ANNUAL REPORT

2023 – 2024

Indigenous Essential Services Pty Ltd

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

Indigenous Essential Services Pty Ltd (IES) is a not-for-profit subsidiary of Power and Water Corporation and is contracted to deliver services on behalf of the Northern Territory Government through the Department of Territory Families, Housing and Communities.

We provide essential power, water and wastewater services across 72 remote communities and 79 outstations, as well as maintain and replace assets in accordance with a service level agreement.

We invest significantly in remote projects and programs to ensure services continue to meet growing demand.

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

- primary services and responsibilities
- significant activities for the year, highlighting major projects and key achievements
- financial management and performance for the year.

Power and Water provides retail services on behalf of Indigenous Essential Services.

Aerial view of the Ali Curung wastewater treatment ponds.

MESSAGE FROM THE BOARD CHAIR

Delivering essential services to communities in some of the most remote parts of Australia in extreme climates is both rewarding and challenging.

In addition to my role as the Chair of Power and Water Corporation, I am proud to be the Chair of its not-for-profit subsidiary, Indigenous Essential Services.

Delivering essential services to communities in some of the most remote parts of Australia in extreme climates is both rewarding and challenging.

I am impressed by the dedication of the Power and Water and Indigenous Essential Services teams, our service delivery partners and stakeholders to meet the unique needs of our remote customers.

A renewable energy future

We are committed to supporting a renewable energy future in the Northern Territory, including in remote communities.

It was encouraging to see the progress made this year on the $6.1 million expansion of the Wurrumiyanga solar farm and battery energy storage system. Additional solar panels have been installed and testing of the battery energy storage system was 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.

Enhancing water services across the territory

We understand that the delivery of reliable, safe and sustainable water services is essential to the health and wellbeing of residents, and to meeting demand from a growing population and new economic opportunities.

It is important to tailor water treatment and infrastructure solutions to meet the needs specific to each community on issues including water source augmentation through to enhanced treatment measures to address naturally occurring minerals in groundwater.

It was exciting to have the Laramba ion exchange water treatment plant recognised at the Australian Water Awards for its technology-led, innovative solution to remove naturally occurring uranium from the community's drinking water.

Continued focus on reconciliation

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

It was a privilege to attend the Garma Festival in August 2023, alongside fellow Board director Paul Italiano, as part of our reconciliation efforts. With more than 5,500 attendees, the festival was an important opportunity for meaningful cross-cultural engagement, collaboration and learning.

The Power and Water and Indigenous Essential Services Boards will continue to guide the organisation's development and implementation of policies and procedures that support reconciliation outcomes and build a strong, culturally inclusive workplace that enables everyone to thrive.

Acknowledgements

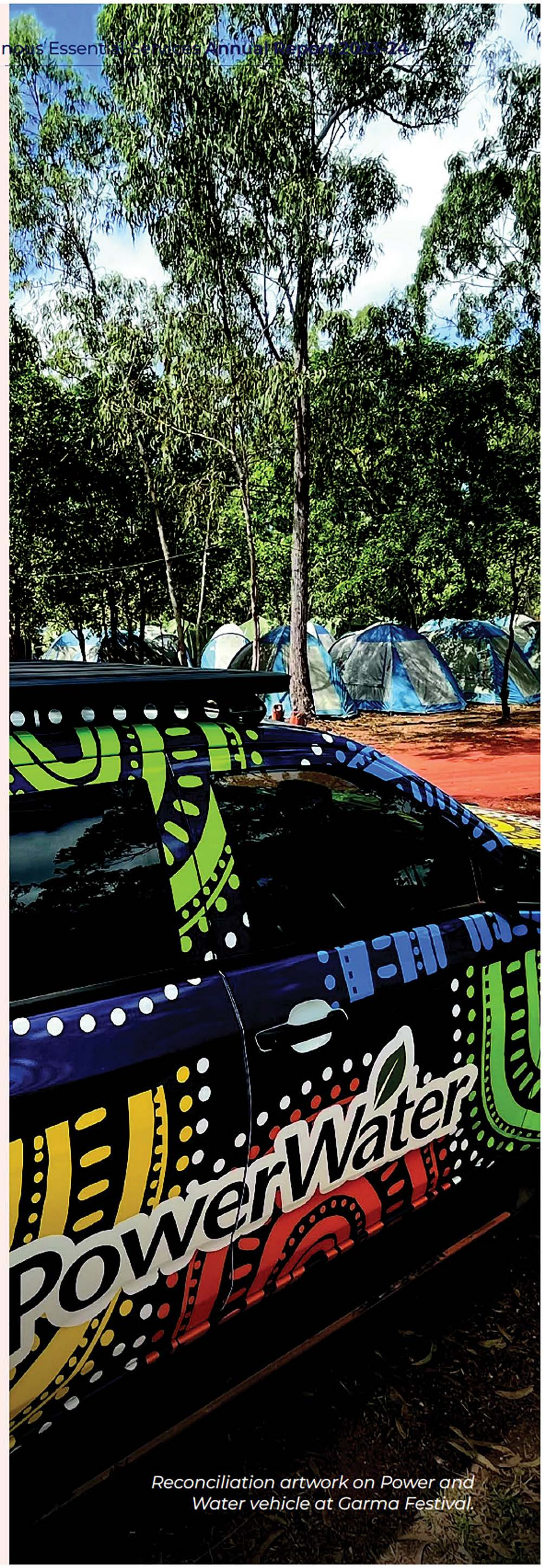
I would like to acknowledge my fellow Board directors Trevor Armstrong, Paul Italiano and Jodie Ryan for their guidance and contributions throughout the year.

I would also like to thank Power and Water's Chief Executive Officer, Djuna Pollard and the management team for their ongoing commitment to the Northern Territory community.

I look forward to continuing our work to make a difference for our customers and Territorians.

Peter Wilson.

Peter Wilson AM
Chair, Indigenous Essential Services Pty Ltd
30 September 2024



Reconciliation artwork on Power and Water vehicle at Garma Festival.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Our annual report highlights our significant achievements and the positive impact our organisation and initiatives have on the lives of Territorians.

This year, we've managed a range of challenges, including severe weather events, while remaining committed to our customers, reconciliation, and enhancing our engagement efforts with customers in remote communities.

Modernising prepayment meters

With Telstra phasing out its 3G network by October 2024, we have been working with remote communities across the Territory to replace outdated 3G power meters with new digital prepayment meters.

More than 3,400 meters have been replaced this year, with an additional 1,200 planned by December 2024, expanding mobile network coverage to over 25 previously unconnected communities.

Community and stakeholder engagement has been at the centre of the project, with direct and focused communications during and after meter installation to ensure customers are comfortable with how the meters work.

On the ground support

Indigenous Essential Services partners with a range of organisations to help deliver services to customers in 72 communities and 79 outstations.

Our utility support contracts with organisations such as regional councils provide local employment opportunities in the day-today operations needed to effectively monitor and maintain utility service facilities and equipment for the benefit of the community.

Utility support contract workers are vital in connecting us with what is happening on the ground in their community, identifying and responding to issues and opportunities.

They play a crucial role in serving remote communities and we value our partnerships with local councils, Aboriginal business enterprises, pastoralists, and other contractors in providing these opportunities.

Severe weather

As Territorians know, each year we are challenged by the impacts of severe weather on our communities – and this year was no different.

In the Barkly region in September and October, bushfires burnt across 13 million hectares.

In January, severe weather hit the Gregory River district, once again impacting Kalkarindji, Daguragu, Nitjpurru and Timber Creek. Some Territorians needed to evacuate their homes.

In March, Tropical Cyclone Megan impacted Groote Eylandt and Borroloola, damaging infrastructure and complicating recovery.

On each occasion, our crews responded to restore power, water and wastewater services for the community quickly and safely.

Continuing our reconciliation journey

Our 2023-25 Innovate Reconciliation Action Plan sets out our actions 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.

It is exciting to see and feel the support for reconciliation growing across our organisation as we work to build a strong, culturally inclusive workplace that enables everyone to thrive.

We have delivered on 58% of our reconciliation commitments so far, with work expected to ramp up between now and June 2025.

Acknowledgements

I want to express my gratitude to the Indigenous Essential Services Board, leadership team, employees, utility support contract workers and partners for their dedication and hard work this year.

Our annual report highlights our significant achievements and the positive impact our organisation and initiatives have on the lives of Territorians.

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

IES BOARD

INDIGENOUS ESSENTIAL SERVICES BOARD DIRECTOR ATTENDANCE RECORD

Board Director	Eligible to attend[1]	Attended[2]
Peter Wilson AM	8	8
Trevor Armstrong	8	8
Paul Italiano	8	8
Jodie Ryan	8	7

[1] Number of meetings held while the director was a member of the Board.
[2] Number of meetings attended.

