Indigenous Essential Services Pty Ltd

Annual Report

2022-2023

Contents

Cover: Wayne Richards and Neville Burns in our Water Services team at One Tank Hill in Tennant Creek.

Welcome

Power and Water transmits and distributes electricity and provides gas, water and wastewater services to customers across 1.3 million square kilometres of the Northern Territory. With multiple sources of power and water across vast distances, we work proactively to maintain and improve essential services in remote areas through our Indigenous Essential Services Pty Ltd, a not-for-profit subsidiary company of Power and Water Corporation.

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

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

Our 2022-2023 Annual Report provides a record of our Indigenous Essential Services Pty Ltd operations, major projects, achievements and financial management for the year.

We are contracted to deliver services on behalf of the Northern Territory Government through the Department of Territory Families, Housing and Communities.

We invest significantly in remote projects and programs to ensure electricity, water and wastewater services continue to meet growing demand and provide services to 72 remote communities and 79 outstations.

Under our Service Level Agreement, we provide essential services to these communities as well as maintain and replace assets. Our parent company, Power and Water Corporation, provides retail services on our behalf.

Acknowledgement of Country

Power and Water operates across 1.3 million square kilometres of the Northern Territory. We acknowledge the Traditional Owners of the lands that we live, work and 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.

Larrakia man Trent Lee performing a smoking ceremony at our 2023-2025 Innovate Reconciliation Action Plan Top End launch event on Larrakia Country.

Message from the Chief Executive Officer

I was proud to launch our 2023-2025 Innovate Reconciliation Action Plan on Arrernte Country in Mparntwe (Alice Springs) this year. This is our second Reconciliation Action Plan and a clear commitment to continuing to build meaningful partnerships with, and learning from, Aboriginal and Torres Strait Islander peoples.

Our 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.

A big part of this is ensuring a consistent effort to build relationships, engage with and advocate for our customers in remote communities.

Power and Water was a major sponsor of the inaugural Voices for the Bush conference in Alice Springs in August 2022.

I was privileged to be there to open the conference and participate on the Water Utility CEO Panel on Indigenous Engagement and Reconciliation.

Power and Water had a strong team of delegates at the conference, including a range of subject matter expert presenters.

In April this year, we celebrated the official opening of a new treatment plant in the remote Central Australian community of Laramba, built to remove naturally occurring uranium from the drinking water. Funded by the Northern Territory Government and led by the community, the water treatment plant is making a difference to the community's 300 residents, every day.

Our team is also working to replace all prepayment meters across remote communities and outstations. The project aims to replace around 5,000 prepayment electricity meters with a vending solution that allows customers to top up their account in store, over the phone, or online.

A great amount of effort has been focused on community and stakeholder engagement and our team will continue to engage during and after new meters are installed to ensure the success of the project. Meter replacements commenced in May 2023 and will rollout progressively for completion by June 2024.

Our team was also at the forefront during the significant flooding event in Timber Creek and surrounding remote communities over Christmas Day and Boxing Day in the wake of Ex-Tropical Cyclone Ellie. Many roads were closed due to heavy rain and flood damage including the Stuart and Barkly Highways.

Our crews were on hand to safely restore water and wastewater services and reconnect electricity supply. Many of our employees also volunteered at the Centre for National Resilience Evacuation Centre in Howard Springs, supporting temporary accommodation and repatriation efforts for impacted community members.

I would like to take this opportunity to thank our Board, leadership team and all of our employees, contractors and partners this year.

Our Annual Report is just a small glimpse into our team's achievements for the year and how our organisation and initiatives make a difference to the lives of Territorians.

Djuna Pollard

Chief Executive Officer, Power and Water Corporation

13 October 2023

Our Annual Report is just a small glimpse into our team's achievements for the year and how our organisation and initiatives make a difference to the lives of Territorians.

Aerial view of the Stuart Highway into Tennant Creek.

Aerial view of Zimin Drive substation in Katherine.

01. Financial statements and explanatory notes

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Description

Notes to the financial statements

Directors' report for the year ended 30 June 2023

The directors present their report together with the financial report of the Indigenous Essential Services Pty Ltd (company) for the year ended 30 June 2023 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:

Directors	Director since
Peter Wilson AM	Director since 2 March 2022, appointed Chairman 2 March 2022
Charles Burkitt (former)	Director from 11 October 2016 to 26 August 2022
Gaye McMath (former)	Director from 1 September 2018 to 31 October 2022
Trevor Armstrong	Director since 22 August 2022
Paul Italiano	Director since 22 August 2022
Jodie Ryan	Director since 27 August 2022

Company Secretary	Appointed
John Pease	Appointed 11 September 2020

Company particulars

The company is an Australia 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, a government owned corporation pursuant to the *Government 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.

Directors' report for the year ended 30 June 2023

Review of operations

During the year the company reported a deficit of $9.3 million compared to a deficit of $0.7 million for the prior year. This movement is primarily due to an increase in total expenses of $31.1 million, in 2022-2023 compared to 2021-2022; this was partially offset by an increase in total revenue of $22.6 million in 2022-2023 compared to 2021-2022.

Revenue of $171.7 million recognised in the current year was higher than the amount recognised in the prior year of $149.0 million, mainly due to a greater amount of grant funding released as revenue. Included in the current year was $123.4 million in grant funding (2022: $103.4 million). The majority ($18.0 million) of the increase in government grant revenue is attributable to higher diesel grant revenue released, compared to prior year, as the average price of diesel was much higher in the current year (average diesel price/ltr: $1.40 (2022-2023), $1.04 (2021-2022)). The diesel grant funding received for 2022-2023 was not sufficient to cover all current year expenses, leading to release of prior year unearned revenue in relation to diesel grant funding. Operational revenue increased by $1.6 million, mostly driven by higher Utilities Support Contractor (USC) costs in 2022-2023 compared to prior year, as a result of new contracts for Southern Region.

