant is then recognised in the profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

When the consolidated entity receives grants of non-financial assets, the asset and the grant are recorded at cost and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which they become receivable.

2.5.2 Unearned government grants

The Corporation's subsidiary, Indigenous Essential Services Pty Ltd receives both operational and capital grant funding, with the majority received from the Northern Territory's Department of Territory Families, Housing and Communities (TFHC) as follows:

(a) Operational grants - for the provision of power, water and wastewater services to remote Indigenous communities
(b) Capital grants - for the development of power, water and wastewater infrastructure in remote Indigenous communities.

The following represents grant amounts received and deferred until the revenue recognition criteria is met.

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Operational grants	7,698	12,433	-	-
Capital grants	383,780	383,609	-	-
	391,478	**396,042**	**-**	**-**
Provided for in the financial statements as:				
Current	7,698	12,433	-	-
Non-current	383,780	383,609	-	-
	391,478	**396,042**	**-**	**-**

NOTE 3 COST OF DELIVERING SERVICES

This section provides additional information about how expenses are incurred by the Corporation in delivering services and outputs and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Note contents

3.1 Expenses incurred in delivery of services

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
3.1.1 Employee benefits expense				
Personnel	156,911	150,143	143,355	136,395
Superannuation	16,656	15,852	15,189	14,377
	173,567	165,995	158,544	150,772
Contract and apprentice labour	20,226	12,772	19,798	12,619
	193,793	178,767	178,342	163,391
Less: capital and maintenance labour recovery	(109,847)	(95,860)	(103,731)	(90,707)
	83,946	**82,907**	**74,611**	**72,684**

Each year the consolidated entity capitalises through timesheeting and allocation of direct and indirect support costs the portion of employee expenses that are attributable to the construction of an asset. The consolidated entity has determined the labour recovery attributable to the construction of assets each year, with the impact of this being a reduction in the total employee expenses recognised in the statement of profit or loss.

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
3.1.2 Employee benefits provisions				
Current				
Employee benefits (i)	50,609	47,526	50,609	47,526
Other provisions:				
Employee-related provisions (ii)	802	710	802	710
	51,411	**48,236**	**51,411**	**48,236**
Non-current				
Employee benefits (i)	5,087	4,992	5,087	4,992
	5,087	**4,992**	**5,087**	**4,992**

(i) The provision for employee benefits represents annual leave and long service leave entitlements accrued, and compensation claims made by employees (if any).

(ii) The employee related provisions represent accrued fringe benefits tax and payroll taxes.

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event; it is probable that the consolidated entity will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain, and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimate to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The accounting policies for employee benefits are summarised as following:

Type of employee benefits	Accounting Treatment
Short-term employee benefits	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
Wages and salaries	A provision for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. These liabilities are measured at the amounts expected to be paid when the liabilities are settled, including related on-costs.
Annual leave	The provision for annual leave is recognised in the provision for employee benefits and is measured at the amount expected to be paid when the liabilities are settled, including any related on-costs.
Long-term employee benefits	See below.
Long service leave	The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees, up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Corporate Bonds, with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. Any actuarial gains or losses are recognised in the statement of profit or loss and other comprehensive income.
Superannuation plans	For employees who commenced employment with the Corporation prior to 10 August 1999, the Corporation contributes to the Northern Territory Government Public Authorities Superannuation Scheme (NTGPASS), the Northern Territory Supplementary Superannuation Scheme (NTSSS) and the Commonwealth Superannuation Scheme (CSS). Employee contributions to the NTGPASS and CSS funds are based on various percentages of the respective gross salaries. After serving a qualifying period, all employees are entitled to benefits on retirement, disability or death. The funds provide defined benefits based on years of service, employee contributions and final average salary. The Corporation is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees. Employees who commenced employment with the Corporation on or after 10 August 1999 are provided with an option to either nominate a complying superannuation fund or to use the default superannuation fund. Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.
Termination benefits	Termination benefits are recognised as an expense when the Corporation is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made in relation to voluntary redundancy.

3.2 Repairs and maintenance expense

	Consolidated		Corporation	
	June 2024	**June 2023**	**June 2024**	**June 2023**
	$'000	**$'000**	**$'000**	**$'000**
Materials	61,366	55,372	42,247	35,920
Labour	31,624	26,403	29,570	24,110
	92,990	**81,775**	**71,817**	**60,030**

3.3 Operating Expenses

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Impairment of trade receivables	2,181	1,923	2,181	1,923
Board approved write-offs	-	-	-	-
Freight	1,411	1,663	213	265
Grants and subsidies	1,376	1,314	1,376	1,314
Information technology and communications expense	14,867	13,946	13,528	12,531
Insurance costs	5,668	4,893	5,664	4,893
Laboratory fees and environmental compliance	4,130	4,488	3,079	3,089
Motor vehicle	4,178	4,226	3,413	3,449
Other expenses	17,834	15,666	14,487	13,174
Property costs	15,750	15,047	15,593	15,007
Training	2,282	2,516	2,172	2,455
Travel and accommodation	3,101	2,667	2,592	2,262
Water conservation program	274	857	274	857
	73,052	69,206	64,572	61,219
Less: capital recovery	(34,752)	(27,844)	(31,353)	(24,174)
	38,300	**41,362**	**33,219**	**37,045**

Indirect costs supporting capital projects

The consolidated entity has adopted an accounting treatment and methodology to identify support costs included in Corporate Services, Power Services and Water Services which may directly or indirectly relate to the acquisition or construction of capital assets.

NOTE 4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

The Corporation controls infrastructure and other assets that are used in fulfilling its objectives and conducting its activities. They represent the key resources entrusted to the Corporation to be used for delivery of those outputs.

Note contents

4.1 Property, plant and equipment

a) Reconciliation of movements in carrying values of property, plant and equipment

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Carrying amounts of:				
Land at fair value	80,325	80,440	80,325	80,440
Buildings at fair value	20,713	20,516	20,713	20,516
Infrastructure at fair value	2,876,870	2,574,734	2,112,662	2,021,419
Plant and equipment at fair value	33,754	28,711	32,469	27,300
Capital Work in Progress at cost	613,696	441,122	492,385	335,691
	3,625,358	**3,145,523**	**2,738,554**	**2,485,366**

Movement in carrying amounts	Land at fair value $'000	Buildings at fair value $'000	Infrastructure at fair value $'000	Plant and Equipment at fair value $'000	Work in Progress at cost $'000	Total Property, Plant and Equipment $'000
Year ended 30 June 2024						
Consolidated						
Opening balance	80,440	20,516	2,574,734	28,711	441,122	3,145,524
Additions	-	-	13,445	12	316,707	330,164
Depreciation	-	(1,614)	(152,638)	(6,998)	-	(161,250)
Transfers from WIP	-	995	126,331	12,029	(144,133)	(4,778)
Disposals	-	-	(1,566)	-	-	(1,566)
Board approved write-offs	-	-	-	-	-	-
Revaluation	(115)	816	316,564	-	-	317,265
Closing balance	**80,325**	**20,713**	**2,876,870**	**33,754**	**613,696**	**3,625,358**
Corporation						
Opening balance	80,440	20,516	2,021,419	27,300	335,691	2,485,367
Additions	-	-	13,150	12	271,906	285,068
Depreciation	-	(1,614)	(96,742)	(6,758)	-	(105,114)
Transfers from WIP	-	995	97,524	11,915	(115,212)	(4,778)
Disposals	-	-	(890)	-	-	(890)
Board approved write-offs	-	-	-	-	-	-
Revaluation	(115)	816	78,201	-	-	78,902
Closing balance	**80,325**	**20,713**	**2,112,662**	**32,469**	**492,385**	**2,738,554**
Year ended 30 June 2023						
Consolidated						
Opening balance	80,640	22,146	2,489,625	25,735	314,629	2,932,775
Additions	-	-	18,989	95	229,800	248,884
Depreciation	-	(1,653)	(144,397)	(6,671)	-	(152,721)
Transfers from WIP	-	102	89,194	9,552	(103,307)	(4,459)
Disposals	(200)	(79)	(5,104)	-	-	(5,383)
Board approved write-offs	-	-	-	-	-	-
Revaluation	-	-	126,427	-	-	126,427
Closing balance	**80,440**	**20,516**	**2,574,734**	**28,711**	**441,122**	**3,145,523**
Corporation						
Opening balance	80,640	22,146	1,957,354	24,646	222,681	2,307,467
Additions	-	-	18,290	107	180,511	198,908
Depreciation	-	(1,653)	(90,739)	(6,396)	-	(98,788)
Transfers from WIP	-	102	53,992	8,943	(67,501)	(4,464)
Disposals	(200)	(79)	(1,568)	-	-	(1,847)
Board approved write-offs	-	-	-	-	-	-
Revaluation	-	-	84,090	-	-	84,090
Closing balance	**80,440**	**20,516**	**2,021,419**	**27,300**	**335,691**	**2,485,366**

4.1 Property, plant and equipment (Cont'd)

Note: Depreciation and Transfers from WIP do not include the amounts in relation to intangible assets. For depreciation and transfer from WIP relating to intangible assets refer to Note 4.4.

Historical Cost Basis
If the consolidated entity's freehold land, buildings and infrastructure had been measured on a historical cost basis, the carrying amount would have been as follows:

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Land	17,857	17,857	17,857	17,857
Buildings	29,095	32,261	29,095	32,261
Infrastructure	1,994,421	1,970,230	1,666,845	1,639,078
	2,041,373	**2,020,348**	**1,713,797**	**1,689,196**

b) Initial recognition and subsequent measurement

Construction in progress is stated at cost, net of accumulated impairment losses, if any.

Freehold land, buildings, plant and infrastructure assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Buildings, plant and infrastructure assets are originally stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes, for qualifying assets, borrowing costs capitalised in accordance with the consolidated entity's accounting policy. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the consolidated entity. Ongoing repairs and maintenance are expensed as incurred.

Subsequent to initial recognition, land, buildings and infrastructure assets are held at fair value and are revalued in accordance with AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximises relevant observable inputs and minimises unobservable inputs.

The market approach uses prices and other relevant information generated by market transactions involving identical or similar assets. The income approach is a technique that converts future cash flow amounts (or income and expenses) to a single current discounted amount.

The cost approach (i.e., depreciated replacement cost) reflects the amount that would be required currently to replace the service capacity of an asset, adjusted for obsolescence. The replacement cost is the minimum that it would cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent new asset with the same economic benefits, allowing for any differences in the quantity and quality of output and in operating costs.

Non-specialised assets with short useful lives (such as minor office equipment) are measured at depreciated historical cost. Work in progress is measured at cost.

c) Revaluation of property, plant and equipment

Each class of property, plant and equipment held at fair value is to be subject to revaluation at least every five years or with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date.