INDIGENOUS ESSENTIAL SERVICES BOARD DIRECTORS

Peter Wilson AM
IES Board Chair

Trevor Armstrong
IES Board Director

Paul Italiano
IES Board Director

Jodie Ryan
IES Board Director

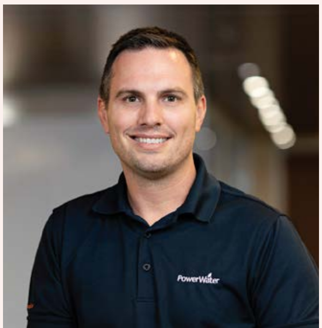
IES EXECUTIVE LEADERSHIP TEAM

Djuna Pollard
Chief Executive Officer

John Pease
Deputy Chief Executive Officer

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

YEAR AT A GLANCE

CUSTOMER CONNECTIONS – POWER

Total connections	Darwin region	Katherine region	Barkly region	Southern region
9,850	5,095	1,695	481	2,579

CUSTOMER CONNECTIONS – WATER

Total connections	Darwin region	Katherine region	Barkly region	Southern region
5,580	3,018	850	279	1,433

CUSTOMER CONNECTIONS – WASTEWATER

Total connections	Darwin region	Katherine region	Barkly region	Southern region
2,470	1,472	393	82	523

SIGNIFICANT ACHIEVEMENTS

- 3,417 new prepayment smart meters installed in 32 remote communities. This was achieved through attending 17 local authority meetings, holding 17 community information sessions, and engaging with 2,368 households.
- 346 new life support registrations, an increase of 40% from 2023-24.

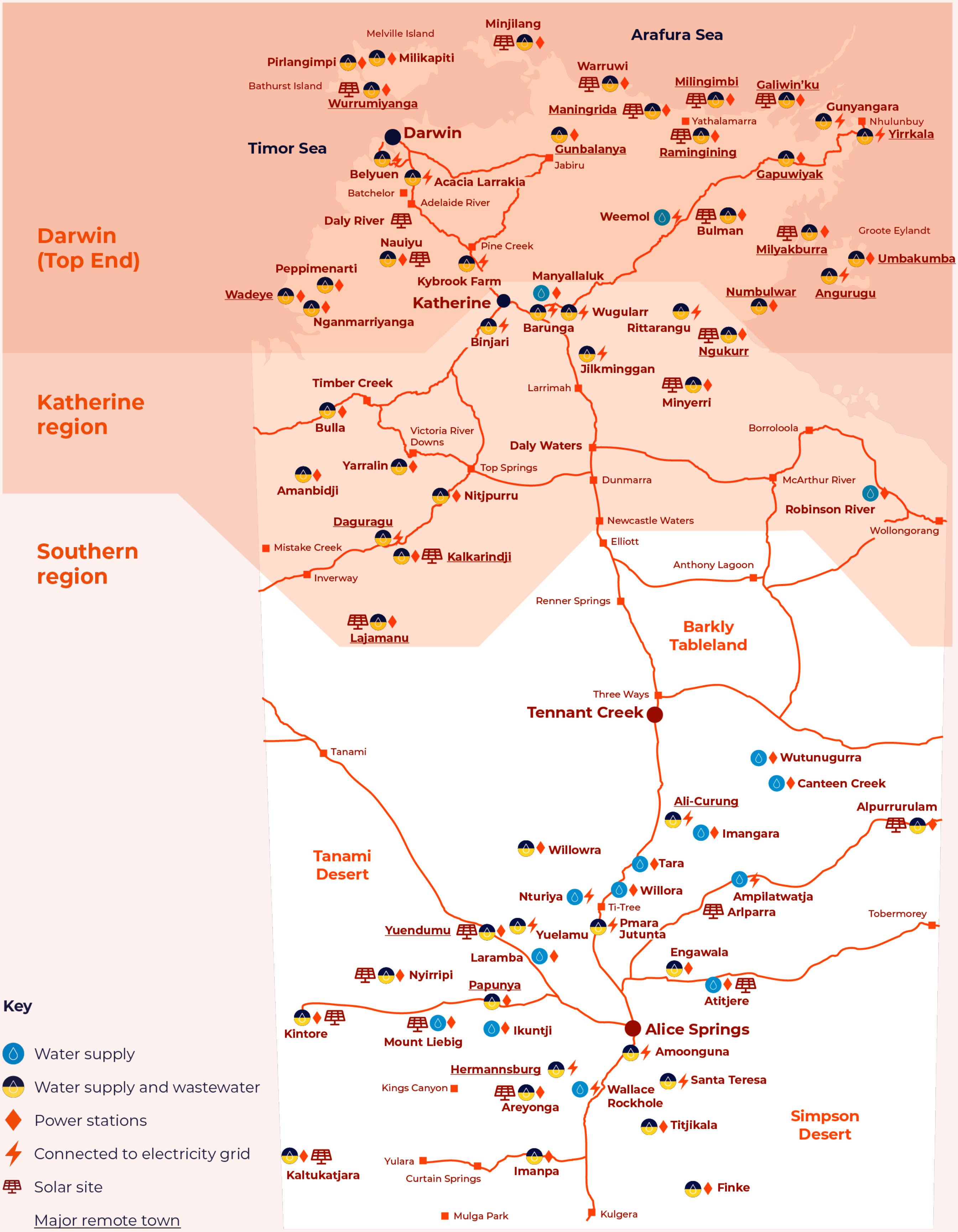
OUR PEOPLE

Utility support contract workers employed
179

Aboriginal and Torres Strait Islander utility support contract workers
58

Aboriginal business engagement in remote projects
4 (24%)

SERVICE AREA MAP




Elevated water tank site at Imanpa community.

In-kind support of Power and Water's water trailer at a NAIDOC Week community event.

2023-24 HIGHLIGHTS

CUSTOMERS, COMMUNITY, ENVIRONMENTAL, CULTURAL AND SOCIAL VALUES

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

Community partnerships making a difference

We are proud to support 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 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.

The program helps children enhance their behavioural, social and emotional competence, to improve focus and academic outcomes, and build resilience.

Garma Festival performance.

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.

More than just an event to attend, 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.

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, with membership including 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.

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 peoples, 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.

While developing the Reconciliation Action Plan we gauged public perspectives on water security and we continue to engage with communities to ensure alignment with local needs and preferences.

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

Guests at Power and Water's Reconciliation Action Plan launch event in Darwin.

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, sewer 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 investment 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.

Supporting critical water infrastructure and housing development in Maningrida

There is high and growing demand for water in Maningrida to support housing development, contribute to the expansion of services and facilities in the community and improve health, wellbeing and social outcomes for residents.

In partnership with the Northern Territory Government, we sought funding for the Maningrida Water Supply Upgrade Strategy. The bid, submitted to the National Water Grid Authority in January 2024, was successful, securing $21 million—$8 million from the Northern Territory Government and $13 million from the National Water Grid Authority—in March 2024.

The upgrade involves 3 key projects:

- **Project 1:** construction of a new 2 megalitre ground level water storage tank to expand storage capacity and decommissioning of the existing tank compound.
- **Project 2:** construction of approximately 3 kilometres of new water mains to connect the new tank to the network.
- **Project 3:** design and construction for replacement of end-of-life water service lines, sections of standard pipe and tapping bands.

In May 2024 the Federal Minister for Indigenous Australians, the Honourable Linda Burney MP, and the Senator and Assistant Minister for Indigenous Australians, the Honourable Malarndirri McCarthy, travelled to Maningrida to see the progress.

The ground level water storage tank is expected to arrive in Australia by November 2024, with current efforts focused on installing a pumping station and completing civil work. Approximately 90% of the new water mains have been constructed, with testing and commissioning scheduled for October 2024. We are also in the process of engaging an engineering consultant to advance the investigation and design work.

We remain committed to collaborating with the government partners to bid for additional funding to improve water security in remote communities and closing the Gap on essential water services.

Maningrida elevated water tank and water main construction works.

Utility support contract workers enhancing remote services

We partner with a range of organisations to effectively engage with and support our remote customers. Among the most vital connections are utility support contractors, who play a crucial role in connecting us with local realities.

Utility support contract workers are critically important in our operations, including supporting the delivery of clean and safe drinking water, environmentally responsible water use, and helping provide reliable electricity services in regional towns and minor centers.

Local Titjikala man Moses Daniels began his journey with the MacDonnell Regional Council as a civil team member and now serves as a mentor in the utility support contract worker role. His transition from team member to mentor highlights his dedication and expertise, which he now uses to guide and support others.

Watiyawanu (Mount Liebig) runs smoothly thanks to Travis Baliva, another young utility support contract worker with the MacDonnell Regional Council.

Travis not only excels in his role but also contributes to council operations, including street cleaning and waste management. His outstanding performance and commitment to his community earned him an Australian Tidy Towns Sustainability Young Legend Award, recognising his professional growth, leadership and dedication.

West Arnhem Regional Council is another local council partner helping to pave the way for remote residents to become utility support contract workers through hands-on training and mentorship. Brendon Minkulk, an assistant utility support contract worker in Warruwi, has worked hard to build his skills and confidence and to be a role model in his community for career pathways.