Distillate expenditure in the current year increased by $13.3 million compared to the prior year, primarily due to the average fuel price in the current year being significantly higher when compared to the prior year, with an increase of 35 per cent in the average price year on year.

Contracted labour expenses from Power Water Corporation in the current year increased by $3.2 million compared to the prior year, primarily due to less overhead capitalisation of costs in 2022-2023 when compared to 2021-2022. Further details can be found in note 3.1.2.

Other expenses in the current year were $15.7 million compared to $6.5 million in the prior year. The increase of $9.2 million was primarily due to increase in net loss on disposal of property, plant and equipment of $2.6 million. Additionally, other expenses increased by $4.5 million mainly due to disaster recovery cost of $2.0 million for the Northern Region flooding and also lower contracted personnel recovery of $2.6 million that resulted from delayed capital work. Further details can be found in note 3.2.2.

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 13 October 2023.

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.

Directors' report for the year ended 30 June 2023

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 (2022: 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

13 October 2023

Auditor-General

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

I declate that, to the best of my knowledge and belief, during the financial year ended 30 June 2023 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.

Julie Crisp
Auditor-General for the Northern Territory

Darwin

12 October 2023

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 2023, 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, notes comprising a summary of significant accounting policies and other explanatory 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 2023 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 in the financial report, which reports that the Company incurred a net deficit of $9.2 million during the year ended 30 June 2023 and, as at that date, the Company's current liabilities exceeded its current assets by $6.8 million. These events or conditions, along with matters as set forth in Note 1.1, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. 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 2023, 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 ontained 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 reporr 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.

Level 9 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

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 amd 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.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

13 October 2023

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Directors' declaration for the year ended 30 June 2023

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that 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 2023 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

13 October 2023

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	June 2023 $	June 2022 $
Revenue and income from transactions			
Revenue from contracts with customers	2.1	47,108,731	45,531,123
Revenue from government grants and other contributions	2.3.1	123,367,000	103,397,905
Interest income	2.2	1,180,317	93,374
Total revenue and income from transactions		171,656,048	149,022,402
Expenses from transactions			
Raw materials and consumables used	3.1.1	5,547,875	6,082,351
Electricity purchased		8,390,299	6,267,752
Distillate consumption		37,530,338	24,259,479
Contracted labour expenses	3.1.2	8,112,778	4,942,070
Repairs and maintenance		21,741,199	17,354,821
Corporate services costs	3.2.1	6,080,401	5,996,451
Agents – community contract fees		16,693,074	14,347,601
Other expenses	3.2.2	15,651,796	6,490,402
Depreciation and amortisation expenses	4.1.1	58,790,265	61,901,692
Finance costs	6.5	2,397,340	2,129,272
Total expenses from transactions		180,935,365	149,771,891
Deficit for the year		**(9,279,317)**	**(749,489)**
Total comprehensive deficit for the year		**(9,279,317)**	**(749,489)**

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

Statement of financial position as at 30 June 2023

	Note	June 2023 $	June 2022 $
Assets			
Current assets			
Cash and cash equivalents	6.2	63,540,466	67,988,381
Trade and other receivables	5.1	13,245,645	2,161,816
Inventories	5.3	7,986,843	9,588,826
Intangible assets		1,908,534	1,022,842
Other assets		166,780	75,070
Total current assets		**86,848,268**	**80,836,935**
Non-current assets			
Property, plant and equipment	4.1	697,130,044	664,380,708
Intangible assets	4.3	159,998	209,325
Right-of-use assets	4.2	38,876,902	38,231,894
Total non-current assets		**736,166,944**	**702,821,927**
Total assets		**823,015,212**	**783,658,862**
Liabilities			
Current liabilities			
Borrowings	6.1	14,000,000	-
Trade and other payables	5.2	30,380,013	24,651,116
Unearned revenue	2.3.2	46,742,077	47,413,406
Lease liabilities	6.4	2,533,210	2,363,887
Total current liabilities		**93,655,300**	**74,428,409**
Non-current liabilities			
Leases	6.4	40,308,689	39,236,384
Borrowings	6.1	11,000,000	25,000,000
Total non-current liabilities		**51,308,689**	**64,236,384**
Total liabilities		**144,963,989**	**138,664,793**
Net assets		**678,051,223**	**644,994,069**
Equity			
Contributed equity	9.1	10	10
Retained earnings	9.3	167,733,689	167,598,571
Asset Revaluation Reserve	9.2	510,317,524	477,395,488
Total equity		**678,051,223**	**644,994,069**

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

Statement of changes in equity as at 30 June 2023

	Asset revaluation reserve $	Retained earnings $	Contributed equity	Total $
30 June 2022				
Balance as at 1 July 2021	478,919,546	166,824,002	10	645,743,558
Deficit for the year	-	(749,489)	-	(749,489)
Assets retired	(1,524,058)	1,524,058		-
Balance as at 30 June 2022	**477,395,488**	**167,598,571**	**10**	**644,994,069**

30 June 2023				
Balance as 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 as at 30 June 2022	**510,317,524**	**167,733,689**	**10**	**678,051,223**