Any revaluation increase arising on the revaluation of such land, buildings, plant and infrastructure assets is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land, buildings, plant and infrastructure assets is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve (ARR) relating to a previous revaluation of that asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.2 Impairment of non-current assets and onerous contract provisions

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
(Reversal of impairment) / impairment of make-up gas	(4,179)	2,006	(4,179)	2,006
Reversal of impairment on property, plant and equipment	(672)	(45,447)	(672)	(45,447)
(Reversal of impairment) / impairment of inter-company loan	-	-	-	-
Reversal of impairment on infrastructure assets	(16,577)	(2,431)	(16,577)	(2,431)
	(21,428)	**(45,872)**	**(21,428)**	**(45,872)**

30 June 2024

As at 30 June 2024, the Corporation revalued its infrastructure assets and corporate property resulting in a revaluation increase in assets of $78.9 million (2023 revaluation increase: $84.1 million) of which $61.6 million increased the Asset revaluation reserve and $17.2 million was recognised as reversal of impairment in the Corporation's Statement of profit or loss. The revaluation resulted in a Revaluation surplus of $43.1 million (net of tax) recognised as Other comprehensive income in the Corporation's Statement of profit or loss.

A review of the expected credit loss on the inter-company loan resulted in nil impairment (2023: nil impairment).

A review of the value of make-up gas resulted reversal of impairment expense of $4.2 million (2023: $2 million of impairment expense).

30 June 2023

As at 30 June 23, the Corporation revalued its infrastructure assets resulting in a net revaluation increase in assets of $36.2 million (2022 revaluation increase: $38.5 million) reflected in the consolidated statement of profit or loss.

A review of the expected credit loss on the inter-company loan resulted in nil impairment (2022: $7.1 million impairment reversal).

A review of the value of make-up gas resulted in impairment / (reversal of impairment) expense of $2 million (2022: ($1.1 million) reversal of impairment expense).

Impairment of tangible and intangible assets

At the end of each reporting period the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis can be identified.

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment write-back

An entity must assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity must estimate the recoverable amount of that asset. The recoverable amount of an asset is the higher of fair value less cost to sell and the value in use of an asset. The consolidated entity has determined that the recoverable amount is represented by fair value less cost to sell.

Impairment write-off

Determining whether an asset is impaired requires analysis of internal and external indicators. If such indication exists, the asset's carrying amount is tested against the asset's recoverable amount. The recoverable amount of an asset is the higher of fair value less cost to sell and the value in use of an asset. The consolidated entity has determined that the recoverable amount is represented by fair value less cost to sell.

Onerous contracts

If the consolidated entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the consolidated entity recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the consolidated entity cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

4.2 Impairment of non-current assets and onerous contract provisions (Cont'd)

Discount rate to be used in determining the provision for onerous contracts
Under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', for contracts that are onerous the present obligation under the contract shall be recognised and measured as a provision. The definition of an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Significant judgement is required when selecting the discount rate that shall be applied in determining the carrying amount of the provision. The consolidated entity has determined that any provision cash-flow workings shall be discounted using the long-term bond yield rate of 5.16% (2023: 4.36%).

4.3 Right-of-use assets

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Carrying amounts of:				
Land	18,739	18,397	258	252
Buildings	10,711	10,485	10,711	10,485
Motor vehicles	13,972	12,139	13,972	12,139
Gas transport pipelines	313,272	324,227	297,652	308,116
Solar power	58,258	59,860	54,138	55,240
	414,952	**425,108**	**376,731**	**386,232**

Movement in carrying amounts	Land $'000	Buildings $'000	Motor vehicles $'000	Gas transport pipelines $'000	Solar power $'000	Right-of-use assets $'000
Year ended 30 June 2024						
Consolidated						
Opening balance	18,397	10,485	12,139	324,227	59,860	425,108
Additions / (disposals)	-	-	(438)	-	-	(438)
Remeasurement	1,198	3,799	5,718	18,935	1,410	31,060
Depreciation	(856)	(3,573)	(3,447)	(29,890)	(3,012)	(40,778)
Closing balance	**18,739**	**10,711**	**13,972**	**313,272**	**58,258**	**414,952**
Corporation						
Opening balance	252	10,485	12,139	308,116	55,240	386,232
Additions / (disposals)	-	-	(438)	-	-	(438)
Remeasurement	15	3,799	5,718	17,936	1,408	28,876
Depreciation	(9)	(3,573)	(3,447)	(28,400)	(2,510)	(37,939)
Closing balance	**258**	**10,711**	**13,972**	**297,652**	**54,138**	**376,731**

4.3 Right-of-use assets (Cont'd)

Movement in carrying amounts	Land $'000	Buildings $'000	Motor vehicles $'000	Gas transport pipelines $'000	Solar power $'000	Right-of-use assets $'000
Year ended 30 June 2023						
Consolidated						
Opening balance	17,074	12,249	11,917	328,613	56,685	426,539
Additions / (disposals)	42	-	(420)	-	-	(379)
Remeasurement	2,136	1,698	3,458	23,777	6,136	37,205
Depreciation	(855)	(3,462)	(2,816)	(28,163)	(2,961)	(38,257)
Closing balance	**18,397**	**10,485**	**12,139**	**324,227**	**59,860**	**425,108**
Corporation						
Opening balance	224	12,249	11,917	312,341	51,576	388,308
Additions / (disposals)	-	-	(420)	-	-	(420)
Remeasurement	36	1,698	3,458	22,539	6,157	33,888
Depreciation	(8)	(3,462)	(2,816)	(26,764)	(2,493)	(35,543)
Closing balance	**252**	**10,485**	**12,139**	**308,116**	**55,240**	**386,232**

The consolidated entity leases assets including land, buildings, motor vehicles, gas transport pipelines and the output of three solar power plants. The most common lease term is 40 years for land assets, 6 years for motor vehicles, 5-10 years for buildings, 14-25 years for solar power plants and 10-16 years for Gas pipelines.

The consolidated entity does not have the options to purchase any of these assets at the end of the lease term. The consolidated entity's obligations are secured by the lessors' title to the leased assets for such leases.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any initial direct costs, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The consolidated entity applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and,
- an estimate of the costs incurred upon disassembling or restoring the underlying asset to the condition required by the terms of the lease.
- Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4.4 Intangible assets

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Current				
Renewable energy certificates				
At cost	3,149	2,897	1,023	989
Total current – written down value	**3,149**	**2,897**	**1,023**	**989**
Non-current				
Make-up gas				
At cost	72,362	69,258	72,362	69,258
Accumulated impairment	(6,518)	(10,698)	(6,518)	(10,698)
Written down value	**65,844**	**58,560**	**65,844**	**58,560**
Other intangible assets				
At cost	111,950	107,171	110,762	105,984
Accumulated amortisation	(105,882)	(101,831)	(104,807)	(100,803)
Written down value	**6,068**	**5,340**	**5,955**	**5,181**
Total non-current – written down value	**71,912**	**63,900**	**71,799**	**63,741**
Total				
At cost	187,461	179,326	184,147	176,231
Accumulated amortisation	(105,882)	(101,831)	(104,807)	(100,803)
Accumulated impairment	(6,518)	(10,698)	(6,518)	(10,698)
Written-down value	**75,061**	**66,797**	**72,822**	**64,730**

4.4 Intangible assets (Cont'd)

Movement in carrying amounts

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Make-up gas				
Opening balance	58,560	58,970	58,560	58,970
Additions	3,105	1,596	3,105	1,596
Disposals	-	-	-	-
Impairment reversal/(impairment)	4,179	(2,006)	4,179	(2,006)
Closing balance	**65,844**	**58,560**	**65,844**	**58,560**

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Other intangible assets				
Opening balance	5,340	4,333	5,181	4,124
Transfer/Adjustments	-	92	-	92
Amortisation	(4,050)	(3,659)	(4,004)	(3,609)
Transfer from WIP	4,778	4,574	4,778	4,574
Closing balance	**6,068**	**5,340**	**5,955**	**5,181**

Impairment losses reversed and recognised during the year

The current gas contracts relating to the sale and purchase of gas result in the Corporation having to pay for gas that will only be delivered in future financial years. These payments are classified as intangible assets and disclosed under 'Make-up gas'.

The Corporation has recognised the written down value of Make-up gas as at 30 June 2024 to the value of $65.8 million (2023: $58.6 million), determined by reference to contracted sales less costs of disposal.

There remains accumulated impairment totalling $6.5 million (2023: $10.7 million) recognised against the cost of the intangible asset, on the basis that the net realisable value is lower than the carrying amount.

Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated depreciation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Amortisation

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Impairment of intangible assets

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised on disposal (i.e., at the date the recipient obtains control) or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of an intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit or loss.

4.4 Intangible assets (Cont'd)

Impairment assessment for Eni banked gas

Included in the $65.8 million closing balance at 30 June 2024 is $42 million for Eni make-up gas. The Corporation has determined the recoverable amount of the Eni make-up gas intangible asset based on forecast cash flow over the life of the gas contract with Eni, recognising that there are presently constraints on the quantity of gas that Eni is supplying to the Corporation at this point in time and which will continue for the next 12 months. This is consistent with the requirements of the respective accounting standards, including AASB 136 Impairment. This standard requires the Corporation to develop financial forecasts and supportable assumptions that are reasonable and represent management's best estimate of the set of economic conditions that will exist over the remaining useful life of the asset.

On the basis of this requirement, the Corporation has considered the ability of Eni, as the counterparty to the contract, to meet the contractual obligations over the remaining life of the contract. The useful life of the asset used in the assessment is represented by the length of the contract term, namely to 2034.

On the basis of the above assessment, the Corporation concluded that the Eni make-up gas intangible recoverable amount is greater than its carrying amount. The Eni make up gas intangible asset has therefore not been impaired in the financial statements. This method of impairment assessment is consistent with the Corporation's impairment accounting policy on note 4.2.

Sensitivities on the impairment assessment of Eni banked gas

The estimation of the recoverable amount of the Eni banked gas intangible asset represent management's best estimate of the circumstances that will prevail over the life of the gas contract with Eni, including the return of production to the contracted maximum daily quantity. If the assumptions about the timing and quantities of gas supplied by Eni used in the impairment assessment for Eni banked gas changed and the Corporation would only be able to take the delivery of the banked gas during the 18 months make up period allowed under the contract once the contract expires, the Corporation may have had to recognise an impairment against the carrying amount of intangible assets.

Impairment assessment for Dingo banked gas

Included in the $65.8 million is $23.8 million for Dingo make-up gas. The Corporation has determined the recoverable amount of the Dingo make-up gas intangible asset based on forecast cash flow over the life of the gas contract with Dingo as well as the gas contract that the Corporation has to supply gas to Joint Defence Force Pine Gap (JDFPG). This is consistent with the requirements of the respective accounting standards, including AASB 136 Impairment. This standard requires the Corporation to develop financial forecasts and supportable assumptions that are reasonable and represent management's best estimate of the set of economic conditions that will exist over the remaining useful life of the asset.