Utility support contract workers are at the heart of service delivery in remote communities, and we value our partnerships with local councils, Aboriginal business enterprises, pastoralists, and other contractors in providing these opportunities. Together, we are making a tangible difference in the lives of remote residents and paving the way for future success.

Brendon Minkulk (above), Moses and Owen Daniels (above right) and Travis Baliva with utility support contract team members (right).

TECHNICAL CAPABILITIES AND EXPERTISE/RELIABLE AND TRUSTED SERVICES

Damage to infrastructure during the severe weather season.

Restoring services in severe weather

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

Our team 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.

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 sewerage system infrastructure. Angurugu was significantly impacted, 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.

Our crews ensured essential services such as power, water and sewerage remained operational.

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

New SCADA equipment improves safety and efficiency

The commissioning of supervisory control and data acquisition (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 water sites, bolstering infrastructure management and supporting utility support contract workers in remote areas.

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.

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

Recognising project excellence

The expertise of our team 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.

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

Laramba water treatment plant won Infrastructure Project Innovation Award (Regional) at the 2024 Australian Water Awards.

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 improve the health and safety of remote communities.

As well as removing naturally occurring uranium from the water, the technology ensures minimal waste production, and 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.

> *We are working to advance infrastructure and drive a sustainable water future for all Territorians.*

TRANSITION TO RENEWABLES

Wurrumiyanga solar array.

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 per cent, 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 per cent renewables by 2030, which includes a 70 per cent renewable energy target for remote communities.

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

The project reflects our commitment to supporting the Northern Territory Government's target of 50 per cent renewables by 2030.

Power and Water Customer Experience and Operations Team member, Talia Fletcher.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

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DIRECTORS' REPORT

The directors present their report together with the financial report of Indigenous Essential Services Pty Ltd (the Company) for the year ended 30 June 2024 and the auditor's report thereon.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about the directors

The directors of the Company at any time during or since the end of the financial year were as follows:

Mr Peter Wilson AM	Director since 2 March 2022, appointed Chair 2 March 2022
Mr Trevor Armstrong	Director since 22 August 2022
Mr Paul Italiano	Director since 22 August 2022
Ms Jodie Ryan	Director since 27 August 2022

Company Secretary

Mr John Pease	Appointed 11 September 2020

Company particulars

The Company is an Australian proprietary company, incorporated and operating in Australia.

Principal Registered Office and Principal Place of Business:	Level 2 Mitchell Centre 55 Mitchell Street Darwin NT 0800

The Company was formed on 26 June 2003 and commenced operations on 1 July 2003.

Controlling entity

The Company's controlling entity is Power and Water Corporation (the Corporation), a government owned corporation pursuant to the Government Owned Corporations Act 2001. Power and Water Corporation provides all of the Company's services, including management and accounting services.

Principal activities

The Company's principal activities in the ordinary course of the financial year as a not-for-profit entity were the provision of electricity, water and wastewater services to 72 remote communities and 79 outstations in the Northern Territory.

The Company's services are provided by Power and Water Corporation employees and contractors under a service agreement with the Department of Territory Families, Housing and Communities (TFHC).

Review of operations

During the year the Company reported a deficit of $13.1 million compared to a deficit of $9.3 million for the prior year. This movement is primarily due to a decrease in total revenue of $6.7 million, in 2023-24 compared to 2022-23; this was partially offset by a decrease in total expense of $2.9 million in 2023-24 compared to 2022-23.

Revenue of $165.0 million recognised in the current year was lower than the $171.7 million amount recognised in the prior year, mainly due to a lower amount of grant funding released as revenue. Included in the current year was $117.0 million in grant funding (2023: $123.4 million). In the current year, decrease in government grant revenue is attributable to a lower average price of diesel in the current year (average diesel price per litre: $1.21 (2023-24), $1.40 (2022-23).

Distillate consumption expenditure in the current year has decreased by $2.3 million compared to the prior year, primarily due to the average fuel price in the current year being significantly lower when compared to the prior year, with a decrease of 14 per cent in the average price year on year. This is partially offset by an increase in the volume of distillate consumption in the current year impacting costs by approximately $1.0 million.

Other expenses in the current year are $12.3 million compared to $15.7 million in the prior year. The decrease of $3.4 million was primarily due to decrease in net loss on disposal of property plant and equipment by $2.88 million. The decrease is mainly due to reduction in the disposal and write off of infrastructure assets that has reached the end of its service life or that is deemed irreparable. In the prior year, approximately $3.4 million infrastructure assets have been written off. In the current year, $0.7 million infrastructure assets were disposed with proceeds received of $0.20 million, resulting in a net loss on disposal of property, plant and equipment of $0.5 million.

The decrease in distillate consumption expenditure and other expenses from the prior year is partially offset by an increase in depreciation expenses. Depreciation expenses in the current year increased by $2.0 million compared to the prior year, mainly due to higher infrastructure assets net book value, following an indexation performed on these assets in the prior year. Further details can be found in note 4.1.

Change in state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Subsequent events

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

In the opinion of the directors of the Company 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 Company entity, the results of those operations, or the state of the affairs of the Company, in future financial years.

Future developments

At the date of this report, there are no developments in the operations of the Company that, in the opinion of the directors, are likely to significantly impact the Company during the current financial year.

Environmental regulation

The Company's operations are subject to various environmental regulations under both Commonwealth and Northern Territory legislation. The Company regularly monitors compliance with environmental regulations. The directors are not aware of any significant breaches during the period covered by this report.

Dividends

As a not-for-profit entity, the Company did not declare or pay any dividends during the financial year (2023: nil).

Going concern

The financial statements 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. The Company is economically dependent on the Northern Territory Government to fund its future expenditure and the continued support from its parent entity, Power and Water Corporation. Refer to Note 1.1 for further details.

Independence declaration under Section 307C of the Corporations Act 2001

The Auditor-General for the Northern Territory's declaration of independence is set out on page 6 of the financial report.

Indemnification and insurance of directors and officers

Indemnification

The Northern Territory Government has indemnified the directors of the Company's controlling entity Power and Water Corporation, except where the liability is incurred or arises out of actual dishonesty on the part of the director. The indemnity covers the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The following insurance policies were purchased by Power and Water Corporation to cover its directors and officers, and those of its subsidiaries. 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 are confidential.

-Group Personal Accident Insurance
-Professional Indemnity Insurance
-Directors' and Officers' Liability

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

Peter Wilson

Peter Wilson AM
Chair, Indigenous Essential Services Pty Ltd
30 September 2024

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

Auditor-General

Auditor's Independence Declaration to the Directors of Indigenous Essential Services Pty Limited

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2024 there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Jara K Dean
Auditor-General for the Northern Territory

Darwin

26 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Auditor-General

Independent Auditor's Report to the Board of Directors of Indigenous Essential Services Pty Limited

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Opinion

I have audited the financial report of Indigenous Essential Services Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information, and the Directors' Declaration.

In my opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the Corporations Regulations 2001.

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 Company in accordance with auditor independence requirements of the *Corporations Act 2001* and 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1.1 of the financial report, which describes the Company's economic dependency on the Northern Territory Government to fund its future capital expenditure as well as a significant portion of its operating expenses and the commitment by its parent company to provide financial support should the Company not be able to pay its debts as and when they fall due.

My opinion is not modified in respect of this matter.

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 Company'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.

Auditor-General

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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 Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

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 Company'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

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- 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 Company'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 Company 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.

I communicate with those charged with governance 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.

Jara K Dean
Auditor-General for the Northern Territory

Darwin, Northern Territory

30 September 2024

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 30 June 2024 and its performance for the year then ended; and

(ii) complying with Australian Accounting Standards.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Peter Wilson AM
Chair, Indigenous Essential Services Pty Ltd
30 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	June 2024 $	June 2023 $
Revenue and income from transactions			
Revenue from contracts with customers	2.1	46,692,722	47,108,731
Revenue from government grants and other contributions	2.3.1	117,015,144	123,367,000
Interest income	2.2	1,255,022	1,180,317
Total revenue and income from transactions		164,962,888	171,656,048
Expenses from transactions			
Raw materials and consumables used	3.1.1	5,907,185	5,547,875
Electricity purchased		8,258,128	8,390,299
Distillate consumption		35,207,266	37,530,338
Contracted labour expenses	3.1.2	7,772,633	8,112,778
Repairs and maintenance		21,174,253	21,741,199
Corporate services costs	3.2.1	6,116,380	6,080,401
Agents - community contract fees		17,848,203	16,693,074
Other expenses	3.2.2	12,279,518	15,651,796
Depreciation and amortisation expenses	4.1.1	60,990,669	58,790,265
Finance costs	6.5	2,474,346	2,397,340
Total expenses from transactions		178,028,581	180,935,365
Deficit for the year		**(13,065,693)**	**(9,279,317)**
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Revaluation surplus	9.2	238,362,966	42,336,471
Other comprehensive income for the year		**238,362,966**	**42,336,471**
Total comprehensive income for the year		**225,297,273**	**33,057,154**