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

Statement of cash flows for the year ended 30 June 2023

	Note	June 2023 $	June 2022 $
Cash flows from operating activities			
Receipts from customers		38,236,105	54,221,019
Receipt of government grants – operational		77,599,573	63,297,000
Payments to suppliers		(112,337,079)	(85,924,159)
Interest received	2.2	1,218,954	59,368
Interest paid		(2,397,340)	(2,391,474)
Net cash provided by operations	6.2	**2,320,213**	**29,891,754**
Cash flows from investing activities			
Receipt from government grants – capital		45,138,837	25,464,789
Purchase of property, plant and equipment		(49,789,891)	(51,883,855)
Net cash used in investing activities		**(4,651,054)**	**(26,419,066)**
Cash flows used in investing activities			
Repayment of lease liabilities	6.4	(2,117,074)	(2,204,588)
Net cash used in financing activities		**(2,117,074)**	**(2,204,588)**
Net (decrease)/increase in cash an cash equivalents		**(4,447,915)**	**1,268,100**
Cash and cash equivalents at beginning of year		**67,988,381**	**66,720,281**
Cash and cash equivalents at end of year	6.2	**63,540,466**	**67,988,381**

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

Notes to the financial statements for the year ended 30 June 2023

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 company 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 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 2023 of $9.2 million compared to a net deficit of $0.7 million for the year ended 30 June 2022. The company's net working capital at 30 June 2023 and 2022 were deficit of $6.8 million and surplus of $6.4 million respectively.

As of June 30, 2023, the current assets have experienced an increase of $6.0 million compared to the prior year. The increase is mainly due to higher trade and other receivable from $2.1 million last year to $13.2 million in the current year. This was offset by a decrease in the cash balance by $4.4 million, and a decrease in the inventory balance by $1.6 million. The increase in trade and other receivables is a result of outstanding invoices and accruals totalling $11 million from the Department of Territory Families, Housing and Communities. On the other hand, the decrease in inventory is primarily due to the decline in diesel prices per litre, which subsequently lowered the overall value of diesel stock on hand.

The increase in current liabilities of $19.2 million for the period compared to the previous year was primarily due to two significant factors. Firstly, there was an increase of $14 million, mainly attributed to the borrowings from Power and Water Corporation, which have now become current. Out of the total $25 million loans, $14 million is now considered current and is set to mature on 17 March 2024. Secondly, there has been an increase of $5.7 million in trade and other payables. This increase can be attributed to higher accruals in operating expenses and an increased balance owed to the diesel supplier. The increase in current liabilities was partially offset by a decrease of $0.7 million in unearned revenue. This decrease occurred as a result of utilising the unspent diesel (energy) grant from the previous year. Subsequent to year end, the Department of Territory Families, Housing and Communities approved the released of conditional grants to pay the current portion of borrowings of $14 million.

	June 2023 $	June 2022 $
Current Assets	86,848,268	80,836,935
Current Liabilities	93,655,300	74,428,409
Current Ratio	0.93	1.09

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 2023 decreased by $4.4 million to $63.5 million due primarily to increase in distillate consumption purchase and electricity purchases, as well as the repair and maintenance expenses. This was offset by decreased purchase of property, plant and equipment and higher capital grant.

To ensure that 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 that 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, 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 13 October 2023.

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 that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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

Notes to the financial statements for the year ended 30 June 2023

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 2023 $	June 2022 $
Revenue from contracts with customers	47,108,731	45,531,123
	47,108,731	**45,531,123**

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 a number of 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.

Notes to the financial statements for the year ended 30 June 2023

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.

Notes to the financial statements for the year ended 30 June 2023

2.1 Revenue from contracts with customers (cont'd)

Disaggregation of revenue from contracts with customers

The company 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 $	Wastewater $	Other revenue $	Total $
	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
• A 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**
	For the year ended 30 June 2022				
Revenue from external customers	35,668,325	5,742,362	3,199,950	920,486	45,531,123
Timing of revenue recognition					
• Over time	35,668,325	5,742,362	3,199,950	-	44,610,637
• A a point in time	-	-	-	920,486	920,486
	35,668,325	**5,742,362**	**3,199,950**	**920,486**	**45,531,123**

2.2 Interest income

	June 2023 $	June 2022 $
Interest earned on bank deposits	1,180,317	93,374
	1,180,317	**93,374**

Interest income from a financial asset is recognised when it is probable that 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 2023 $	June 2022 $
Capital grant	36,981,610	35,292,157
Recurrent grant	86,385,390	68,105,748
	123,367,000	**103,397,905**

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.

Notes to the financial statements for the year ended 30 June 2023

2.3.2 Unearned revenue

		June 2023 $	June 2022 $
Government grants – capital	(1)	41,258,733	33,101,506
Other – capital contributions	(2)	546,156	588,895
Contract liabilities arising from contracts with customers:			
Recurrent grant funding	(3)	4,738,937	13,524,754
Capital contributions – no ongoing performance obligations	(4)	-	-
Capital contributions – ongoing performance obligations	(5)	198,251	198,251
		46,742,077	**47,413,406**
Represented by:			
Current		46,742,077	47,413,406
Non-current		-	-
		46,742,077	**47,413,406**

(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 receives and uses/consumes 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.

Notes to the financial statements for the year ended 30 June 2023

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.

	June 2023 $	June 2022 $
Significant changes in the contract assets and the contract liabilities balances during the period as follows:		
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	-
Increases due to cash received, excluding amounts recognised as revenue during the period	-	6,500

Reconciliation of capital grants

	June 2023 $	June 2022 $
Opening balance as at 1 July 2022	33,101,506	42,928,874
Capital grants received	45,138,837	25,464,789
Transferred from recurrent grant funding	-	-
Less: capital grant income recognised during the year	(36,981,610)	(35,292,157)
Closing balance as at 30 June 2023	**41,258,733**	**33,101,506**

Notes to the financial statements for the year ended 30 June 2023

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.