On the basis of this requirement, the Corporation has considered the ability of Dingo, as the counterparty to the contract, to meet the contractual obligations over the remaining life of the contract. In doing so, the Corporation also considered its ability to meet its contractual obligation to JDFPG, that is interdependent to the Dingo contract. The useful life of the asset used in the assessment is represented by the length of the contract term, namely to 20 years and 22 years, with Dingo and JDFPG respectively.

On the basis of the above assessment, the Corporation concluded that the Dingo make-up gas intangible recoverable amount is greater than its carrying amount by $4.2 million. A net reversal of impairment of $4.2 million is adjusted to the Dingo make-up intangible carrying amount. This method of impairment assessment is consistent with the Corporation's impairment accounting policy on note 4.2.

Renewable Energy Certificates

The Renewable Energy Certificate Scheme operates under Federal Government legislation, which requires energy retailers to source a target proportion of their electricity purchases from renewable sources. The consolidated entity generates and purchases Green Certificates in order to comply with the relevant legislation. Obligations to surrender certificates based on targets are of accrual nature and are disclosed in the statement of financial position as current liabilities. Rights held are of the nature of intangible assets and are disclosed in the statement of financial position as current assets. The assets and liabilities held under the scheme are acquitted throughout the year. Assets remaining after the acquittal process are expected to be realised within 12 months after the date of acquittal.

Make-up gas

The consolidated entity has entered into a Take-or-Pay Gas Purchase Agreement that came into effect during the 2010-11 financial year. Make-up gas paid for under the terms of the contract, but not physically taken, is recorded as an intangible asset. The residual value of the make-up gas asset equals the asset's carrying amount.

Purchased software

Included in other intangible assets are all purchased software, excluding software as a service, which have limited useful lives and are amortised using the straight-line method over their estimated useful lives. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Easement

Included in other intangible assets are easements which are the right to use or access land without obtaining ownership.

4.5 Finance lease receivables

	Minimum lease payments			
	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Amounts receivable under finance leases:				
Year 1	1,196	1,135	3,014	2,848
Year 2	1,196	1,135	3,014	2,848
Year 3	1,196	1,135	3,014	2,848
Year 4	1,196	1,135	3,014	2,848
Year 5	598	1,135	2,416	2,848
Onwards	-	568	10,000	11,707
Undiscounted lease payments	5,382	6,243	24,472	25,947
Less: unearned finance income	(306)	(432)	(2,735)	(3,158)
Present value of lease payments receivable	5,076	5,811	21,737	22,789
Impairment loss allowance	-	-	-	-
Net investment in the lease	**5,076**	**5,811**	**21,737**	**22,789**
Discounted lease payments analysed as:				
Recoverable within 12 months	1,076	1,070	2,469	2,271
Recoverable after 12 months	4,000	4,741	19,268	20,518
	5,076	**5,811**	**21,737**	**22,789**

The consolidated entity has entered into finance leasing arrangements as a lessor for certain gas pipelines. The term of the lease depends on the needs of the customer. Generally, these lease contracts do not include extension or early termination options except in exceptional circumstances outside the control of the consolidated entity.

The consolidated entity is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in Australian Dollars. Residual value risk is not significant, because of the existence of insurance indemnity in place. The finance lease arrangements do not include variable payments.

Amounts included in profit or loss are disclosed in Note 2.2.

The estimated loss allowance on finance lease receivables at the end of the reporting period is an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period are past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, no finance lease receivable is considered to be impaired.

The consolidated entity as lessor

Leases for which the consolidated entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the parent or consolidated entity is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head 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 profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rentals are recognised as revenue in the period in which they are earned.

4.6 Depreciation and amortisation expense

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Depreciation				
Buildings	1,614	1,653	1,614	1,653
Plant and equipment	6,998	6,671	6,758	6,396
Infrastructure	152,638	144,397	96,744	90,741
Total depreciation	**161,250**	**152,721**	**105,116**	**98,790**
Amortisation				
Leased assets	40,778	38,257	37,939	35,543
Intangible assets	4,051	3,659	4,004	3,609
Total amortisation	**44,829**	**41,916**	**41,943**	**39,152**
Total depreciation and amortisation expense	**206,079**	**194,637**	**147,059**	**137,942**

Depreciation

Depreciation on revalued buildings, plant and infrastructure assets is recognised in profit or loss. On the subsequent disposal, sale or retirement of a revalued building, plant and infrastructure asset, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and capital works in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

The components of major assets that have materially different useful lives are effectively accounted for as separate assets, and are separately depreciated.

Depreciation and amortisation are expensed.

Depreciation has been calculated based on the estimated useful lives used for each class of asset as follows:

Property Plant and Equipment	June 2024	June 2023
Plant and equipment	2 to 60 years	2 to 50 years
Buildings	10 to 40 years	5 to 53 years
Infrastructure	10 to 120 years	4 to 100 years

Property Plant and Equipment	June 2023	June 2022
Plant and equipment	2 to 50 years	2 to 50 years
Buildings	5 to 53 years	5 to 53 years
Infrastructure	4 to 100 years	4 to 100 years

<u>As at 30 June 2024</u>

During 2023-24, the consolidated entity undertook a review of property, plant and equipment and their remaining useful lives for both the Corporation and its subsidiary, Indigenous Essential Services Pty Ltd.

For existing assets, the useful lives applied to all Infrastructure classifications were reviewed against the standard useful lives approved by each business unit in June 2024. No significant variances were identified.

<u>As at 30 June 2023</u>

During 2022-23, the consolidated entity undertook a review of property, plant and equipment and their remaining useful lives for both the Corporation and its subsidiary, Indigenous Essential Services Pty Ltd.

For existing assets, the useful lives applied to all Infrastructure classifications were reviewed against the standard useful lives approved by each business unit in June 2023. No significant variances were identified.

4.6 Depreciation and amortisation expense (Cont'd)

Amortisation

The amortisation of useful lives used for each class of intangibles are as follows:

	Purchased Software	Make-up gas	Renewable Energy Certificates
Internally generated or acquired	Acquired	Acquired	Acquired
Useful lives	Finite (1-21 years)	Finite (34 years)	Indefinite
Amortisation method	Amortised on a straight-line basis over the expected useful life	No amortisation	No amortisation

NOTE 5 OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the Corporation's operations and the delivery of services.

Note contents

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
5.1 Trade and other receivables				
(a) Current				
Service receivables				
Service receivables	63,609	53,763	45,386	40,599
Loss allowance	(11,424)	(10,078)	(11,424)	(10,078)
	52,185	43,685	33,962	30,521
Unbilled consumption	35,713	34,433	35,713	34,433
	87,898	**78,118**	**69,675**	**64,954**
Other receivables				
Prepayments	6,460	8,771	6,319	8,633
Receivables from controlled entities	-	-	12,167	17,640
	6,460	8,771	18,486	26,273
Other receivables	30,765	36,595	30,190	36,516
	37,225	**45,366**	**48,676**	**62,789**
	125,123	**123,484**	**118,351**	**127,743**

Assets related to contracts with customers

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
The consolidated entity has recognised the following assets related to contracts with customers:				
Receivables*	66,709	55,540	48,486	42,375
Contract assets (current)	35,713	34,433	35,713	34,433

* *Receivables related to contracts with customers under AASB 15 which are included in 'Trade and other receivables'*

The contract assets primarily relate to the consolidated entity's rights to consideration for work completed but not billed at the reporting date on gas contracts, electricity and water contracts, power distribution and contracts. The contract assets are transferred to receivables when the rights become unconditional.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the consolidated entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the consolidated entity's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Unbilled revenue

As per accounting standard AASB 15 'Revenue from contracts with customers', revenue is recognised to the extent that performance obligations are satisfied, it is probable that the revenue will not be reversed and the revenue can be reliably measured. Therefore, the consolidated entity estimates the amount of electricity, standard control services and water consumed at reporting date but that is yet to be billed.

Risk profile of service receivables

The average age of these receivables is 24.91 days (2023: 37 days). No interest is charged and no collateral is held on outstanding service receivables.

The consolidated entity recognises a loss allowance for trade receivables at an amount equal to expected credit losses (ECL). The ECL on service receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The consolidated entity has undertaken a review of all receivables that are over 90 days past due and recognised a loss allowance against all receivables that are considered not recoverable based on historical experience.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of customer types with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

5.1 Trade and other receivables (continued)

The consolidated entity writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over 2 years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

As at 30 June 2024, trade receivables of $10.9 million (2023: $10.1 million) had lifetime ECL of the full value of the receivables.

Set out below is the information about the credit risk exposure on the consolidated entity's trade receivables using a provision matrix:

	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
30 June 2024						
Expected credit loss rate	0.9%	6.2%	11.4%	6.9%	65.5%	18.0%
Gross carrying amount	33,191	6,109	7,183	2,187	14,939	63,609
Expected credit loss	289	376	822	150	9,787	11,424
30 June 2023						
Expected credit loss rate	1.2%	6.5%	21.9%	0.9%	58.7%	18.7%
Gross carrying amount	18,461	6,636	2,582	11,133	14,951	53,763
Expected credit loss	216	429	565	96	8,772	10,078

Movement in the allowance for doubtful debts:

The following table shows the movement in lifetime expected credit losses that has been recognised for trade receivables in accordance with the simplified approach set out in AASB 9.

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Balance at beginning of year	(10,078)	(8,662)	(10,078)	(8,662)
Impairment losses recognised on receivables	(2,181)	(1,923)	(2,181)	(1,923)
Written off as uncollectible	835	507	835	507
Balance at end of year	**(11,424)**	**(10,078)**	**(11,424)**	**(10,078)**

Explanation of significant changes

The increase in balances written off as uncollectible resulted in a similar increase in the estimated credit losses on the remaining receivables.

Risk profile of other receivables

The expected credit losses on the other trading receivables from controlled entities has been assessed at nil based on historical default experience and the financial position of the controlled entity as at 30 June 2024. Refer Note 5.4 on loans to subsidiaries.

Other receivables are predominantly balances with related parties where expected credit loss is assessed as nil based on historical default and actual credit loss experiences with these related parties.

(b) Non-Current

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Other receivables				
Other receivables	471	6,039	471	6,039
Prepayments	10,166	11,127	10,150	11,099
	10,637	**17,166**	**10,621**	**17,138**

The amount recognised in non-current other receivables represents the cost of gas that has been delivered to a third party customer. This transfer does not meet the revenue recognition criteria under AASB 15 Revenue from Contracts with Customers on the basis that the Pay Out Option has not yet been exercised and future returns cannot be reliably estimated as the amount would depend on the gas drawn down by the consolidated entity. Therefore, the gas has been recognised as an asset until the exercise of the Pay Out Option or the contract expires in 2025, whichever is earlier.

The amount recognised in non-current prepayments represents costs paid in advance for periods beyond 12-months from the reporting date.