The 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

	Note	June 2024 $	June 2023 $
ASSETS			
Current assets			
Cash and cash equivalents	6.2	37,665,208	63,540,466
Trade and other receivables	5.1	18,798,540	13,245,645
Inventories	5.3	8,227,103	7,986,843
Intangible assets		2,125,851	1,908,534
Other assets		156,989	166,780
Total current assets		**66,973,691**	**86,848,268**
Non-current assets			
Property, plant and equipment	4.1	921,811,518	697,130,044
Intangible assets	4.3	113,444	159,998
Right-of-use assets	4.2	38,219,348	38,876,902
Total non-current assets		**960,144,310**	**736,166,944**
Total assets		**1,027,118,001**	**823,015,212**
LIABILITIES			
Current liabilities			
Borrowings	6.1	-	14,000,000
Trade and other payables	5.2	26,151,436	30,380,013
Unearned revenue	2.3.2	29,856,353	46,742,077
Lease liabilities	6.4	2,710,176	2,533,210
Total current liabilities		**58,717,965**	**93,655,300**
Non-current liabilities			
Lease liabilities	6.4	40,051,542	40,308,689
Borrowings	6.1	25,000,000	11,000,000
Total non-current liabilities		**65,051,542**	**51,308,689**
Total liabilities		**123,769,507**	**144,963,989**
Net assets		**903,348,494**	**678,051,223**
Equity			
Contributed equity	9.1	10	10
Retained earnings	9.3	155,778,349	167,733,689
Asset Revaluation Reserve	9.2	747,570,135	510,317,524
Total equity		**903,348,494**	**678,051,223**

The Statement of financial position is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Asset revaluation reserve $	Retained earnings $	Contributed equity	Total $
30 June 2023				
Balance at 1 July 2022	477,395,488	167,598,571	10	644,994,069
Deficit for the year	-	(9,279,317)	-	(9,279,317)
Asset Revaluation	42,336,471	-	-	42,336,471
Assets retired	(9,414,435)	9,414,435	-	-
Balance at 30 June 2023	**510,317,524**	**167,733,689**	**10**	**678,051,223**
30 June 2024				
Balance at 1 July 2023	510,317,524	167,733,689	10	678,051,223
Deficit for the year	-	(13,065,693)	-	(13,065,693)
Asset Revaluation	238,362,964	-	-	238,362,964
Assets retired	(1,110,355)	1,110,355	-	-
Balance at 30 June 2024	**747,570,133**	**155,778,351**	**10**	**903,348,494**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	June 2024 $	June 2023 $
Cash flows from operating activities			
Receipts from customers		36,050,449	38,236,105
Receipt of government grants - operational		75,348,283	77,599,573
Payments to suppliers		(118,749,954)	(112,337,079)
Interest received	2.2	1,255,022	1,218,954
Interest paid		(2,492,561)	(2,397,340)
Net cash (used)/provided by operations	6.2	**(8,588,761)**	**2,320,213**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		204,083	-
Receipt from government grants – capital		34,644,614	45,138,837
Transferred to recurrent grant funding		(4,946,545)	
Purchase of property, plant and equipment		(44,927,382)	(49,789,891)
Net cash used in investing activities		**(15,025,231)**	**(4,651,054)**
Cash flows used in financing activities			
Repayment of loan from parent entity		(14,000,000)	-
Proceeds from loan from parent entity		14,000,000	-
Repayment of lease liabilities	6.4	(2,261,266)	(2,117,074)
Net cash used in financing activities	6.2	**(2,261,266)**	**(2,117,074)**
Net decrease in cash and cash equivalents		**(25,875,258)**	**(4,447,915)**
Cash and cash equivalents at beginning of year		**63,540,466**	**67,988,381**
Cash and cash equivalents at end of year		**37,665,208**	**63,540,466**

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

NOTE 1 ABOUT THIS REPORT

Introduction

Indigenous Essential Services Pty Ltd (the Company) is a not-for-profit proprietary company operating and domiciled in Australia.

Indigenous Essential Services Pty Ltd provides electricity, water and wastewater to 72 communities and 79 outstations located outside of Northern Territory commercial centres. The entity is contracted to deliver services on behalf of the Northern Territory Government under a service agreement.

Note contents

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain classes of property, plant and equipment and financial instruments, that are measured at revalued amounts or fair value at the end of each reporting date as explained in the accounting policies in Note 7.4. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

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 the settlement of liabilities in the ordinary course of business. The Company has incurred a net deficit for the year ended 30 June 2024 of $13.1 million compared to a net deficit of $9.2 million for the year ended 30 June 2023. The Company's net working capital at 30 June 2024 and 2023 were surplus of $8.3 million and deficit of $6.8 million respectively.

As of 30 June, 2024, the current assets have experienced a decrease of $19.9 million compared to the prior year. The decrease is mainly due to lower cash balances from $63.5 million in the prior year to $37.7 million in the current year. This was offset by an increase in trade and other receivables of $5.6 million. The decrease in cash balances is due to lower receipt of both operational and capital government grants. On the other hand, increase in trade and other receivables of $5.6 million is mainly due to higher payment in advance made by the Company on behalf of the TFHC.

The decrease in current liabilities of $34.9 million for the period compared to the previous year was primarily due to three significant factors. Firstly, there was a decrease of $14.0 million of current borrowings from Power and Water Corporation, which have now been refinanced with a repayment date of 30 June 2029. Secondly, there was a decrease of $16.9 million in unearned revenue. The decrease primarily relates to the decrease in advance receipt of funding from TFHC. The Company has instead increased payment in advance on these expenditures, which is reflected by the increase in trade and other receivables. Third, there has been a decrease of $4.2 million in trade and other payables. The decrease is mainly attributed to lower payable to Power and Water Corporation of $5.5 million. Power and Water Corporation makes payment on behalf of the Company which is repayable within 30 days. The decrease is driven by lower expenditure payments made on behalf of the Company.

	June 2024 $	June 2023 $
Current assets	66,973,691	86,848,268
Current liabilities	58,717,965	93,655,300
Current ratio	1.14	0.93

Assets are fundamental to the essential services provided by the Company and as such the Company's performance is significantly impacted by its capital delivery program and the associated depreciation of assets. Accordingly, the Company is economically dependent on the Northern Territory Government to fund its future capital expenditure as well as a significant portion of its operating expenses. The Company's cash balance as at 30 June 2024 decreased by $25.9 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.

To ensure the Company is able to pay its debts as and when they fall due, a letter of financial support has been provided by the parent entity, Power and Water Corporation, which guarantees support should the Company not be able to pay its debts as and when they fall due and is valid for the period from date of signing to such time as the Company ceases to be a wholly owned subsidiary of Power and Water Corporation.

Accordingly, the directors conclude it is appropriate to prepare the financial statements on a going concern basis.

1.2 Statement of compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards and Interpretations and the Corporations Act 2001 and comply with any other requirements of the law.

The Company is a not-for-profit entity for the purpose of financial reporting.

The financial statements were authorised for issue by the directors on 30 September 2024.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts 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 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 estimates are 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 a discussion of 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 Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements; and

- key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may 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**
Going concern	Note 1.1
Impairment of financial assets	Note 7.1
Useful lives of infrastructure, plant and equipment	Note 4.1
Fair value measurements and valuation processes	Note 7.4
Unbilled revenue	Note 5.1
Capitalisation of expenses	Note 3.1.2 and Note 4.1

NOTE 2 FUNDING DELIVERY OF OUR SERVICES

This section provides additional information about how the Company is funded and the accounting policies that are relevant to the revenue items recognised in the financial statements.

Note contents

2.1 Revenue from contracts with customers

	June 2024 $	June 2023 $
Revenue from contracts with customers	46,692,722	47,108,731
	46,692,722	**47,108,731**

The Company recognises revenue from three major sources being the provision of electricity, water and wastewater services to 72 remote communities and 79 outstations. The Company also receives operational recurrent grant funding from the Northern Territory Government to supplement the revenue that the Company generates through the sales of electricity, water and wastewater services to remote communities.