	Australian Accounting Standards Board AASB) 15		
	Capital contributions – developers	Capital contributions – network users	Total
Opening balance as at 1 July 2022	-	198,251	198,251
Capital contributions received	-	-	-
Less: capital contributions transferred to revenue	-	-	-
Closing balance as at 30 June 2023	**-**	**198,251**	**198,251**

For sales of electricity, water and wastewater services, the company in 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 2023 %	June 2022 %
Revenue derived from government funding	72%	69%
Revenue from provision of utility services	28%	31%
	100%	100%

Notes to the financial statements for the year ended 30 June 2023

Note 3 The 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

3.1 Expenses incurred in the delivery of services

3.1.1 Raw materials and consumables used

	June 2023 $'000	June 2022 $'000
Gas purchased from parent entity	1,246,694	1,343,456
Network charges from parent entity	1,635,959	2,150,109
Generation costs for minor centres	298,732	382,905
Other materials and consumables	2,366,490	2,205,881
	5,547,875	**6,082,351**

Network charges, gas purchased and generation cost for minor centres has decreased in 2022-2023 compared to 2021-2022, mostly due to lower electricity sales. The increase of material cost in line with the increase in inflation of 7 per cent.

3.1.2 Contracted labour expenses

	8,112,778	**4,942,070**

Contracted labour expenses relate to staff and contractors who are employed or contracted by the company's parent entity, Power and Water Corporation. The $3.2 million increase in contract labour expenses mainly relates to the $2.4 million decrease of overhead capitalisation resulting from changes to the overhead cost pool and less labour cost recovery to capital projects compared to the previous year. Moreover, Enterprise Agreement was finalised and top-up accrual was done at year end.

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 that assets are valued more accurately, as labour costs that should be forming part of the asset cost base were otherwise expended as operational expenses.

3.2 Operating expenses

3.2.1 Corporate services costs

	6,080,401	**5,996,451**

Notes to the financial statements for the year ended 30 June 2023

3.2.1 Corporate services costs (cont'd)

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 company 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.

3.2.2 Other expenses

	June 2023 $'000	June 2022 $'000
External service level arrangements	3,145,801	3,841,353
Net loss on disposal of property, plant and equipment	3,349,782	731,780
Freight	1,397,981	1,240,029
Motor vehicle expenses	776,180	823,725
IT and communication	1,411,481	1,309,544
Travel and accommodation	407,163	361,903
Other	8,833,611	4,236,735
	19,321,999	**12,545,069**
	(3,670,203)	(6,054,667)
Less: capital recovery	**15,651,796**	**6,490,402**

Notes to the financial statements for the year ended 30 June 2023

Note 4 Key assets available to support output delivery

Indigenous Essential Services Pty Ltd controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to be utilised 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 2023 $	June 2022 $
Carrying amount of:		
Infrastructure at fair value	590,291,184	571,345,573
Plant and equipment at fair value	1,409,855	1,086,146
	591,701,039	**572,431,719**
Capital work in progress at cost	105,429,005	91,948,989
	697,130,044	**664,380,708**

	Infrastructure at fair value $	Plant and equipment at fair value $	Capital work in progress at cost $	Total property, plant and equipment $
June 2023				
Fair value	1,647,439,456	2,875,236	105,429,005	1,755,743,697
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**
June 2022				
Fair value	1,508,878,841	2,277,117	91,948,989	1,603,104,947
Accumulated depreciation	(937,533,268)	(1,190,971)	-	(938,724,239)
Written down value	**571,345,573**	**1,086,146**	**91,948,989**	**664,380,708**

Notes to the financial statements for the year ended 30 June 2023

4.1 Property, plant and equipment (cont'd)

	Infrastructure at fair value $	Plant and equipment at fair value $	Capital work in progress at cost $	Total property, plant and equipment $
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 work in progress	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**
June 2022				
Opening balance	599,925,125	905,438	71,750,390	672,580,953
Additions	-	-	50,658,330	50,658,330
Disposals	(731,780)	-	-	(731,780)
Depreciation	(59,074,156)	(182,002)	-	(59,256,158)
Transfer from work in progress	31,226,385	362,710	(31,685,257)	(96,162)
Adjustments	-	-	1,225,525	1,225,525
Closing balance	**571,345,574**	**1,086,146**	**91,948,989**	**664,380,708**

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.

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.

c) Revaluation of property, plant and equipment

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

Non-specialised assets such as minor items of office equipment with short useful lives are measured at depreciated historical cost.

Notes to the financial statements for the year ended 30 June 2023

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.

Subsequent to initial recognition, infrastructure and plant and equipment 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 that it would cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent new asset with the same economic benefits, allowing for any differences in the quantity and quality of output and in operating costs.

Non-specialised assets with short useful lives (such as minor office equipment) are measured at depreciated historical cost, as a surrogate for fair value. 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 five years or with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date.

Revaluation increments are credited directly to the revaluation surplus, except that, to the extent that 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 2023 $	June 2022 $
Depreciation and amortisation expense		
Depreciation	56,076,571	59,319,247
Amortisation	2,713,694	2,582,445
	58,790,265	**61,901,692**

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

Infrastructure, plant and equipment	2023	2022
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	2023	2022
Infrastructure	8 to 40 years	8 to 40 years
Plant and equipment	1 to 40 years	1 to 40 years

Notes to the financial statements for the year ended 30 June 2023

4.1.1 Depreciation and amortisation expense (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.

The funds provide defined benefits based on years of service, employee contributions and final average salary. The company is under no legal obligation to make up any shortfall in the funds' assets to meet payments due to employees.