5.2 Trade and other payables

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Service creditors	32,074	22,151	26,524	18,137
Other creditors and accruals	73,035	63,540	64,599	54,814
	105,109	**85,691**	**91,123**	**72,951**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is less than 30 days. For most suppliers, no interest is charged on the trade payables for the first days from the date of the invoice. Thereafter, interest may be charged on the outstanding balances at the Northern Territory Government bank rate. The consolidated entity has financial risk management policies in place to ensure all payables are paid within the pre-agreed credit terms.

The consolidated entity considers that the carrying amount of trade payables approximates their fair value.

5.3 Inventories

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Materials and stores	29,513	31,015	30,046	31,551
Fuel stocks	8,879	8,713	652	726
Gas stocks	2,242	1,128	2,242	1,128
Tokens	83	148	83	147
	40,717	**41,004**	**33,023**	**33,552**

The cost of inventories recognised as an expense during the year in respect of continuing operations for the Corporation and the consolidated entity respectively was $175.8 million and $216.69 million (2023: $153.9 million and $197.4 million respectively). The cost of inventories recognised as an expense for the Corporation and the consolidated entity includes an $83 thousand (2023: negative $4 thousand) in respect of write-downs of inventory to net realisable value.

Inventories are carried at the lower of cost and net realisable value. Costs are assigned to individual items of inventory based on the weighted-average purchase cost of bringing each item to its present location and condition. Net realisable value represents the amounts expected to be realised from the use of the inventory.

5.4 Loans to subsidiaries

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Financial assets measured at amortised cost:				
Current	-	-	-	14,000
Non-current	-	-	25,000	11,000
Expected credit loss	-	-	-	-
	-	**-**	**25,000**	**25,000**

The loans were provided to Indigenous Essential Services Pty Ltd as capital assistance towards the Arena Solar Project where Indigenous Essential Services Pty Ltd built a solar farm to reduce the cost of electricity production in the communities it services. The total loans provided to Indigenous Essential Services Pty Ltd remains at $25.0 million as at 30 June 2024.

The two loans provided are interest only fixed term loans for five years ending 29 June 2026 and 30 June 2029. Interest is charged on the outstanding balances at 2.88% on the loan provided during 2020-21 and 6.83% for the loan provided in 2023-24.

The expected credit losses on the loans to subsidiaries have been assessed as nil as at 30 June 2024 (2023: $nil) on the basis of the long-term cash surplus, from the third party funding provider, of the subsidiary from distillate cost savings arising from the solar project.

In determining the expected credit losses for the loans to subsidiaries, the consolidated entity has taken into account the historical default experience, the financial position of the counterparties, and the future prospects of the industries, as appropriate, in estimating the probability of default of the loans to subsidiaries occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the loans to subsidiaries.

5.5 Investments

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
2,500 $1 unlisted units, in Amadeus Gas Trust beneficially held by the Corporation	**3**	**3**	**3**	**3**

The Corporation also holds 5 (2023: 5) ordinary shares of $1 each in NT Gas Pty Limited, which remains dormant.

5.6 Investment in subsidiaries

	Consolidated		Corporation	
	June 2024 $	June 2023 $	June 2024 $	June 2023 $
Indigenous Essential Services Pty Limited	-	-	10	10
	-	**-**	**10**	**10**

Details of the consolidated entity's subsidiaries at the end of the reporting period are as follows:

	Place of incorporation and operation	Equity Interest June 2024	June 2023
BGP Tenure Holdings Pty Limited	Australia	50%	50%
Indigenous Essential Services Pty Limited	Australia	100%	100%

The parent entity within the consolidated entity is Power and Water Corporation. The ultimate Australian parent entity is the Northern Territory Government which at 30 June 2024 owned 100% (2023: 100%) of the issued ordinary shares of Power and Water Corporation. This share is held by the Shareholding Minister on behalf of the Northern Territory.

Principal activities of the subsidiaries

Indigenous Essential Services Pty Limited
The principal activities of Indigenous Essential Services Pty Limited as a not-for-profit entity are to provide electricity, water and wastewater services to remote Aboriginal communities in the Northern Territory.

BGP Tenure Holdings Pty Limited
BGP Tenure Holdings Pty Limited was established in February 2008 to hold land tenure interests for the Corporation in the Bonaparte Gas Pipeline project in the Northern Territory. Its central office is based in Sydney.

Details of non-controlling interests in subsidiaries

The Corporation owns 50% of the shares in BGP Tenure Holdings Pty Limited with the remaining 50% held by non-controlling interests. The relevant activities of the BGP Tenure Holdings Pty Limited are determined by the Board of Directors of BGP Tenure Holdings Pty Limited. The Board of Directors of BGP Tenure Holdings Pty Limited consists of two members, of which one of the positions is held by an individual nominated by the Corporation.

BGP Tenure Holdings Pty Limited is a non-trading entity and as such did not make a profit for the year ended 30 June 2024 (2023: $nil).

Summarised financial information in respect of BGP Tenure Holdings Pty Limited that have non-controlling interests is set out below.

	Corporation	
	June 2024 $	June 2023 $
Non-current assets	100	100
Equity	100	100
Equity attributable to the Corporation		
- Corporation	50	50
- Non-controlling interests	50	50

Change in the consolidated entity's ownership interest in a subsidiary

There have been no changes in the ownership interests held by the consolidated entity in any of its subsidiaries during the year ended 30 June 2024 (2023: Nil).

5.6 Investment in subsidiaries (Cont'd)

Financial Support

The financial statements for Indigenous Essential Services Pty Ltd have been prepared on a going concern basis, which contemplates continuity of normal business activities, the realisation of assets and the settlement of liabilities in the ordinary course of business. Indigenous Essential Services Pty Ltd has incurred a net loss of $13.1 million for the year ended 30 June 2024 and $9.2 million for the year ended 30 June 2023. Indigenous Essential Services Pty Ltd's net working capital was a surplus of $8.3 million at 30 June 2024 and a deficit of $6.8 million at 30 June 2023. Current liabilities, excluding unearned revenue, borrowings and lease liabilities at 30 June 2024 and 2023 include $26.1 million and $30.3 million of trade and other payables respectively.

Assets are fundamental to the essential services provided by Indigenous Essential Services Pty Ltd. Accordingly, Indigenous Essential Services Pty Ltd is economically dependent on the Northern Territory Government (NTG) to fund its future capital expenditure as well as a significant portion of its operating expenses. Indigenous Essential Services Pty Ltd's cash balances as at 30 June 2024 decreased by $25.9 million from $63.5 million to $37.7 million due primarily to lower receipt of government grants. Higher government grants were received in the prior year, which includes diesel funding of $6.3 million and headworks funding of $18.0 million. The funding agreement with NTG has been extended to 31 December 2024, a continuation of a series of agreements over an extended period of time.

The Corporation will provide financial support to Indigenous Essential Services Pty Ltd to ensure that it has sufficient funds to meet its financial obligations to pay its debts as and when they become due and payable. The Corporation has also undertaken that it will not take any action which may result in Indigenous Essential Services Pty Ltd being unable to perform those financial obligations, including the Corporation not calling upon any loans owed by Indigenous Essential Services Pty Ltd unless there are sufficient excess funds available to do so.

NOTE 6 HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance used by the Corporation during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Corporation. This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances).

Note contents

6.1 Interest bearing borrowings

Unsecured borrowings at amortised cost

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Government loans - current	222,000	282,000	222,000	282,000
	222,000	**282,000**	**222,000**	**282,000**
Government loans - non-current	1,114,000	904,000	1,114,000	904,000
	1,114,000	**904,000**	**1,114,000**	**904,000**
	1,336,000	**1,186,000**	**1,336,000**	**1,186,000**

The consolidated entity has 24 unsecured government loans. All loans were provided by its parent entity, the Northern Territory Government with loan terms of 5 years or less. The consolidated entity obtained 11 of these loans in the current year totalling $432 million; $282 million of this was used to refinance existing loans, and an additional $150 million to fund capital projects.

The portion recognised as current liabilities represents borrowings payable within one year, being $222 million (2023: $282 million). The non-current balance of interest-bearing liabilities represents the portion of the consolidated entity's borrowings not due within one year. The weighted average effective interest rate on the loans is 5.16% (2023: 4.36%).

6.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions.

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the statement of financial position as follows:

Cash assets	**132,109**	**94,411**	**94,444**	**30,871**

(b) Reconciliation of net profit after tax to net cash flows from operations

Net profit/(loss)	(31,221)	25,799	(7,810)	40,462
Adjustments for:				
Depreciation and amortisation	206,079	194,637	147,059	137,942
Impairment write-down (reversal)	(21,428)	(45,872)	(21,428)	(45,872)
Contributed assets provided free of charge	(13,044)	(15,269)	(12,873)	(15,270)
Write-off of WIP	-	-	-	-
Net loss on disposal of property, plant and equipment, inc gifted streetlights	1,646	4,830	1,173	1,366
Changes in assets and liabilities:				
(Increase)/decrease in inventories	287	(4,269)	529	(5,870)
(Increase)/decrease in trade and other receivables	4,890	4,546	15,909	9,515
(Increase)/decrease in current intangible assets	(252)	(1,210)	(34)	(324)
(Decrease)/Increase in net deferred tax payable	494	18,432	495	18,432
(Decrease)/increase in current tax liabilities	3,409	(2,920)	3,409	(2,920)
(Decrease)/increase in trade and other payables	19,418	16,945	18,172	17,418
(Decrease)/increase in government grants	(4,564)	6,812	-	-
(Decrease)/increase in provisions	3,267	4,860	3,267	4,860
(Decrease)/Increase in unearned revenue	77,884	7,962	77,884	7,962
Net cash flows from operating activities	**246,865**	**215,283**	**225,752**	**167,701**

6.2 Cash and cash equivalents (Cont'd)

(c) Non-cash transactions

During the financial year the consolidated entity acquired property, plant and equipment with an aggregate fair value of $13.6 million (2023: $15.3 million) by means of gifts. These acquisitions are not reflected in the statement of cash flows.

During the financial year the consolidated entity disposed right-of-use assets with an aggregate fair value of $0.4 million (2023: $0.4 million disposed). Refer to Note 4.3 for further details. These acquisitions are not reflected in the statement of cash flows.

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the consolidated entity's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated entity's statement of cash flows as cash flows from financing activities.