In addition to the major sources of revenue discussed above, the Company also recognises revenue from other minor sources including capital contributions received from customers towards the construction or acquisition of new, or upgrades to existing, infrastructure assets owned by the Company.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company 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 water, electricity and wastewater services	The Company sells water and wastewater services either as an individual service offering or as a bundled package to a large number of customers. Each contract entered into may consist of one, two or three separate performance obligations because the promises to transfer water, wastewater services and/or electricity are distinct and separately identifiable goods and services that are not dependent on each other for complete satisfaction of the Company's performance obligations under the contract. Each contract entered 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 wastewater services the transaction price is fixed based on the number of installed sanitary fittings. 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 Company transfers the electricity and water to the customer who simultaneously receives and consumes the benefits provided by the Company. The amount of revenue recognised is determined using an input method to measure progress towards complete satisfaction of each of the performance obligations. A receivable is recognised (in the form of an unbilled revenue estimate) as the Company transfers the water and/or electricity to the customer. Customers are generally billed on a quarterly basis with consideration payable when invoiced, except customers who have pre-paid meters installed. These customers access electricity through the purchase of tokens, which are sold by contractors. 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 have lapsed at the end of the reporting period. Customers are 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.
Operational grant funding (Recurrent grants)	The Company receives operational grant funding from the Northern Territory Government to supplement the revenue generated through sales of electricity, water and wastewater services to the remote communities. The amount of funding provided is essentially the shortfall of the total costs incurred (excluding depreciation and generation costs incurred from purchasing energy from Territory Generation) less any revenue received from the sale of water supply, electricity and wastewater services. The contract is a variable contract because the volume of water and/or electricity to be transferred to the beneficiaries of the contract is unknown at the date of the initial contract; however for wastewater services the transaction price is fixed based on the number of installed sanitary fittings. The transaction price for water, wastewater services and electricity is subject to an annual price adjustment or escalation as determined by the regulators and agreed by the Company and the customer. Consideration is received in advance by the customer and is recognised as a contract liability with revenue recognised over time as the Company satisfies its performance obligations and transfers the electricity, water and wastewater services to the beneficiaries of the contract who simultaneously received and use/consume the benefits of the goods and services provided.

2.1 Revenue from contracts with customers (Cont'd)

Disaggregation of revenue from contracts with customers

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

	Electricity $	Water $	Sewerage $	Other revenue $	Total $
			For the year ended 30 June 2024		
Revenue from external customers	36,813,129	5,888,003	3,407,554	584,036	46,692,722
Timing of revenue recognition					
- Over time	36,813,129	5,888,003	3,407,554	-	46,108,686
- At a point in time	-	-	-	584,036	584,036
	36,813,129	**5,888,003**	**3,407,554**	**584,036**	**46,692,722**
			For the year ended 30 June 2023		
Revenue from external customers	36,286,488	6,273,926	3,319,555	1,228,762	47,108,731
Timing of revenue recognition					
- Over time	36,286,488	6,273,926	3,319,555	-	45,879,969
- At a point in time	-	-	-	1,228,762	1,228,762
	36,286,488	**6,273,926**	**3,319,555**	**1,228,762**	**47,108,731**

2.2 Interest income

	June 2024 $	June 2023 $
Interest earned on bank deposits	1,255,022	1,180,317
	1,255,022	**1,180,317**

Interest income from a financial asset is recognised when it is probable the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognised as it accrues.

2.3 Government grants

2.3.1 Revenue from government grants and other contributions

	June 2024 $	June 2023 $
Capital grant	41,874,470	36,981,610
Recurrent grant	75,140,674	86,385,390
Other capital contributions	-	-
	117,015,144	**123,367,000**

The Company receives capital grant funding from both the Northern Territory and Commonwealth Governments. The Company receives consideration (usually in the form of cash) to construct or acquire non-financial assets (usually infrastructure assets) for its own use for the principal purpose of furthering the Company's objectives. The contract does not establish rights and obligations for the transfer of the underlying asset to the transferor or other parties (i.e. beneficiaries).

Capital grant accounting only applies when the non-financial asset to be constructed or acquired by the entity is permitted to be recognised by another standard. This means that for capital grants relating to a recognisable asset, a liability would need to be recognised and income would be subsequently recognised either at a point in time (commonly for acquisition grants) or over time (commonly for construction grants).

The Company has adopted a single method of measuring progress, i.e., input-based method for each obligation satisfied over time which it has applied to all similar obligations and in similar circumstances. At the end of each reporting period, the Company remeasures its progress towards complete satisfaction of each obligation that is satisfied over time and recognises income over time on that basis.

2.3.2 Unearned revenue

		June 2024 $	June 2023 $
Government grants - capital	(1)	29,082,331	41,258,733
Other - capital contributions	(2)	575,771	546,156
Contract liabilities arising from contracts with customers:			
Recurrent grant funding	(3)	-	4,738,937
Capital contributions - no ongoing performance obligations	(4)	-	-
Capital contributions - ongoing performance obligations	(5)	198,251	198,251
		29,856,353	**46,742,077**
Represented by:			
Current		29,856,353	46,742,077
Non-current		-	-
		29,856,353	**46,742,077**

(1) The portion of unearned revenue arises as a result of grant funding received from the Northern Territory and Commonwealth Governments to assist the Company in meeting its capital requirements. Revenue is released to the Statement of profit or loss and other comprehensive income as the related capital expenditure is incurred or when specific performance obligations are met.

(2) The Company receives capital contributions from customers where the consideration to acquire the capital contributions is significantly less than fair value principally to enable it to further its objectives. Revenue is recognised over time as the asset to which the capital contribution was provided is constructed.

(3) The Company receives operational grant funding (Government grants - recurrent) from the Northern Territory Government to supplement the shortfall in revenue that the Company generates through sales of electricity, water and wastewater services to remote communities across the Northern Territory. The Company receives operational grant funding in advance, which is recognised as a contract liability. Revenue is recognised over time as the Company fulfils its performance obligations under the contract by transferring the electricity, water and/or wastewater services to the beneficiaries of grant funding, who simultaneously receive and use/consume those goods and/or services.

(4) Capital contributions with no ongoing performance obligations are contributions provided by customers towards the construction of new, or upgrades to, existing infrastructure assets for the purpose of enabling them to be connected to the network system. The Company 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.

(5) Capital contributions with ongoing performance obligations are provided by customers to be used towards the construction of new, or upgrades to, existing infrastructure assets for the purpose of receiving ongoing goods and/or services under the contract with the customer. A contract liability is recognised upon receipt of the capital contributions. Revenue is recognised over the life of the contract with the customer once the asset is constructed and the Company commences transferring electricity, water and/or wastewater services to the customer who simultaneously receives and uses/consumes the benefits.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

The contract liabilities relate primarily to the advance consideration received from customers for:
(i) Waste removal (sewerage) contracts for which revenue is recognised over time as the Company satisfies its performance obligations.
(ii) Capital contributions for the purpose of constructing infrastructure assets that will be owned by the Company 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.
(iii) 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).
(iv) Consideration received in advance for the provision of essential services to remote communities (recurrent grant) for which revenue is recognised over time as the Company satisfies its performance obligations.

Reconciliation of capital grants

	June 2024 $	June 2023 $
Opening balance as at 1 July 2023	41,258,733	33,101,506
Capital grants received	34,644,614	45,138,837
Transferred to recurrent grant funding	(4,946,545)	-
Less: Capital grant income recognised during the year	(41,874,470)	(36,981,610)
Closing balance as at 30 June 2024	**29,082,331**	**41,258,733**

2.3.2 Unearned Revenue (Cont'd)

Reconciliation of unearned revenue arising from contracts with customers - assets to be acquired or constructed and controlled by the Company

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

	AASB 15		
	Capital contributions - developers	Capital contributions - network users	Total
Opening balance as at 1 July 2023	-	198,251	198,251
Capital contributions received	-	-	-
Less: Capital contributions transferred to revenue	-	-	-
Closing balance as at 30 June 2024	**-**	**198,251**	**198,251**

For sales of electricity, water and wastewater services, the Company is unable to disclose information relating to unsatisfied (or partially unsatisfied) performance obligations as at the reporting date, because all contracts are for an indefinite period and/or the volume of goods and/or services to be provided were unknown at the initial date of the contract and as at the end of the reporting period.

The Company 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.

2.4 Economic dependency

During the year the Company received grants from the Northern Territory and Commonwealth Governments. The future operation of the Company is dependent upon continued government funding. The Company's revenue is derived from the following two main sources:

	June 2024 %	June 2023 %
Revenue derived from government funding	71%	72%
Revenue from provision of utility services	29%	28%
	100%	100%

NOTE 3 COST OF DELIVERING SERVICES

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

Note contents

	June 2024 $'000	June 2023 $'000
3.1 Expenses incurred in the delivery of services		
3.1.1 Raw materials and consumables used		
Gas purchased from parent entity	1,465,522	1,246,694
Network charges from parent entity	1,505,932	1,635,959
Generation costs for Minor Centres	316,175	298,732
Other materials and consumables	2,619,556	2,366,490
	5,907,185	**5,547,875**
3.1.2 Contracted labour expenses		
	7,772,633	**8,112,778**

The application of overhead capitalisation - this accounting treatment determines the amount of labour costs that can be attributed to the building of assets, and thus correctly allocates the labour costs associated to specific projects, which are otherwise recognised as operational expenses. This treatment ensures assets are valued more accurately, as labour costs that should be forming part of the asset cost base were otherwise expended as operational expenses.

	June 2024 $'000	June 2023 $'000
3.2 Operating expenses		
3.2.1 Corporate services costs		
	6,116,380	**6,080,401**

Corporate allocation costs represent costs incurred by the Company's parent entity on the Company's behalf which would have otherwise not been incurred by the Company's parent entity and which are on-charged to the Company, as approved by the Boards of both the parent entity and the Company.