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 2023 $	June 2022 $
Carrying amounts of:		
Land	18,146,208	16,849,790
Gas transport pipelines	16,087,005	16,273,074
Solar power	4,643,689	5,109,030
	38,876,902	**38,231,894**

Notes to the financial statements for the year ended 30 June 2023

4.2 Right-of-use-assets (cont'd)

Movement in carrying amounts	Land $	Gas transport pipelines $	Solar power $	Right-of-use assets $
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)
	18,146,208	**16,087,005**	**4,643,689**	**38,876,902**
Year ended 30 June 2022				
Opening balance	16,239,471	16,860,693	5,594,997	38,695,161
Additions / remeasurements	1,406,234	712,944	-	2,119,178
Amortisation	(795,915)	(1,300,563)	(485,967)	(2,582,445)
Closing balance	**16,849,790**	**16,273,074**	**5,109,030**	**38,231,894**

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 2023 $	June 2022 $
Intangible assets at cost	159,998	209,325
	159,998	**209,325**

	Intangible assets at cost $
June 2023	
Fair value	1,187,904
Accumulated amortisation	(1,027,906)
Written down value	**159,998**
June 2022	
Fair value	1,187,311
Accumulated amortisation	(977,986)
Closing balance	**209,325**

Notes to the financial statements for the year ended 30 June 2023

4.3 Intangible assets (cont'd)

Movement	Intangible assets at cost $
June 2023	
Opening balance	209,325
Additions	-
Disposals	-
Amortisation	(49,920)
Transfer from work in progress	593
Adjustments	-
Closing balance	**159,998**
June 2022	
Opening balance	176,252
Additions	-
Disposals	-
Amortisation	(63,089)
Transfer from work in progress	96,162
Adjustments	-
Closing balance	**209,325**

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 solar setup project has been undertaken by the company as an initiative for cheaper electricity in remote communities and savings in distillate. The Renewable Energy Certificate Scheme operates under Commonwealth 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 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 are as follows.

	2023	2022
Intangible assets	5 to 20 years	5 to 20 years

Notes to the financial statements for the year ended 30 June 2023

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 that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the 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 that 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.

Notes to the financial statements for the year ended 30 June 2023

Note 5 Other assets and liabilities

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

Note contents

5.1 Trade and other receivables

	June 2023 $	June 2022 $
Current		
Receivables	13,245,645	2,068,451
Less: provision for expected credit losses	-	-
	13,245,645	**2,068,451**
Accrued revenue other	-	54,728
Interest receivable	-	38,637
	13,245,645	**2,161,816**

Receivables at 30 June 2023 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 using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The 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 million owed by Department of Territory Families, Housing and Communities, and as such, no loss allowances have been recognised.

	June 2023 $	June 2022 $
Receivables*	13,245,645	2,123,179

* *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 Department of Territory Families, Housing and Communities 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 that it is probable that 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.

Notes to the financial statements for the year ended 30 June 2023

5.2 Trade and other payables

	June 2023 $	June 2022 $
Payable to controlling entity	17,639,647	11,437,125
Trade payables	4,014,479	8,327,012
Other payables and accruals	8,725,887	4,886,979
	30,380,013	**24,651,116**

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. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Higher trade and other payables for 30 June 2023 mainly relates to higher accruals in operational expenses. There was a $3.1 million more in accrued operational expenditure this year ($5.4 million) compared to last year ($2.3 million). Moreover, the increase is also due to higher balances owing to suppliers of diesel.

5.3 Inventories

	June 2023 $	June 2022 $
Distillate stocks	7,986,843	9,588,826
	7,986,843	**9,588,826**

The cost of distillate recognised as an expense during the current year was $37,530,338 (2022: $24,259,479). The decrease in inventory value is mainly attributable to the decrease in value of diesel stock in 2022-2023 compared to 2021-2022, with the yearly average cost per litre of diesel stock decreasing by 7 per cent year on year. The volume stored at year end also decreased by 0.8 million litres on the previous year equating to a 17 per cent decrease in inventory value.

The cost of inventories recognised as an expense by the company is $nil (2022: $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.

Notes to the financial statements for the year ended 30 June 2023

Note 6 How we financed our operations

This section provides information on the sources of finance utilised by Indigenous Essential Services Pty Ltd during its operations, along with costs related to that financing.

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6.1 Borrowings

	June 2023 $	June 2022 $
Current		
Loan from parent entity – unsecured	14,000,000	-
	14,000,000	**-**
Non-current		
Loan from parent entity – unsecured	11,000,000	25,000,000
	11,000,000	**25,000,000**
	25,000,000	**25,000,000**

On 18 March 2019, the company received a loan for $14.0 million from the parent company, taking the total loans received to $25.0 million. The purpose of the loan was to provide capital assistance towards the solar setup project where the company is building a number of solar farms which will enable it to reduce its cost of electricity production in the communities it services.

On 30 June 2021, the company received a loan for $11.0 million from the parent company to refinance the existing loans provided in 2017-2018. The loans received are interest only fixed term loans for five years ending 17 March 2024 and 29 June 2026. Interest is charged on the outstanding balances at 3.88 per cent on the loan provided during 2018-2019 and 2.88 per cent for the loan provided in 2020-2021.

The amount recorded in current liabilities represents the portion of the company's borrowings that is 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.