	Consolidated		Corporation	
Year ended 30 June 2024	**Lease Liabilities $'000**	**Borrowings $'000**	**Lease Liabilities $'000**	**Borrowings $'000**
Opening balance	451,873	1,186,000	426,007	1,186,000
Repayment of borrowings	-	(20,000)	-	(20,000)
Proceeds from borrowings	-	170,000	-	170,000
Repayment of lease liabilities	(36,862)	-	(34,594)	-
Non-cash changes				
New leases and remeasurements	30,622	-	28,438	-
Other non-cash movements	(735)	-	(1,052)	-
Closing balance	**444,898**	**1,336,000**	**418,799**	**1,336,000**
Year ended 30 June 2023				
Opening balance	449,869	1,175,000	425,211	1,175,000
Repayment of borrowings	-	(24,000)	-	(24,000)
Proceeds from borrowings	-	35,000	-	35,000
Repayment of lease liabilities	(34,316)	-	(32,200)	-
Non-cash changes				
New leases and remeasurements	36,827	-	33,468	-
Other non-cash movements	(507)	-	(472)	-
Closing balance	**451,873**	**1,186,000**	**426,007**	**1,186,000**

Financing cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

6.3 Commitments

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
(i) Capital expenditure commitments				
Contracted but not provided for and payable within one year:	**231,559**	**87,906**	**196,793**	**54,727**
(i) Purchase expenditure commitments (non-cancellable)				
Contracted but not provided for:				
Repairs and maintenance	**20,943**	**13,597**	**12,628**	**9,656**
(ii) Purchase expenditure commitments (non-cancellable)				
Contracted but not provided for:				
Gas purchase	2,604,055	2,642,453	2,604,055	2,642,453
Gas transportation	622,188	674,370	622,188	674,370
	3,226,243	**3,316,823**	**3,226,243**	**3,316,823**
Payable:				
Within one year	539,190	386,005	496,109	348,885
One year or later and no later than five years	1,493,344	1,383,388	1,493,344	1,383,388
Later than five years	1,446,211	1,648,932	1,446,211	1,648,932
	3,478,745	**3,418,325**	**3,435,664**	**3,381,205**

(i) The consolidated entity has non-cancellable purchase and hire expenditure contracts expiring between 1 to 25 years from the date of the contract. These contracts generally provide the consolidated entity with a right of renewal at which time all terms are renegotiated.

(ii) Gas purchase commitments include take-or-pay obligations under a 25-year gas purchase agreement with Eni Australia B.V., the first supply of which commenced in the 2009-10 financial year.

6.4 Leases

Refer to Note 2.2 for details of the income from sub-leasing, Note 6.5 for details of the interest expense on lease liabilities, Note 4.5 for details of the lease receivable and Note 4.3 for details of the associated right-of-use assets.

The consolidated entity leases assets including land, buildings, motor vehicles, gas transport pipelines and the output of three solar power plants. The most common lease term is 40 years for land assets, 6 years for motor vehicles, 5-10 years for buildings, 14-25 years for solar power plants and 10-16 years for Gas pipelines.

Lease additions have been calculated using the Corporation's incremental borrowing rate at the commencement date of the lease. The present value discount factor used for the minimum lease payments is between 1.51% and 5.07%.

Consolidated	Minimum Lease Payments June 2024 $'000	Minimum Lease Payments June 2023 $'000	Present Value of the minimum lease payments June 2024 $'000	Present Value of the minimum lease payments June 2023 $'000
Not later than one year	52,215	49,030	40,998	37,789
1 to 5 years	190,478	180,227	156,188	144,431
Later than 5 years	277,666	304,737	247,712	269,653
	520,359	533,994	444,898	451,873
less: future finance charges	(75,461)	(82,121)	-	-
Total present value of minimum lease payments	**444,898**	**451,873**	**444,898**	**451,873**

Corporation	Minimum Lease Payments June 2024 $'000	Minimum Lease Payments June 2023 $'000	Present Value of the minimum lease payments June 2024 $'000	Present Value of the minimum lease payments June 2023 $'000
Not later than one year	49,823	46,721	39,682	36,455
1 to 5 years	182,384	172,431	152,018	140,580
Later than 5 years	245,635	272,400	227,099	248,972
	477,842	491,552	418,799	426,007
less: future finance charges	(59,043)	(65,545)	-	-
Total present value of minimum lease payments	**418,799**	**426,007**	**418,799**	**426,007**

	Consolidated June 2024 $'000	Consolidated June 2023 $'000	Corporation June 2024 $'000	Corporation June 2023 $'000
Provided for in the financial statements as:				
Current	40,991	37,789	39,676	36,455
Non-current	403,907	414,084	379,123	389,552
	444,898	**451,873**	**418,799**	**426,007**
Total cash outflows for leases				
Principal repayments on leases	36,862	34,316	34,594	32,200
Interest income on leases	(145)	(161)	(594)	(613)
Interest repayments on leases	11,786	11,744	10,685	10,659
	48,503	**45,899**	**44,685**	**42,246**

Future cash outflows to which the consolidated entity is potentially exposed may arise from variable lease payments that are linked to a consumer price index (CPI). Should CPI increase by 1.0%, lease payments would increase by $3.8 million. This potential cash outflow is not reflected in the measurement of lease liabilities.

The consolidated entity is committed to renewing the land leases for which long-term infrastructure assets have been constructed, as and when the legislative requirements are met.

The consolidated entity as lessee

Initial recognition and measurement

All leases are accounted for by recognising a right-of-use asset and a lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the consolidated entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable. In this case, the consolidated entity's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

6.4 Leases (Cont'd)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Remeasurement

The consolidated entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate, or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

6.5 Finance costs

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Interest expense - government	59,295	49,604	59,295	49,604
Interest expense - leases	11,786	11,744	10,685	10,659
Interest expense - other	210	(11)	-	-
Total interest expense for financial liabilities not classified as at FVTPL	71,291	61,337	69,980	60,263
Less: Capitalised finance costs	(8,132)	(3,739)	(8,132)	(3,739)
	63,159	**57,598**	**61,848**	**56,524**

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowings pool and are calculated by applying a capitalisation rate of 5.16% per annum (2023: 4.36%) to expenditure on such assets

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time (greater than 24 months) to get ready for the qualifying asset's intended use are capitalised as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

To the extent that the funds are borrowed generally and used for the purpose of obtaining or constructing a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditure on that asset. The average carrying amount of the asset during the period, including borrowing costs previously capitalised, is used as the basis for determining expenditures to which the capitalisation rate is applied in that period.

All other borrowing costs are expensed in the period in which they are incurred.

Capitalisation of borrowing costs on qualifying assets

Under AASB 123 *Borrowing Costs*, borrowing costs associated with qualifying assets must be capitalised. The definition of a qualifying asset for this purpose is any asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The consolidated entity has determined that assets taking longer than 24 months to construct will be deemed qualifying assets, and as such, borrowing costs associated with these assets will be capitalised.

NOTE 7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The Corporation is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks). as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Corporation related mainly to fair value determination.

Note contents

7.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the consolidated entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the consolidated entity has applied the practical expedient, the consolidated entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component, or for which the consolidated entity has applied the practical expedient are measured at the transaction price determined under AASB 15 *Revenue from Contracts with Customers*. Refer to the accounting policies in Note 2.1: Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The consolidated entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flow. The business model determines whether the cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is most relevant to the consolidated entity. The consolidated entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The consolidated entity's financial assets at amortised cost includes trade receivables and a loan to a subsidiary included under non-current assets.

7.1 Financial instruments (Cont'd)

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Critical accounting judgements and key sources of estimation uncertainty Note 1.3
- Trade and other receivables Note 5.1

The consolidated entity recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the consolidated entity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (as 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets and lease receivables, the consolidated entity applies a simplified approach in calculating ECLs. Therefore, the consolidated entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The consolidated entity has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the consolidated entity may consider a financial asset to be in default when internal or external information indicates that the consolidated entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the consolidated entity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

7.1 Financial instruments (Cont’d)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

The consolidated entity's financial liabilities include trade and other payables, loans and borrowings.

Loans and borrowings

This is the category most relevant to the consolidated entity. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms on an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts, and there is an intention to settle on a net basis and settle the liabilities simultaneously.

7.2 Risk management objectives

(a) Financial risk management objectives

The consolidated entity's principal financial instruments are government loans and cash. The main purpose of these financial instruments is to raise finance for the consolidated entity's operations. The consolidated entity has various other financial instruments such as trade receivables and trade payables. It is the consolidated entity's policy not to trade in financial instruments. The Board of Directors reviews and agrees policies for managing the consolidated entity's financial risks and these are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Notes 4.5, 5.1, 5.2, 5.4, 5.5, 6.1, 6.2, 6.4 and 7.1 to the financial statements.

The consolidated entity's overall strategy remains unchanged from the prior year.

The main risks arising from the consolidated entity's financial instruments are:

Market risk	The risk that changes in the market will adversely impact the operations and returns of the Corporation and the consolidated entity.
Interest rate risk	The risk that financing costs will increase and impact prices to customers and returns to the shareholder.
Credit risk	The risk of financial loss if a counterparty to a transaction does not fulfil its financial obligations.
Liquidity risk	The risk of insufficient funds to fulfil the cash flow obligations on a timely basis.
Commodity price risk	The risk that contract prices will move as a result of adverse movements in the market.
Capital risk	The risk of the consolidated entity structuring its balance sheet inefficiently resulting in suboptimal returns to shareholders.
Operational risk	The inherent risk resulting from internal processes and systems or from external events.

(b) Market risk

The Corporation was established under the *Power and Water Corporation Act 2002* and is a Northern Territory Government Owned Corporation under the *Government Owned Corporations Act 2001 (GOC Act).*

In accordance with the GOC Act the Corporation's objectives are to:
(i) Operate at least as efficiently as a comparable business; and
(ii) To maximise the sustainable return to the Northern Territory Government on its investment in the consolidated entity.

The Corporation and the consolidated entity provides safe and reliable power, water and wastewater services to the people of the Northern Territory and meets its mandated environmental obligations.

There has been no change during the current financial year to the consolidated entity's exposure to market risks or the manner in which these risks are managed and measured.

(c) Interest rate risk management

The consolidated entity's exposure to the risk of changes in market interest rates relates primarily to the consolidated entity's long-term debt obligations to the Northern Territory Government. The loans are based on fixed interest rates, with one or more interest rate resets over the life of the loans.

The consolidated entity's policy is to manage its interest cost using fixed-rate debt. The following table shows the consolidated entity's debt and interest obligations to the Northern Territory Government and the impact of a change in interest rates:

	Consolidated		Corporation	
Loan term	**Fixed rate loans $'000**	**Average Interest Rate %**	**Fixed rate loans $'000**	**Average Interest Rate %**
2024				
<1 to 2 years	770,000	4.11%	770,000	4.11%
2 to 5 years	566,000	6.60%	566,000	6.60%
	1,336,000		**1,336,000**	
2023				
<1 to 2 years	424,000	3.76%	424,000	3.76%
2 to 5 years	762,000	4.70%	762,000	4.70%
	1,186,000		**1,186,000**	

7.2 Risk management objectives (Cont'd)

Interest rate risk management (Cont'd)

Management has assessed that the exposure to changes in interest rate on cash and cash equivalent is minimal, so the resulting impact on the profit or other comprehensive income of the consolidated entity is not material.