The value of these costs reflects the underlying agreement between the Company and its funding body in relation to the allocation of revenue available to pay for these costs.

	June 2024 $'000	June 2023 $'000
3.2.2 Other expenses		
External service level arrangements	2,664,434	3,145,801
Net (gain)/loss on disposal of property, plant and equipment	471,760	3,349,782
Freight	1,197,458	1,397,981
Motor vehicle expenses	765,533	776,180
IT and communication	1,334,085	1,411,481
Travel and accommodation	507,767	407,163
Other	8,736,995	8,833,611
	15,678,032	**19,321,999**
Less: capital recovery	(3,398,514)	(3,670,203)
	12,279,518	**15,651,796**

NOTE 4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

The Company controls infrastructure and other assets that are used in fulfilling its objectives and conducting its activities. These assets represent the key resources entrusted 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

	June 2024 $	June 2023 $
Carrying amounts of:		
Infrastructure at fair value	799,214,896	590,291,184
Plant and equipment at fair value	1,284,909	1,409,855
	800,499,805	**591,701,039**
Capital Work in Progress at cost	121,311,713	105,429,005
	921,811,518	**697,130,044**

	Infrastructure at fair value $	Plant and Equipment at fair value $	Capital Work in Progress at cost $	Total Property, Plant and Equipment $
June 2024				
Fair value	2,296,309,013	2,990,049	121,311,713	2,420,610,775
Accumulated depreciation	(1,497,094,117)	(1,705,140)	-	(1,498,799,257)
Written down value	**799,214,896**	**1,284,909**	**121,311,713**	**921,811,518**
June 2023				
Fair value	1,647,439,455	2,875,236	105,429,005	1,755,743,696
Accumulated depreciation	(1,057,148,272)	(1,465,381)	-	(1,058,613,653)
Written down value	**590,291,184**	**1,409,855**	**105,429,005**	**697,130,044**

	Infrastructure at fair value $	Plant and Equipment at fair value $	Capital Work in Progress at cost $	Total Property, Plant and Equipment $
June 2024				
Opening balance	590,291,184	1,409,855	105,429,005	697,130,044
Additions	172,447	-	44,675,252	44,847,699
Disposals	(675,843)	-	-	(675,843)
Depreciation	(57,865,717)	(239,758)	-	(58,105,475)
Transfer from WIP	28,803,753	114,854	(28,918,607)	-
Adjustments	126,106	(42)	126,063	252,127
Revaluations	238,362,966	-	-	238,362,966
Closing balance	**799,214,896**	**1,284,909**	**121,311,713**	**921,811,518**
June 2023				
Opening balance	571,345,573	1,086,146	91,948,989	664,380,708
Additions	-	-	49,288,589	49,288,589
Disposals	(3,535,927)	-	-	(3,535,927)
Depreciation	(55,752,241)	(274,410)	-	(56,026,651)
Transfer from WIP	35,198,178	609,803	(35,808,573)	(593)
Adjustments	699,130	(11,684)	-	687,447
Revaluations	42,336,471	-	-	42,336,471
Closing balance	**590,291,184**	**1,409,855**	**105,429,005**	**697,130,044**

b) Initial recognition and subsequent measurement

Plant and infrastructure assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the 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.

4.1 Property, plant and equipment (cont'd)

Plant and infrastructure 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 Company'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 entity. Ongoing costs of repairs and maintenance are expensed as incurred.

Where an asset is acquired at no cost or for nominal value, the cost is recorded at fair value as at the date of acquisition.

c) Revaluation of property, plant and equipment

Subsequent to initial recognition, 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.

Infrastructure, 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 takes 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 infrastructure, plant and equipment is based on the cost approach (i.e. current replacement cost), reflecting the amount that would be required currently to replace the service capacity of an asset, adjusted for obsolescence. The replacement cost is the minimum 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.

Each class of infrastructure, plant and equipment held at fair value is to be subject to revaluation at least every 5 years or with sufficient regularity to ensure the carrying amount of each asset does not differ materially from its fair value at reporting date.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent an increment reverses a revaluation decrement for that class of asset previously recognised as a loss in the operating result, the increment is recognised as a gain.

Revaluation decrements are recognised immediately as losses, except that they are debited directly to the revaluation surplus to the extent that a credit exists in the revaluation surplus in respect of the same class of asset.

4.1.1 Depreciation and amortisation expense

		June 2024 $	June 2023 $
Depreciation and amortisation expense			
Depreciation		58,152,030	56,076,571
Amortisation	4.2	2,838,639	2,713,694
		60,990,669	**58,790,265**

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

Infrastructure, plant and equipment	2024	2023
Infrastructure	3 to 100 years	3 to 100 years
Plant and equipment	3 to 30 years	3 to 30 years

Depreciation and amortisation of assets related to leases have been calculated based on the estimated useful lives used for each class of asset as follows:

Infrastructure, plant and equipment situated on leased land	2024	2023
Infrastructure	8 to 40 years	8 to 40 years
Plant and equipment	1 to 40 years	1 to 40 years

4.1 Property, plant and equipment (cont'd)

Depreciation on revalued infrastructure, plant and equipment assets is recognised in profit or loss. On the subsequent disposal, sale or retirement of a revalued infrastructure, plant and equipment 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.

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 rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are recognised in the profit or loss.

Assets held under lease are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 Right-of-use-assets

	June 2024 $	June 2023 $
Carrying amounts of:		
Land	18,481,518	18,146,208
Gas transport pipelines	15,595,574	16,087,005
Solar power	4,142,256	4,643,689
	38,219,348	**38,876,902**

Movement in carrying amounts	Land $	Gas transport pipelines $	Solar Power $	Right-of-use assets $
Year ended 30 June 2024				
Opening balance	18,146,208	16,087,005	4,643,689	38,876,902
Additions / remeasurements	1,182,209	998,876	-	2,181,085
Amortisation	(846,899)	(1,490,307)	(501,433)	(2,838,639)
Closing balance	**18,481,518**	**15,595,574**	**4,142,256**	**38,219,348**
Year ended 30 June 2023				
Opening balance	16,849,790	16,273,074	5,109,030	38,231,894
Additions / remeasurements	2,142,977	1,237,553	(21,828)	3,358,702
Amortisation	(846,559)	(1,423,622)	(443,513)	(2,713,694)
Closing balance	**18,146,208**	**16,087,005**	**4,643,689**	**38,876,902**

The Company leases several assets including land, a gas transport pipeline and the output of two solar power plants. The most common lease term is 40 years for land assets and 20 years for other assets.

The Company does not have the options to purchase any of these assets at the end of the lease term. The Company'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 incurred, 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 statement of financial position. The Company 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.

4.3 Intangible assets

	June 2024 $	June 2023 $
Intangible assets at cost	113,444	159,998
	113,444	**159,998**

	Intangible assets at cost $
June 2024	
Fair value	1,187,904
Accumulated amortisation	(1,074,460)
Written down value	**113,444**
June 2023	
Fair value	1,187,904
Accumulated amortisation	(1,027,906)
Closing balance	**159,998**

4.3 Intangible assets (Cont'd)

Movement	Inangible assets at cost $
June 2024	
Opening balance	159,998
Additions	-
Disposals	-
Amortisation	(46,555)
Transfer from WIP	-
Adjustments	-
Closing balance	**113,443**
June 2023	
Opening balance	209,325
Additions	-
Disposals	-
Amortisation	(49,920)
Transfer from WIP	593
Adjustments	-
Closing balance	**159,998**

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Renewable Energy Certificates

The Company undertook the solar SETuP project as an initiative for cheaper electricity in remote communities and savings in distillate. 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 Company is currently generating and selling Large-Scale Generation Certificates (LGC) to electricity retailers. LGC's held are of the nature of intangible assets and are disclosed in the statement of financial position as non-current assets.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no further future economic benefits are expected from the continued use of the asset or its disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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

	2024	2023
Intangible assets	5 to 20 years	5 to 20 years

4.4 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication 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 Company 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.

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

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.

NOTE 5 OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the Company' operations.

Note contents

5.1 Trade and other receivables

	June 2024 $	June 2023 $
Current		
Receivables	18,223,697	13,245,645
Less: provision for expected credit losses	-	-
	18,223,697	**13,245,645**
Accrued revenue other	574,843	-
Interest receivable	-	-
	18,798,540	**13,245,645**

Receivables at 30 June 2024 are non-interest bearing. The Company measures the loss allowance for receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on receivables are estimates based on historical default experience and actual credit loss experiences with the debtor.

The Company has undertaken a review of all receivables at year end and concluded that a loss allowance will not be recognised. The majority of the balance of Trade and other receivables relates to related party balances - $11.6 million owed by TFHC and as such, no loss allowances have been recognised. Higher balances of $5.6 million to TFHC is primarily due to higher payments made by the Company in advance of receipts from TFHC.