Notes to the financial statements for the year ended 30 June 2023

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 2023 $	June 2022 $
Cash assets	**63,540,466**	**67,988,381**

The monthly average interest rate on cash assets for 2023 is 2.79 per cent (2022: 0.19 per cent)

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

	June 2023 $	June 2022 $
Deficit for the year	(9,279,317)	(749,489)
Adjustments for:		
Depreciation and amortisation expenses	58,790,265	61,901,692
Net loss on disposal of property, plant and equipment	3,349,782	731,779
Government grant – capital	(36,981,610)	(35,292,157)
Changes in assets and liabilities		
Decrease/(increase) in Inventories	1,601,983	(5,270,493)
Decrease/(increase) in trade and other receivables	(11,083,829)	8,274,204
Decrease/(increase) in other assets	(91,710)	87,537
(Increase) in intangible assets	(885,692)	(772,336)
Increase in trade and other payables	5,728,897	4,754,144
Decrease in unearned revenue	(8,828,556)	(3,773,127)
Net cash provided by operating activities	**2,320,213**	**29,891,754**

(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 2022	41,600,272	25,000,000
Financing cash flows	(2,117,074)	-
Non-cash changes		
New finance leases and remeasurements	3,358,701	-
	42,841,899	**25,000,000**

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

Notes to the financial statements for the year ended 30 June 2023

6.3 Commitments

	June 2023 $	June 2022 $
Capital expenditure commitments		
Contracted but not provided for and payable: within one year	33,178,987	29,148,526
	33,178,987	**29,148,526**
Repairs and maintenance expenditure commitments		
Contracted but not provided for and payable: within one year	3,940,783	5,892,536
	3,940,783	**5,892,536**

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 2023 $	June 2022 $	June 2023 $	June 2022 $
	Minimum lease payments		**Present value of minimum lease payments**	
Not later than one year	4,022,000	3,787,620	2,533,210	2,363,887
1 to 5 years	14,649,899	13,674,508	9,395,689	8,630,447
Later than 5 years	43,472,000	42,962,936	30,913,000	30,605,937
	62,143,899	**60,425,064**	**42,841,899**	**41,600,271**
Less: future finance charges	(19,302,000)	(18,824,793)	-	-
	42,841,899	**41,600,271**	**42,841,899**	**41,600,271**
Represented by:				
Current			2,533,210	2,363,887
Non-current			40,308,689	39,236,384
			42,841,899	**41,600,271**
Total cash outflows for leases				
Principal repayments on leases			2,117,074	2,204,588
Interest repayments on leases			1,537,340	1,486,039
			3,654,414	**3,690,627**

Notes to the financial statements for the year ended 30 June 2023

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. 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.

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 2023 $	June 2022 $
Interest on loans from parent entity	860,000	643,233
Interest on leases	1,537,340	1,486,039
	2,397,340	**2,129,272**

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

Notes to the financial statements for the year ended 30 June 2023

Note 7 Risks, contingencies and valuation judgements

Indigenous Essential Services Pty Ltd 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.

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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 that are 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 2023 and 2022, the company did not have any financial assets at FVTPL or FVTOCI.

Notes to the financial statements for the year ended 30 June 2023

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, including 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 using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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

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 that are 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 2023, 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 2023-2024.

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 that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the financial statements for the year ended 30 June 2023

7.1 Financial instruments (cont'd)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

(i) An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

(ii) Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

(iii) Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

(iv) An actual or expected significant deterioration in the operating results of the debtor;

(v) Significant increases in credit risk on other financial instruments of the same debtor;

(vi) An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) 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).

Notes to the financial statements for the year ended 30 June 2023

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.

(iii) 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 that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written-off 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.

(v) 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 which 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.

Notes to the financial statements for the year ended 30 June 2023

7.1 Financial instruments (cont'd)

(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.

(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 that 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 2022.

Notes to the financial statements for the year ended 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) Market risk

The company provides electricity, water and wastewater services to remote Aboriginal communities in the Northern Territory.

The company receives grant funding from the Northern Territory Government to construct and maintain assets required to provide electricity, water and wastewater services to remote Aboriginal communities in the Northern Territory.

A purchaser / provider agreement between the company and the Northern Territory Government for the provision of water supply, wastewater and electrical services to remote Aboriginal communities in the Northern Territory has been established from 18 March 2019 to 30 June 2022, which has now been extended to 31 December 2023.

The following table sets out the source of the company's income:

	June 2023		June 2022	
	$	%	$	%
Grant funding	123,367,000	71.87%	103,397,905	69.38%
Revenue from contracts with customers	47,108,731	27.44%	45,531,123	30.55%
Interest	1,180,317	0.69%	93,374	0.06%
Total revenue	**171,656,048**	**100.00%**	**149,022,402**	**100.00%**

(c) 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 works 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.

(d) 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.

(e) 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 varies upwards 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.

(f) 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.

Notes to the financial statements for the year ended 30 June 2023

7.3 Contingent liabilities and contingent assets

There was one event during the financial year for which the company has begun investigative works, relating to potential corrosion of underground water pipelines in Yuendumu and Angurugu. Depending on the outcome of this investigation, the company may be responsible for rectification and remediation works in relation to this event. The ultimate outcome and cost cannot be determined with an acceptable degree of reliability at this time.

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).

Indexation valuation has been performed in the current year on the company's infrastructure assets to account for capital cost inflation.

Notes to the financial statements for the year ended 30 June 2023

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 AASB 116 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 per cent 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 2023-2024 reporting period.

As at 30 June 2022

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 AASB 116 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. Management believes the 2019 GHD Advisory replacement cost is still a reasonable estimation of fair value therefore no revaluation has been undertaken this financial year.