(d) Credit risk management

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on receivables of the consolidated entity that has been recognised in the statement of financial position is the carrying amount net of any allowance for doubtful debts. The consolidated entity has a minimal concentration of credit risk as it undertakes transactions with a large number of customers and counterparties. The consolidated entity is not materially exposed to any individual customer. There are no major concentrations of credit risk on service debtors due from customers within particular industries.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the consolidated entity's maximum exposure to credit risk.

(e) Liquidity risk management

The consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of government loans and finance leases. Each year the consolidated entity prepares an SCI which is tabled with the Shareholding Minister for approval. The SCI is a detailed 4 year projection of the consolidated entity's financial position. The current year actual results are reported against the SCI budget. The consolidated entity seeks approval from the Shareholding Minister for funding requirements for the forthcoming year on an annual basis based on the SCI. If the consolidated entity is unable to meet SCI budget targets it can apply to the Northern Territory Government for additional loan funding.

The following table sets out the carrying amount, by maturity, of the financial instruments for the consolidated entity:

Consolidated	Weighted average interest rate %	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2024								
Financial Assets								
Cash assets	4.23%	137,697	-	-	137,697	-	-	137,697
Receivables		-	-	119,134	118,663	471	-	119,134
Investments		-	-	3	-	-	3	3
		137,697	**-**	**119,137**	**256,360**	**471**	**3**	**256,834**
Financial Liabilities								
Payables		-	-	105,109	105,109	-	-	105,109
Government loans	5.16%	-	1,521,035	-	233,459	1,287,576	-	1,521,035
Lease liability	2.63%	-	520,359	-	52,215	190,478	277,666	520,359
		-	**2,041,394**	**105,109**	**390,783**	**1,478,054**	**277,666**	**2,146,503**
2023								
Financial Assets								
Cash assets	2.68%	96,941	-	-	96,941	-	-	96,941
Receivables		-	-	120,752	114,713	6,039	-	120,752
Investments		-	-	3	-	-	3	3
		96,941	**-**	**120,755**	**211,654**	**6,039**	**3**	**217,696**
Financial Liabilities								
Payables		-	-	85,691	85,691	-	-	85,691
Government loans	4.36%	-	1,315,326	-	294,304	1,021,022	-	1,315,326
Lease liability	2.60%	-	533,994	-	49,030	180,227	304,737	533,994
		-	**1,849,320**	**85,691**	**429,025**	**1,201,249**	**304,737**	**1,935,011**

7.2 Risk management objectives (Cont'd)

The following table sets out the carrying amount, by maturity, of the financial instruments for the Corporation:

Corporation	Weighted average interest rate %	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
2024								
Financial Assets								
Cash assets	4.23%	98,439	-	-	98,439	-	-	98,439
Receivables		-	-	112,503	112,032	471	-	112,503
Loans to subsidiaries	3.44%	-	30,410	-	1,273	29,137	-	30,410
Investments		-	-	3	-	-	3	3
		98,439	**30,410**	**112,506**	**211,744**	**29,608**	**3**	**241,355**
Financial Liabilities								
Payables		-	-	91,123	91,123	-	-	91,123
Government loans	5.16%	-	1,521,035	-	233,459	1,287,576	-	1,521,035
Lease liability	2.53%	-	477,842	-	49,823	182,384	245,635	477,842
		-	**1,998,877**	**91,123**	**374,405**	**1,469,960**	**245,635**	**2,090,000**
2023								
Financial Assets								
Cash assets	2.68%	31,698	-	-	31,698	-	-	31,698
Receivables		-	-	125,149	119,110	6,039	-	125,149
Loans to subsidiaries	3.44%	-	26,336	-	14,705	11,631	-	26,336
Investments		-	-	3	-	-	3	3
		31,698	**26,336**	**125,152**	**165,513**	**17,670**	**3**	**183,186**
Financial Liabilities								
Payables		-	-	72,951	72,951	-	-	72,951
Government loans	4.36%	-	1,315,326	-	294,304	1,021,022	-	1,315,326
Lease liability	2.50%	-	491,552	-	46,721	172,431	272,400	491,552
		-	**1,806,878**	**72,951**	**413,976**	**1,193,453**	**272,400**	**1,879,829**

(f) Commodity price risk

The consolidated entity is exposed to changes in the price of gas that is sold to customers, however this has been mitigated through the negotiation and signing of a long-term fixed price gas purchase agreement that limits the exposure of the consolidated entity to CPI price increases in gas until the agreement expires in 2034. In the gas sales modelling assumptions, any excess gas that is not supplied under long term contracts is assumed to be sold at spot market prices. The consolidated entity will only purchase emergency gas supplies on market if agreements to pass on costs to the customers are in place. Sensitivity analysis to this is shown in Note 7.2(i).

The price for long-term gas agreements in the Australian East Coast market continues to remain high. This is supported by reports from the ACCC and AEMO, which also continue to forecast significant shortages in the East Coast market from 2024 onwards. This is likely to exacerbate the pricing situation.

The consolidated entity is exposed to changes in the price of distillate, which is used to power electricity generators. Each year, grant funding received by the subsidiary from the Northern Territory Government is based on an operational budget that includes an estimated cost of distillate consumption. In the event the distillate price varies upwards, and the subsidiary does not have sufficient grant funds to continue operating, the subsidiary can apply to the Northern Territory Government for additional grant funds.

(g) Capital risk management

The consolidated entity's and the Corporation's objectives when managing capital are to safeguard their ability to continue as a going concern, so they can continue to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure in line with Shareholding Minister expectations.

7.2 Risk management objectives (Cont'd)

The capital structure of the consolidated entity consists of debt, which includes borrowings disclosed in Note 6.1, cash and cash equivalents and equity attributable to the equity holder of the Corporation, comprising issued capital and retained earnings as disclosed in Notes 9.1 and 9.4 respectively. In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to the shareholder, return capital to the shareholder or sell assets to reduce debt.

Operating cash flows are used to maintain and expand the consolidated entity's assets, as well as to make routine outflows of tax, dividends and servicing of debt. The consolidated entity's policy is to borrow centrally using facilities provided by Northern Territory Treasury Corporation to meet anticipated funding requirements. The consolidated entity is not subject to any externally imposed capital requirements.

The consolidated entity's overall strategy remains unchanged from prior years.

(h) Operational risk

Operational risk refers to the extent that process, system, compliance or fraud matters could impact the financial risk profile. This includes the integrity of information used to make decisions, maintain assets, protect staff and provide business continuity. The Corporation manages operational risk through deployment of a risk management system, a rigorous internal audit program based on risk and controls and continuous development and improvement in its guidelines, standards, methodologies and systems.

(i) Gas contracts sensitivity analysis

The consolidated entity has long-term contracts in place to procure gas and gas transport arrangements. The procurement contracts have provisions that require payment in full for gas up to a prescribed volume, and any gas that is procured but not consumed can be used, at no charge, in the future after the annual consumption of other prescribed volumes. The value of this "make-up gas", is included in intangible assets, and is calculated as the lower of cost or net realisable value.

The directors consider these risks as part of their ongoing monitoring of the gas sales strategy and having considered both the risks and opportunities they consider as more probable, and which can therefore be quantified and assessed for materiality.

The sources of estimation uncertainty in the contracts have a significant risk of resulting in a material adjustment to the value of this asset and include the underlying assumption that all gas purchased is on sold; the outcome of current contract negotiations with customers; renewables penetration; the East Coast gas market outlook; the forward spot gas price outlook; and the outlook for other key economic factors such as CPI and the wages index.

The directors will continue to monitor the gas sales strategy and associated financial outlook having regard to sources of estimation uncertainty discussed above and note that the quantum of the provision is sensitive to price assumptions and volume consumption assumptions of gas customers.

Sensitivity analysis — NPV change as a result of:

	Wallumbilla hub average price			*CPI and Average weekly earnings*	
% movement	*increase*	*decrease*	*% movement*	*increase*	*decrease*
5%	62.8 m	(62.8 m)	0.25%	(5.5 m)	5.3 m
10%	125.7 m	(125.7 m)	0.50%	(11.1 m)	10.6 m
20%	251.4 m	(251.4 m)	1.00%	(22.7 m)	20.6 m

7.3 Contingent liabilities and contingent assets

The consolidated entity's operations are subject to significant statutory responsibilities under both Commonwealth and Northern Territory legislation. The Corporation has not been issued with any enforcement action by the Environmental Regulator during this reporting period. The consolidated entity continues to pursue compliance with its statutory obligations and improve processes to meet its responsibilities.

In 2020-21 the Corporation was issued with a Show Cause Letter from the Department of Agriculture, Water and the Environment (DAWE) in relation to a potential breach of conditions associated with the East Point Effluent Rising Main - Environment Protection and Biodiversity Conservation Act Approval (2009/5113). A formal response was provided to DAWE as per required timeframes, however as yet no formal determination received from DAWE regarding potential fines/penalties.

IES Pty Ltd has completed investigative leak detection on underground water pipelines in Yuendumu and Angurugu. In Yuendumu the company has commenced comprehensive leak rectification and remediation works, which include replacing asbestos cement mains and customer service lines. The company is working with the Department of Territory Families, Housing and Communities (TFHC) on a funding submission from National Water Grid Authority (NWGA) for leak rectification and remediation works required at Angurugu. No known regulatory breaches have occurred in IES Pty Ltd during FY24.

There are no other contingent liabilities or assets for the year ended 30 June 2024.

7.4 Fair value determinations

Some of the consolidated entity's assets and liabilities are measured at fair value for financial reporting purposes. The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the consolidated entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as infrastructure assets. At the end of each reporting period the consolidated entity analyses the movements in property, plant and equipment that are required to be remeasured or re-assessed as per the consolidated entity's accounting policies. For this analysis the consolidated entity verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents. The consolidated entity, in conjunction with the external valuers, also compares the change in the fair value of property, plant and equipment with relevant external sources to determine whether the change is reasonable.

The consolidated entity presents the results of the valuation to the Audit and Risk Management Committee. This includes a discussion of the major assumptions used in the valuations.

Fair value related disclosures for financial assets (i.e., borrowings) and property, plant and equipment that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Financial instruments Note 7.4 (a)
- Property, plant and equipment Note 7.4 (b)

(a) Fair value of Financial Instruments

Net fair values of financial assets and liabilities approximate carrying values except for government loans, which have a fair value of $1.310 million (2023: $1.137 million).

Consolidated entity	Level 2	Fair value as at 30 June 2024	Level 2	Fair value as at 30 June 2023
Financial Liabilities				
Borrowings	1,310,081	1,310,081	1,137,008	1,137,008

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

(b) Fair value of property, plant and equipment (excluding right-of-use assets and capital works in progress)

Asset class		Valuation policy
Corporate land and buildings	Specialised land	Market approach
	Non-specialised land	Market approach
	Office buildings	Market approach
Infrastructure systems	Water and sewerage	Income approach
	Electricity generation	Income approach
	Electricity distribution and transmission	Income approach
	Gas supply (2)	Income approach
	IES water, sewerage, and electricity distribution and transmission	Cost approach
Plant and equipment (3)	Non-specialised plant and equipment	Historical approach

The following valuation techniques are used for the Corporation (1):

7.4 Fair value determinations (Cont'd)

(1) Excludes the assets of Indigenous Essential Services Pty Ltd in which assets are measured using the Current Replacement Cost approach for infrastructure systems assets.
(2) Gas supply assets are comprised of the McArthur River Gas Pipeline.
(3) Non-specialised assets such as minor items of office equipment are held at historic cost.