	June 2024 $	June 2023 $
Receivables*	18,798,540	13,245,645

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

The receivables primarily relate to grants receivable from TFHC and rights to consideration for work completed but not billed at the reporting date on electricity and water contracts.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company 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 Company'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 it is probable the economic benefits will flow to the Company and the revenue can be reliably measured. Therefore the Company estimates the amount of electricity and water consumed at reporting date but that is yet to be billed.

5.2 Trade and other payables

	June 2024 $	June 2023 $
Payable to controlling entity	12,167,145	17,639,647
Trade payables	5,550,117	4,014,479
Other payables and accruals	8,434,174	8,725,887
	26,151,436	**30,380,013**

Trade and other payables 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 Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Lower trade and other payables for 30 June 2024 mainly relates to lower receipt of grants from Department of Territory, Families, Housing and Communities. The movement aligns with higher receivables balances from Department of Territory, Families, Housing and Communities

5.3 Inventories

	June 2024 $	June 2023 $
Distillate stocks	8,227,103	7,986,843
	8,227,103	**7,986,843**

The cost of inventories recognised as an expense by the Company is $nil (2023: $nil) 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 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.

NOTE 6 HOW WE FINANCED OUR OPERATIONS

This section provides information on the sources of finance used by the Company during operations, along with costs related to that financing.

Note contents

6.1 Borrowings

	June 2024 $	June 2023 $
Current		
Loan from parent entity - unsecured	-	14,000,000
	-	**14,000,000**
Non-current		
Loan from parent entity - unsecured	25,000,000	11,000,000
	25,000,000	**11,000,000**
	25,000,000	**25,000,000**

On 30 June 2021, the Company received a loan for $11.0 million from the parent company to refinance the existing loans provided in 2017-18. The loan received is an interest-only fixed term loan for 5 years ending 29 June 2026. On 18 March 2019, the Company received a 5 year loan for $14.0 million from the parent company, taking the total loans received to $25.0 million. This loan was refinanced on 30 June 2024 as an interest only fixed-term loan for 5 years ending 30 June 2029. The purpose of the loan was to provide capital assistance towards the ARENA Solar Project, where the Company is building solar farms that will reduce the cost of electricity production in the communities it services. Interest is charged on the outstanding balances at 2.88% for the loan provided in 2020-21 and 6.83% on the loan refinanced in June 2024.

The amount recorded in current liabilities represents the portion of the Company's borrowings due and payable within one year. The non-current liabilities represent the portion of the Company's borrowings not due and payable within the next 12 months.

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 flows is reconciled to the related items in the statement of financial position as follows:

	June 2024 $	June 2023 $
Cash assets	**37,665,208**	**63,540,466**

The monthly average interest rate on cash assets for 2024 is 4.2% (2023: 2.7%)

(b) Reconciliation of the deficit for the year to net cash flows from operations

	June 2024 $	June 2023 $
Deficit for the year	(13,065,693)	(9,279,317)
Adjustments for:		
Depreciation and amortisation expenses	60,990,669	58,790,265
Net loss on disposal of property, plant and equipment	471,760	3,349,782
Board approved write offs	-	-
Contributed assets provided free of charge	(172,447)	-
Government grant - capital	(41,874,470)	(36,981,610)
Changes in assets and liabilities		
(Increase)/decrease in Inventories	(240,260)	1,601,983
(Increase) in trade and other receivables	(5,552,896)	(11,083,829)
Decrease/(increase) in other assets	9,791	(91,710)
(Increase) in intangible assets	(217,317)	(885,692)
(Decrease)/increase in trade and other payables	(4,228,577)	5,728,897
(Decrease) in unearned revenue	(4,709,322)	(8,828,556)
Net cash (used in)/provided by operating activities	**(8,588,761)**	**2,320,213**

6.2 Cash and cash equivalents (Cont'd)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Company'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 Company's statement of cash flows as cash flows from financing activities.

Movement	Lease Liabilities	Borrowings
Opening balance - 1 July 2023	42,841,899	25,000,000
Repayment of loan from parent entity		(14,000,000)
Proceeds from loan from parent entity		14,000,000
Repayment of lease liabilities	(2,261,266)	
Non-cash changes		
New finance leases and remeasurements	2,181,085	-
Closing balance - 30 June 2024	42,761,718	25,000,000

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

6.3 Commitments

	June 2024 $	June 2023 $
Capital expenditure commitments		
Contracted but not provided for and payable: within one year	34,766,448	33,178,987
	34,766,448	**33,178,987**
Repairs and maintenance expenditure commitments		
Contracted but not provided for and payable: within one year	8,314,499	3,940,783
	8,314,499	**3,940,783**

Capital works and repairs and maintenance continue to be undertaken for various programs required in remote communities in respect of tank and water main replacements, drilling, reticulation and headworks.

6.4 Leases

The Company leases several assets, including land, a gas transport pipeline and the output of two solar power plants. The most common lease term is 40 years for land assets and 20 years for other assets.

	June 2024 $	June 2023 $	June 2024 $	June 2023 $
	Minimum lease payments		**Present value of minimum lease payments**	
Not later than one year	4,210,120	4,022,000	2,710,176	2,533,210
1 to 5 years	15,366,338	14,649,899	10,129,451	9,395,689
Later than 5 years	42,030,521	43,472,000	29,922,091	30,913,000
	61,606,979	**62,143,899**	**42,761,718**	**42,841,899**
Less: future finance charges	(18,845,261)	(19,302,000)	-	-
	42,761,718	**42,841,899**	**42,761,718**	**42,841,899**
Represented by:				
Current			2,710,176	2,533,210
Non-current			40,051,542	40,308,689
			42,761,718	**42,841,899**
Total cash outflows for leases				
Principal repayments on leases			2,261,266	2,117,074
Interest repayments on leases			1,550,354	1,537,340
			3,811,620	**3,654,414**

6.4 Leases (Cont'd)

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 Company 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 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 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 Company 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.

Refer to note 6.5 for details of the interest expense on lease liabilities and note 4.2 for details of the associated right-of-use assets.

Future cash outflows to which the Company is potentially exposed may arise from variable lease payments that are linked to a consumer price index (CPI).

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

Fair value
The fair value of the lease liabilities is approximately equal to their carrying amount.

6.5 Finance costs

	June 2024 $	June 2023 $
Interest on loans from parent entity	923,992	860,000
Interest on leases	1,550,354	1,537,340
	2,474,346	**2,397,340**

All borrowing costs are recognised as an expense in the period in which they are incurred.

NOTE 7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

The Company 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 Service related mainly to fair value determination.

Note contents

7.1 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(a) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) 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 amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

(i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
(ii) 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 amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For the years ended 30 June 2024 and 2023, the Company did not have any financial assets at FVTPL or FVTOCI.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected useful life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows. This includes expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss and is included in the Interest income line item (Note 2.2).

7.1 Financial Instruments (Cont'd)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors specific to the debtor, general economic conditions and an assessment of both current, as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For the year ended 30 June 2024, no ECL has been recognised for Trade and other receivables, as all the balances relate to invoices unpaid by Northern Territory Government entities and are expected to be fully receipted in 2024-25.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

(i) When there is a breach of financial covenants by the debtor; or
(ii) Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

7.1 Financial Instruments (Cont'd)

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

(iii) Write-off policy
The Company writes off a financial asset when there is information indicating 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, has entered bankruptcy proceedings or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Written off financial assets may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. For financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which a simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI. For these, the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(b) Financial liabilities

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

(i) Financial liabilities measured subsequently to amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

7.1 Financial Instruments (Cont'd)

(ii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such an exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

7.2 Risk management objectives

(a) Financial risk management objectives and policies

The Company has various financial instruments such as trade receivables and trade payables. It is, and has been, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are market risk, credit risk, liquidity risk, commodity price risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

The Company's overall strategy remains unchanged from 30 June 2023.

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

Market risk	The risk that changes in the market will adversely impact the operations and returns of the Company.
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.
Interest rate risk	The risk that financing costs will increase and impact prices to customers and returns to the shareholder.

(b) 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 Company that has been recognised in the Statement of financial position is the carrying amount net of any provision for expected credit losses.

The Company performs work on behalf of Northern Territory Government agencies and private companies on a recoverable works basis. Funding for general recoverable works is obtained upfront thereby reducing credit risk associated with these transactions.

The entirety of the Company's cash balance sits in one financial institution, National Australia Bank, which has an issuer credit rating of 'AA-' by Fitch Australia Pty Ltd.

(c) Liquidity risk management

The Company's objective is to provide continued and reliable services to remote Aboriginal communities in the Northern Territory within the grant funding and sales revenue it receives. Each year the Company limits expenditure to the level of grant funding and sales revenue it receives for that year.