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 2023 $
Plant and equipment (including infrastructure assets)	591,701,039	591,701,039

	Level 3 $	Fair value as at 30 June 2022 $
Plant and equipment (including infrastructure assets)	572,431,719	572,431,719

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 2023 or 30 June 2022.

Notes to the financial statements for the year ended 30 June 2023

Note 8 Statutory obligations

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

Note contents

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*.

Notes to the financial statements for the year ended 30 June 2023

Note 9 Other disclosures

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

Note contents

9.1 Contributed equity

	June 2023 $	June 2022 $
Issued and paid-up share capital		
10 ordinary shares of $1 fully paid (2022: 10)	10	10
	10	**10**

9.2 Asset Revaluation Reserve

	June 2023 $	June 2022 $
Balance at beginning of year	477,395,488	478,919,546
Assets retired transferred to retained earnings	(9,414,435)	(1,524,058)
Asset revaluation	42,336,471	-
Balance at end of year	**510,317,524**	**477,395,488**

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 $42.3 million in the current year and $nil in the previous year.

9.3 Retained earnings

	June 2023 $	June 2022 $
Retained earnings at beginning of year	167,598,571	166,824,002
Assets retired transferred from asset revaluation reserve	9,414,435	1,524,058
Net deficit for the year	(9,279,317)	(749,489)
Retained earnings at end of the year	**167,733,689**	**167,598,571**

Notes to the financial statements for the year ended 30 June 2023

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):

		Revenue from related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
Related party					
Power and Water Corporation	2023	126,294	2,106,693	-	44,600,136
	2022	-	15,938,887	-	37,167,403
Northern Territory Government*	2023	130,933,549	6,294,574	3,171,040	36,173,624
	2022	109,651,587	4,083,793	2,088,010	46,626,259

*Excludes Power and Water Corporation

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 $14.0 million in 2018-2019 and another interest-only loan for $11.0 million in 2020-2021. The annual interest rate is 3.88 per cent in 2018-2019 and 2.88 per cent in 2020-2021. As at 30 June 2023, $14 million on these loans are sitting as current liability and $11 million 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 for their directorship. 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 2023 or 30 June 2022.

Notes to the financial statements for the year ended 30 June 2023

Other related party transactions

The company purchased labour in the amount of $8.1 million (2022: $4.9 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 $6.0 million (2022: $6.0 million) was charged and paid. The significant increase in labour costs was due to finalisation of Enterprise Agreement as well as decreased overhead capitalisation due to changes in the overhead cost pool and less labour cost recovery to capital projects. Refer to note 3.1.2 for further details.

9.6 Auditor's Remuneration

	June 2023 $	June 2022 $
Audit of the financial statements	69,000	62,000
	69,000	**62,000**

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.

Our Water Services team at our wastewater treatment plant site in Alice Springs.

02. Our year at a glance

Our services

Power and Water transmits and distributes electricity and provides gas, water and wastewater services to customers across 1.3 million square kilometres of the Northern Territory including 72 remote communities and 79 outstations.

Our customers

	Total	Darwin	Katherine	Barkly	Southern
Electricity connections	9,435	4,824	1,606	464	2,541
Water connections	5,440	2,925	826	278	1,411
Wastewater connections	2,478	1,472	389	83	534