The fair value of the freehold land and buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of corporation infrastructure system assets was determined using the income approach. This reflects the cost a market participant would be willing to pay if buying an asset. The income approach converts future amounts (e.g. cashflows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. The significant factors include the transportation factor, foreign exchange rates, CPI Index, Reserve Bank cash rates and the construction cost factor.

The fair value of Indigenous Essential Services Pty Ltd infrastructure assets was determined using the current replacement cost approach. This reflects the cost to a market participant that would be required to replace the current service capacity of an asset. It represents the current cost of the asset less depreciation and any adjustments that allow a lower cost solution for achieving the current service standard.

The fair value of non-specialised plant and equipment were determined using historical cost as these are minor asset items such as operating and office equipment.

Revaluation of property, plant and equipment

As at 30 June 2024
The consolidated entity values infrastructure assets using the income approach method in accordance with AASB 13 *Fair Value*. The review resulted in an increase in the consolidated entity's infrastructure assets of $316.5 million. This has been primarily driven by revaluation of $78.2 million in the Corporation's fair value driven by an alignment of Power Services cash flow with the FY25-FY29 AER regulatory determination, partially offset by reduced forecast cashflows in Water Services. This was accompanied by a revaluation of Indigenous Essential Services Pty Ltd of $238.3 million during the financial year.

As at 30 June 2023
The consolidated entity values infrastructure assets using the income approach method in accordance with AASB 13 Fair Value. The review resulted in an increase in the consolidated entity's infrastructure assets of $126.4 million. This has been primarily driven by revaluation of $84.1 million in the Corporation's fair value driven by an alignment of Power Services cash flow with the draft FY25-FY29 AER regulatory determination. This was accompanied by a revaluation of Indigenous Essential Services Pty Ltd of $42.3 million during the financial year.

There have been no changes to the valuation techniques during the year ended 30 June 2024.

Details of the consolidated entity's land, buildings, infrastructure and plant and equipment, and information about their fair value hierarchy as at the end of the reporting are as follows:

Consolidated entity	Level 2 $'000	Level 3 $'000	Fair Value $'000
Fair value as at 30 June 2024			
Freehold land	80,325	-	80,325
Buildings	20,713	-	20,713
Infrastructure	-	2,876,870	2,876,870
Plant and equipment	-	33,754	33,754
Total	**101,038**	**2,910,624**	**3,011,662**
Fair value as at 30 June 2023			
Freehold land	80,440	-	80,440
Buildings	20,516	-	20,516
Infrastructure	-	2,574,734	2,574,734
Plant and equipment	-	28,711	28,711
Total	**100,956**	**2,603,445**	**2,704,401**

Corporation	Level 2 $'000	Level 3 $'000	Fair Value $'000
Fair value as at 30 June 2024			
Freehold land	80,325	-	80,325
Buildings	20,713	-	20,713
Infrastructure	-	2,112,662	2,112,662
Plant and equipment	-	32,469	32,469
Total	**101,038**	**2,145,131**	**2,246,169**
Fair value as at 30 June 2023			
Freehold land	80,440	-	80,440
Buildings	20,516	-	20,516
Infrastructure	-	2,021,419	2,021,419
Plant and equipment	-	27,300	27,300
Total	**100,956**	**2,048,719**	**2,149,675**

7.4 Fair value determinations (Cont'd)

There were no transfers of assets between Level 1 and Level 2 during the year.

Level 2 inputs are inputs other than quoted market prices that are observable for the asset or liability either directly or indirectly. Valuation techniques are described above.

Level 3 inputs are unobservable inputs for the asset or liability. Valuation techniques are described above.

Core operational assets of Power Services and Water Services business units are valued using the income approach. Consistent with the accounting standards, the income approach has a 'purchaser of the business' perspective and is based on the net present value of the forecasted cash flows of these businesses applying anticipated market conditions. Significant unobservable inputs in the model and sensitivity analysis are outlined below.

	Valuation Techniques	Significant unobservable inputs	Sensitivity
Power Services – Infrastructure assets	Income approach	Weighted average cost of capital (WACC) rate, taking into account the long-term view of the market cost of capital, of 6.7% (2023: 7.2%), supportable by key assumptions in the beta range being based on analysis of observed 5-year asset betas of listed companies and gearing range being based on industry research of 5-year average debt to enterprise value ratio of the guideline listed companies.	A 50 basis points decrease in the WACC or discount rate while holding other variables constant would increase the carrying amount of the infrastructure assets by $39 million, and vice versa.
		Regulated Asset Base (RAB) multiple to the terminal value assumption of 1.1 (2023: 1.0).	A 0.1 increase in the RAB multiple while holding other variables constant would increase the carrying value of the carrying amount of the infrastructure assets by $117.5 million, and vice versa.
Water Services – Infrastructure assets	Income approach	WACC rate, taking into account the long term view of the market cost of capital of 7.5% (2023: 7.2%) supportable by key assumptions in the beta range being based on analysis of observed 5-year asset betas of listed companies and gearing range being based on industry research of 5-year average debt to enterprise value ratio of the guideline listed companies.	A 50 basis points decrease in the WACC or discount rate while holding other variables constant would increase the carrying amount of the infrastructure assets by $138 million, and vice versa.
		Gordon Growth Method to the terminal value assumption of 2.5% (2023: 2.5%) perpetuity growth rate, supportable for long-life, critical infrastructure assets not subject to regulatory limitations on rates of return.	A 50 basis points increase in the growth rate while holding other variables constant would increase the carrying amount of the infrastructure assets by $73 million, and vice versa.

Impairment losses recognised in the year

There were no triggering events to require further analysis for an impairment write-down of property, plant and equipment for year ended 30 June 2024.

NOTE 8 STATUTORY OBLIGATIONS

This section included disclosures in relation to the Corporation's statutory obligations.

Note contents

8.1 Income tax equivalent expense

Income tax equivalent payments are made pursuant to section 33(3) of the *Government Owned Corporations Act 2001* and are based on rulings set out in the National Tax Equivalent Regime manual. The manual gives rise to obligations which reflect in all material respects those obligations for taxation which would be imposed by the *Income Tax Assessment Act 1936 and 1997*.

The Corporation is required to make income tax equivalent payments to the Northern Territory Government based on taxable income. It is not liable to pay the Commonwealth tax that would be payable if it were not a Government Owned Corporation.

Indigenous Essential Services Pty Ltd is not subject to taxation as it is a not-for-profit entity and therefore exempt under section 24 of the *Income Tax Assessment Act 1936*.
period.

The major components of income tax expense are:

8.1.1 Income tax recognised in profit or loss

	Consolidated		**Corporation**	
	June 2024 $'000	**June 2023 $'000**	**June 2024 $'000**	**June 2023 $'000**
Current income tax				
Current income tax charge	-	-	-	-
Deferred income tax				
Under/(over) from prior years	-	(2,567)	-	(2,567)
Relating to origination and reversal of temporary differences	3,399	23,902	3,399	23,902
Taxable loss carry forward to later income years	(3,522)	(5,308)	(3,522)	(5,308)
Income tax (refund) / expense reported in profit or loss	**(123)**	**16,027**	**(123)**	**16,027**
Numerical reconciliation between tax expense and pre-tax net profit				
(Loss)/profit before income tax	(31,344)	41,826	(7,933)	56,489
At the consolidated entity's statutory income tax rate of 30% (2023: 30%)	(9,403)	12,548	(2,380)	16,947
Under/(over) provision from prior years	-	(2,565)	-	(2,565)
Expenditure not allowable for income tax purposes	7,060	4,423	37	24
Non-deductible Superannuation Guarantee Charge	44		44	
Tax effect on reversal of impairment of loan to subsidiary	-	-		-
Tax effect of transfer pricing adjustment	2,176	1,621	2,176	1,621
Income tax (refund) / expense on pre-tax profit	**(123)**	**16,027**	**(123)**	**16,027**

8.1.2 Deferred income tax

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Deferred tax liabilities (DTL)				
Property, plant and equipment	185,468	146,467	185,468	146,467
Prepayments	59	54	59	54
Gross deferred income tax liabilities	**185,527**	**146,521**	**185,527**	**146,521**
Movements:				
Opening balance at 1 July	146,521	109,460	146,521	109,460
Under/(Over) provision from prior years	-	-	-	-
Charged to profit or loss	20,510	26,197	20,510	26,197
DTL on revaluation recognised directly against ARR	18,496	10,864	18,496	10,864
Closing balance at 30 June	**185,527**	**146,521**	**185,527**	**146,521**
Deferred tax assets (DTA)				
Employee provisions	16,985	16,358	16,985	16,358
Allowance for doubtful debts	3,427	3,023	3,427	3,023
Obsolete stock provision	587	602	587	602
Renewable energy provision	4	5	4	5
Make-up gas impairment	1,955	3,209	1,955	3,209
Accrued expenses	90	84	90	84
Board approved write-offs	332	257	332	257
Lease repayments	6,196	5,184	6,196	5,184
Assessable Manton Dam capital grant funding income	16,256	-	16,256	-
Taxable loss carried forward from prior year	4,692	-	4,692	-
Taxable loss carry forward to later income years	3,522	5,308	3,522	5,308
Gross deferred income tax assets	**54,046**	**34,030**	**54,046**	**34,030**
Movements:				
Opening balance at 1 July	34,030	26,264	34,030	26,264
Under/(Over) provision from prior years	(617)	165	(617)	165
Charged to profit or loss	17,111	2,293	17,111	2,293
Taxable loss carry forward to later income years	3,522	5,308	3,522	5,308
Closing balance at 30 June	**54,046**	**34,030**	**54,046**	**34,030**
Net deferred tax liabilities	**(131,481)**	**(112,491)**	**(131,481)**	**(112,491)**
Deferred tax expense	**3,399**	**23,904**	**3,399**	**23,904**

Deferred tax

The consolidated entity adopts the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases of those items. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences except:

- When the deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be used, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- When the deductible temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be used.

8.1.2 Deferred income tax (Cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be used. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

8.1.3 Income tax receivable

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Opening balance at 1 July	5,053	2,133	5,053	2,133
(Over)/under provision from prior years	617	2,403	617	2,403
Income tax paid/(refund)	(4,026)	517	(4,026)	517
Current year income tax expense	-	-	-	-
Closing balance at 30 June	**1,644**	**5,053**	**1,644**	**5,053**

Current tax
Current tax is calculated by reference to the amount of the income taxes payable or recoverable in respect of the taxable profit or taxable loss for the period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year
Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items recognised in other comprehensive income, in which case current and deferred tax are also recognised in other comprehensive income. Income taxes relating to these items are recognised directly in other comprehensive income.