7.2 Risk management objectives (Cont'd)

The following table sets out the carrying amount, by maturity, of the borrowings for the Company:

	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	1 year or less $	1 to 5 years $	More than 5 years $	Total $
2024							
Financial Liabilities							
Payables	-	-	26,151,436	26,151,436	-	-	26,151,436
Loans from parent company	-	30,410,244	-	1,273,000	29,137,244	-	30,410,244
Lease liability	-	61,606,979	-	4,210,121	15,366,338	42,030,520	61,606,979
	-	**92,017,223**	**26,151,436**	**31,634,557**	**44,503,582**	**42,030,520**	**118,168,659**
2023							
Financial Liabilities							
Payables	-	-	30,380,013	30,380,013	-	-	30,380,013
Loans from parent company	-	26,336,469	-	14,704,605	11,631,864	-	26,336,469
Lease liability	-	62,143,581	-	4,022,375	14,649,316	43,471,889	62,143,580
	-	**88,480,050**	**30,380,013**	**49,106,993**	**26,281,180**	**43,471,889**	**118,860,062**

(d) Commodity price risk

The Company is exposed to changes in the price of distillate which is used to power electricity generators. Each year grant funding received 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 increases and the Company does not have sufficient grant funds to continue operating, the Company can apply to the Northern Territory Government for additional grant funds. Sensitivity is not provided in distillate as any increases in the distillate costs are funded through the Department Territory Families, Housing and Communities.

(e) Interest rate risk

Interest revenue is incurred solely on the cash balance held by the Company throughout the year. Interest expenses are incurred by the Company in relation to a loan for a related party and lease liabilities.

7.3 Contingent liabilities and contingent assets

The company 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.

7.4 Fair value determination

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

(a) Fair value of financial instruments

The net fair values of all financial assets and liabilities approximate carrying values.

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

The following valuation techniques are used:

Asset class		Valuation policy
Infrastructure systems	Water and wastewater	Current replacement cost approach
	Electricity generation	Current replacement cost approach
	Electricity distribution and transmission	Current replacement cost approach
Plant and equipment*	Non-specialised plant and equipment	Historical cost

*Note: Non-specialised assets such as minor items of office equipment are held at historic cost.

The fair value of the 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 was determined using historical cost as these are minor asset items such as office equipment with short lives (3-5 years).

There has been no change to the valuation technique during the year.

As at 30 June 2024
The Company's assets are stated at the revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Independent valuers, Stantec who have valuation experience for similar utility assets in Australia, were engaged to undertake a valuation of the Company's assets. The asset valuation was based on establishing a modern equivalent asset and taking into account adjustment factors. Stantec has applied the methodology outlined in the Rawlinson Australian Construction Handbook to adjust base unit rates to regions within the Northern Territory using specific regional factors for the valuation of 30 June 2024. Assets installed this financial year or assets under construction at 30 June 2024 were not included in the valuation. The valuation has resulted in the Company's assets being written up by $238.7 million, which was recognised in full as an increase in the asset revaluation reserve.

As at 30 June 2023
The Company's assets are stated at the revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The Company is not required to undertake yearly impairment testing under AASB 136 Aus5.1 because the Company is a not-for-profit measuring specialised, non-cash-generating assets using the fair value (replacement cost) model. These assets are revalued to fair value under the revaluation model in AASB 116 – Property, Plant and Equipment. Assets are revalued every 5 years in accordance with AASB116 s.34. Significant factors that can form part of an asset valuation calculation include CPI Index, Reserve Bank cash rates and other construction cost factors. The majority of the Company's assets are used for the purposes of supplying water, wastewater and electricity distribution services. By their nature these assets are specialised and therefore not substantially impacted by these factors' yearly fluctuations. Cumulative year-on-year indexation from 2019-2023 resulted in a 9% uplift. When applied the impact was a $42.3 million adjustment to the net book value and asset revaluation reserve. The Company is due for a comprehensive valuation in the FY24 reporting period.

7.4 Fair value determination (Cont'd)

Details of the Company's infrastructure and plant and equipment and information about their fair value hierarchy as at the end of the reporting are as follows:

	Level 3 $	Fair value as at 30 June 2024 $
Plant and equipment (including infrastructure assets)	800,499,805	800,499,805

Corporation	Level 3 $	Fair value as at 30 June 2023 $
Plant and equipment (including infrastructure assets)	591,701,039	591,701,039

There were no transfers of assets between levels during the year.

Impairment losses recognised in the year

There were no impairment losses recognised in respect of the Company's assets as at 30 June 2024 or 30 June 2023.

NOTE 8 STATUTORY OBLIGATIONS

This section includes disclosures in relation to the Company's statutory obligations.

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8.1 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority (through Power and Water Corporation) is included as a current asset or liability in the statement of financial position. From 1 July 2003, the Company has been grouped with Power and Water Corporation for GST purposes. Power and Water Corporation is the representative member and lodges the business activity statement on behalf of the Group.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority (through Power and Water Corporation) are classified as operating cash flows.

8.2 Income Tax

The Company is exempt from income tax as it was removed from the National Tax Equivalents Regime due to it being a not-for-profit entity effective from 1 July 2003.

Additionally, the Company 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.

NOTE 9 OTHER DISCLOSURES

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

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9.1 Contributed equity

	June 2024 $	June 2023 $
Issued and paid-up share capital		
10 ordinary shares of $1 fully paid (2023: 10)	10	10
	10	**10**

9.2 Asset Revaluation Reserve

	June 2024 $	June 2023 $
Balance at beginning of year	510,317,524	477,395,488
Assets retired transferred to retained earnings	(1,110,355)	(9,414,435)
Asset revaluation	238,362,964	42,336,471
Balance at end of year	**747,570,133**	**510,317,524**

The asset revaluation reserve arises on the revaluation of property, plant and equipment (assets). When revalued assets are sold, the portion of the asset revaluation reserve that relates to those assets is transferred directly to retained earnings. There has been an asset revaluation of $238.4 million in the current year and $42.3 million in the previous year.

9.3 Retained earnings

	June 2024 $	June 2023 $
Retained earnings at beginning of year	167,733,689	167,598,571
Assets retired transferred from asset revaluation reserve	1,110,355	9,414,435
Net deficit for the year	(13,065,693)	(9,279,317)
Retained earnings at end of the year	**155,778,351**	**167,733,689**

9.4 Events after the reporting period

In the interval between the end of the financial year and the date of this report, there have been no transactions or events of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

9.5 Related party transactions

The immediate parent and controlling entity of the Company is Power and Water Corporation, a government owned corporation pursuant to the *Government Owned Corporations Act 2001*. Power and Water Corporation is wholly owned by the Northern Territory Government.

Trading transactions

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year end refer to Note 5.1 and Note 5.2):

Related party		Revenue from related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
Power and Water Corporation	2024	122,109	2,190,962	-	37,949,803
	2023	126,294	2,106,693	-	44,600,136
Northern Territory Government*	2024	125,156,629	5,742,871	18,150,841	17,479,026
	2023	130,933,549	6,294,574	3,171,040	36,173,624

* Excludes Power and Water Corporation

9.5 Related Party Transactions (Cont'd)

The Company purchases gas, electricity, water and wastewater services from Power and Water Corporation's infrastructure for remote Aboriginal communities that are able to be connected to this infrastructure rather than requiring standalone infrastructure.

The Company receives operational and capital grants from the Northern Territory Government enabling it to provide electricity, water and wastewater services to remote Aboriginal communities. Capital grants are recognised as income when the Company satisfies its obligations under the transfer. The Company also receives recoverable works funds for specific projects undertaken on behalf of the Northern Territory Government and unrelated third parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Loans from related parties

The Company's parent entity, Power and Water Corporation, provided one interest-only fixed loan for $11.0 million in 2020-21 and another interest-only loan for $14.0 million in 2023-24. The annual interest rate is 2.88% in 2020-21 and 6.83% in 2023-24. As at 30 June 2024, $25 million on these loans are sitting as non-current liability. Refer to Note 6.1 for further details.

Compensation of directors

The names of each person holding the position of director within the Company during the financial year are listed in the directors' report.

Directors do not receive any compensation specifically for their directorship of the Company. No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interest subsisting at year-end.

Compensation of key management personnel

The Company did not have any employees as at or during the years ended 30 June 2024 or 30 June 2023. Compensation and benefits paid to executive officers of the Company's parent entity, to the extent of their contribution to the Company's operations, are included within the scope of the management fees paid by the Company to the parent entity. Executive officers are those officers who are involved in the strategic direction, general management or control of business.

Other related party transactions

The Company purchased labour in the amount of $7.8 million (2023: $8.1 million) and accounting, computing, human resources, secretarial services and utility services for its operations from Power and Water Corporation for which a management fee of $6.1 million (2023: $6.0 million) was charged and paid. Refer to Note 3.1.2 for further details.

9.6 Auditor's Remuneration

	June 2024 $	June 2023 $
Audit of the financial statements	74,000	69,000
	74,000	**69,000**

The auditor of the Company is the Auditor-General for the Northern Territory.

9.7 Application of new and revised Accounting Standards

(a) Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current year

The Company 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 Company does not conduct the types of transactions addressed by the pronouncements or because of the extent to which they may impact the Company is not expected to be material.

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