8.2 Environmental Contribution provision

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Renewable Energy Certificates	12	15	12	15

The provision for Renewable Energy Certificates represents the consolidated entity's obligation to meet the Clean Energy Renewable (CER) targets by surrendering renewable energy certificates equivalent to the calculated liability on the consumption sold to customers.

NOTE 9 OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report

Notes contents

9.1 Contributed equity

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Share capital				
1 share (2023: 1 share)				
Equity contribution	50,000	50,000	50,000	50,000
Debt to equity swap	322,582	322,582	322,582	322,582
Transfer of assets and liabilities to new entities	(328,246)	(328,246)	(328,246)	(328,246)
Total contributed equity	**44,336**	**44,336**	**44,336**	**44,336**
Contributed equity at beginning of year	44,336	44,336	44,336	44,336
Equity (withdrawal)/contributions from the Northern Territory Government	-	-	-	-
Total contributed equity	**44,336**	**44,336**	**44,336**	**44,336**

The Government Owned Corporations Act 2001 requires the Corporation to have share capital to be held by one shareholder only, being the Shareholding Minister, who holds the share on behalf of the Northern Territory Government. The Corporation's constitution specifies the share capital to be one share. No value is assigned to this share.

9.2 Dividends

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Dividends paid to its shareholder during the financial year were as follows:				
Dividend paid during the year on ordinary shares:	2,000	10,000	2,000	10,000
	2,000	**10,000**	**2,000**	**10,000**

A provision for dividends payable is recognised in the reporting period that it is declared. In determining a dividend, the Corporation considers net profit after tax, after removing non-cash accounting adjustments such as asset revaluations and provision for onerous contracts. All requirements of the GOC Act and Corporation's Act are considered when declaring a dividend.

9.3 Asset revaluation reserve

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Balance at beginning of year	1,063,475	1,005,786	466,093	441,326
(Decrease)/increase in asset valuation	300,017	78,547	61,654	36,216
Less deferred tax effect recognised in deferred tax liabilities	(18,496)	(10,864)	(18,496)	(10,864)
Revaluation surplus	281,521	67,683	43,158	25,352
Retirements transferred to retained earnings	(1,764)	(9,994)	(654)	(585)
Asset revaluation reserve at end of the year	**1,343,232**	**1,063,475**	**508,597**	**466,093**

The asset revaluation reserve arises on the revaluation of property, plant and equipment (assets). When revalued assets are sold, the portion of the asset's revaluation reserve that relates to those assets is transferred directly to retained earnings.

9.4 Retained earnings

	Consolidated		Corporation	
	June 2024 $'000	June 2023 $'000	June 2024 $'000	June 2023 $'000
Retained earnings at beginning of year	428,217	402,424	734,364	703,317
Net profit/(loss) for the year	(31,221)	25,799	(7,810)	40,462
Retirements moved from asset revaluation reserve	1,764	9,994	654	585
Dividends provided for or paid	(2,000)	(10,000)	(2,000)	(10,000)
Retained earnings at end of the year	**396,760**	**428,217**	**725,208**	**734,364**

9.5 Events after the reporting period

Subsequent to the year end, the directors declared a special dividend of $2 million, payable by 30 November 2024.

The financial statements of the consolidated entity were approved on 30 September 2024.

In the opinion of the directors of the Corporation there were no material and unusual events that have arisen in the interval between the end of the financial year and the date of this report. Material events are those that are likely to affect significantly the operations of the consolidated entity, the results of those operations, or the state of the affairs of the consolidated entity, in future financial years.

9.6 Related party transactions

The immediate parent within the group is Power and Water Corporation. The ultimate controlling party is the Northern Territory Government, which owns 100% of the issued ordinary shares of Power and Water Corporation. This share is held by the Shareholding Minister on behalf of the Northern Territory.

The consolidated entity has a related party relationship with its ultimate controlling party (includes other agencies and departments of the Northern Territory Government), director-related entities and associates. All financial transactions between the consolidated entity and related parties are at arm's length terms.

Trading transactions

Balances and transactions between the Corporation and its controlled entity, which is a related party of the Corporation, have been eliminated on consolidation and are not disclosed in this note.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year. Due to the large number of transactions, it is not practical to list separately related party transactions that occurred between the Corporation and these entities. Therefore, these transactions have been aggregated as shown in the following table:

Related Party		Revenue from related parties (1) $'000	Purchases from related parties (2) $'000	Amounts owed by related parties (3) $'000	Amounts owed to related parties (4) $'000
The ultimate parent entity, the Northern Territory Government, including all entities that are associated with the parent entity, including Territory Generation and Jacana Energy	June 2024	384,829	96,132	55,642	1,338,234
	June 2023	351,763	88,454	54,610	1,188,877

(1) The consolidated entity receives grants from the Northern Territory Government in the form of Community Service Obligations and other miscellaneous grants. See Notes 2.5 for further details.

(2) For the year ended 30 June 2024, purchases from the Northern Territory Government includes interest paid on borrowings of $59.3 million (2023: $49.6 million) refer to Note 6.5.

(3) As at 30 June 2024, the amounts owed by related parties relate to amounts outstanding for the provision of electricity retail and generation services, water and standard control services, as well as accrued revenue for the supply of gas.

(4) For the year ended 30 June 2024, the amount owed to the Northern Territory Government includes borrowings of $1.336 million (2023: $1.186 million) refer to Note 6.1.

9.6 Related party transactions (Cont'd)

Loans to related parties

As disclosed in Note 5.4 Loans to Subsidiaries, the Corporation has provided two interest-only fixed loans to its subsidiary, Indigenous Essential Services Pty Ltd. The first loan for $11.0 million was provided in 2020-21 for a loan term of 5 years ending in 2025-26. Interest is charged at 2.88% per annum on the outstanding balance. The second loan of $14.0 million was provided in 2023-24 for a loan term of 5 years ending in 2028-29 with interest charged at 6.83% per annum.

The Corporation provides electricity, water and wastewater services to its subsidiary, Indigenous Essential Services Pty Ltd in the normal course of business and on normal terms and conditions.

To ensure that Indigenous Essential Services Pty Ltd is able to pay its debts as and when they fall due, a letter of financial support has been provided by the Corporation to the subsidiary which guarantees support should Indigenous Essential Services Pty Ltd not be able to pay its debts as and when they fall due. This letter is valid to such time as Indigenous Essential Services Pty Ltd ceases to be a wholly owned subsidiary of the Corporation or until revoked.

From time to time, directors and their director-related entities may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by consolidated entity employees or customers and are trivial or domestic in nature.

Remuneration of key management personnel

Compensation levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. Remuneration packages are usually a fixed remuneration.

The profit for the year includes the following items of expenses that resulted from transactions, other than compensation with key management personnel or their related entities:

	Consolidated		Corporation	
	June 2024 $	June 2023 $	June 2024 $	June 2023 $
Expense transactions with key management personnel	2,710	4,390	2,710	4,390

For the year ended 30 June 2024, the consolidated entity has made allowance for doubtful debts relating to amounts owed by related parties of $Nil (2023: $Nil).

The following table provides the details of all non-executive directors of the Corporation and the nature and amount of the elements of their remuneration:

		Short-term employee benefits $	Post employment benefits (superannuation) $	Total $
Non-executive directors				
Mr Peter Wilson (Chairperson)	June 2024	192,007	21,121	213,128
(Term commenced March 2022)	June 2023	193,059	20,271	213,330
Ms Gaye McMath	June 2024	-	-	-
(Term commenced September 2018, ended November 2022)	June 2023	34,807	3,655	38,462
Mr Charles Burkitt	June 2024	-	-	-
(Term commenced September 2018, ended August 2022)	June 2023	22,055	2,367	24,422
Mr Trevor Armstrong	June 2024	97,310	10,704	108,014
(Term commenced July 2022)	June 2023	94,422	9,914	104,336
Mr Paul Italiano	June 2024	97,310	10,704	108,014
(Term commenced July 2022)	June 2023	94,422	9,914	104,336
Mr Gregory Martin	June 2024	97,310	10,704	108,014
(Term commenced July 2022)	June 2023	94,422	9,914	104,336
Ms Jodie Ryan	June 2024	97,310	10,704	108,014
(Term commenced August 2022)	June 2023	79,720	8,370	88,090
Ms Megan Corfield	June 2024	97,310	10,704	108,014
(Term commenced November 2022)	June 2023	62,503	6,536	69,039
Total non-executive directors	**June 2024**	**678,557**	**74,641**	**753,198**
	June 2023	**675,410**	**70,941**	**746,351**

No termination benefits were paid to non-executive directors during the year.

9.6 Related party transactions (Cont'd)

The table below shows the benefits paid to executive directors and officers of the Corporation and of the controlled entity, whose benefits from the Corporation and from the controlled entity fall within the following types:

	Consolidated		Corporation	
	June 2024 $	June 2023 $	June 2024 $	June 2023 $
Short-term employee benefits	3,097,543	3,104,378	3,097,543	3,104,378
Other long-term benefits	433,005	322,336	433,005	322,336
Termination benefits	-	-	-	-
Total compensation of key management personnel (excluding non-executive directors)	**3,530,548**	**3,426,714**	**3,530,548**	**3,426,714**

Executive officers are those officers who are involved in the strategic direction, general management or control of business at corporation or business division level.

Other transactions with key management personnel

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Corporation or the consolidated entity since the end of the previous financial year and there were no material contracts involving their interests existing at year end.

From time to time key management personnel of the Corporation, or its controlled entity or their related parties, may purchase goods and services from the consolidated entity. These purchases are on the same terms and conditions as those entered into by the other consolidated entity's employees or customers and are trivial or domestic in nature.

9.7 Auditor's remuneration

	Consolidated		Corporation	
	June 2024 $	June 2023 $	June 2024 $	June 2023 $
Audit of the financial statements	373,000	348,000	299,000	279,000
	373,000	**348,000**	**299,000**	**279,000**

The auditor of the Corporation and the consolidated entity is the Auditor-General for the Northern Territory.

9.8 Adoption of new and revised Accounting Standards

(a) New accounting standards and amendments that are effective in the current financial year

The consolidated entity has adopted all of the new, revised or amending accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and are mandatory for the current reporting period. No new, revised or amending accounting standard or Interpretation has been adopted earlier than the application date as stated in the standard.

(b) Standards and interpretations in issue not yet effective

Revised standards, amendments to standards and interpretations that are applicable to future periods have been issued by the AASB. None of these are expected to have a material impact on future reporting periods, either because the consolidated entity does not conduct the types of transactions addressed by the pronouncements or because of the extent to which they may impact the consolidated entity is not expected to be material.

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