Our people

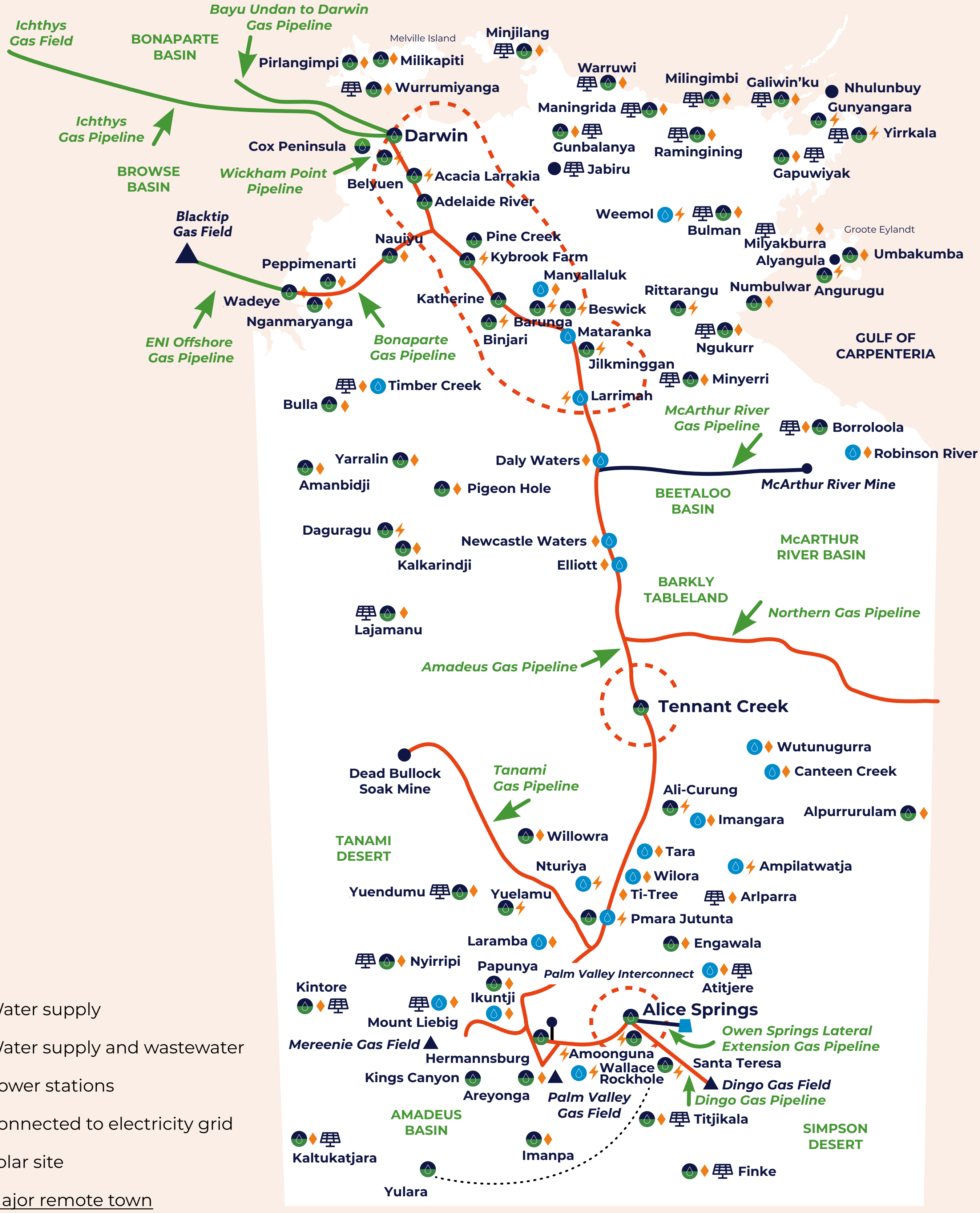
Utility Services Contractors (USCs)
150

Aboriginal and Torres Strait Islander USCs
29%

Aboriginal participation in major capital projects
46%

We are committed to increasing Aboriginal and Torres Strait Islander employment opportunities through our Reconciliation Action Plan.

Remote communities' power, water, wastewater services



Key

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

Aerial view of our wastewater treatment ponds in Katherine at sunrise.

Our Alice Springs
Power Services team.

03. 2022-2023 highlight stories

Responding to severe weather events

Our team is well equipped to respond to severe weather events and support our community to stay connected.

In early March 2023, severe flooding impacted the communities of Kalkarindji, Daguragu, Nitjpurru (Pigeon Hole) and surrounding homelands. Many roads were closed due to heavy rain and flood damage, including the Stuart and Barkly Highways, with Power and Water infrastructure washed away in a number of locations.

An emergency situation was declared for the impacted communities and residents were evacuated to the Centre for National Resilience at Howard Springs.

A Power and Water Incident Management Team was stood up, working closely with the Public Utilities Group, Territory Emergency Operations Centre and the Regional Recovery Committee.

Our crews worked around the clock to restore power, water and wastewater services to Kalkarindji and Daguragu so that residents could return home as soon as possible.

Work is ongoing in Nitjpurru, where damage to water and wastewater infrastructure is more extensive. Residents have been unable to return home and have been housed in temporary accommodation in the nearby community of Yarralin, supported by Power and Water to ensure power, water and wastewater services were made available for the temporary accommodation.

A severe and sudden storm also hit Alice Springs in November 2022, with our crews working tirelessly to restore power to about 4,000 customers. In the Top End, monsoonal weather caused wide-spread outages in the New Year, with multiple outages affecting customers in the greater Darwin and rural areas, down to Adelaide River.

Each time, our crews have been on hand to manage emergency communications and safely restore power, water and wastewater services for our customers.

Our crews worked around the clock to restore power, water and wastewater services to the community.

Aerial view of flood water in Nitjpurru (Pigeon Hole) community.

Aerial view of flood water over the Victoria Highway.

Tinkerbee Dancers performing at the Power and Water 2023-2025 Innovate Reconciliation Action Plan launch event on Arrernte Country.

Working towards reconciliation

Power and Water operates across 1.3 million square kilometres, including in some of the most remote parts of Australia. Our role as an essential service provider presents us with a significant opportunity to listen, to learn, to educate and to lead in reconciliation.

We were proud to launch our 2023-2025 Innovate Reconciliation Action Plan in Mparntwe (Alice Springs) in June this year.

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.

Our 2023-2025 Innovate Reconciliation Action Plan sets out our actions to achieve our vision, focused on four key pillars:

1. Relationships – gaining a deeper understanding of experiences past and present in order to cultivate stronger relationships with Aboriginal and Torres Strait Islander employees, customers and community members.
2. Respect – instilling the importance of respect at every level of Power and Water, thereby ensuring that relationships are always fostered through an understanding and appreciation of Aboriginal and Torres Strait Islander peoples and cultures.
3. Opportunities – maximising the opportunities that exist for Aboriginal and Torres Strait Islander peoples through Power and Water's significant operations across the Territory.
4. Governance – holding ourselves to account through the Reconciliation Action Plan Working Group and Steering Committee to ensure their intentions are translated into actions.

Our Reconciliation Action Plan Working Group, made up of representatives from across Power and Water, will oversee the implementation and reporting on our reconciliation actions and outcomes.

Our Board's People, Safety, Sustainability and Reconciliation Committee also provides guidance and direction on the implementation of policies and procedures to support a culturally aware workplace.

Community artwork project

To ensure we are living the values of our 2023-2025 Innovate Reconciliation Action Plan, we have continued to explore opportunities to celebrate stories of the enduring connection and importance of energy and water on the lands we live and operate on and where our infrastructure is located.

We have been engaging with Traditional Owners, Elders and artists across the Territory to identify those stories. Together, storytellers and artists created stunning power (energy) and water artworks that feature in our Reconciliation Action Plan and will ultimately be showcased on strategic Power and Water infrastructure.

Our first mural was painted on Woods Street Substation in Darwin's CBD in October 2022, telling the story of Damibila (Barramundi) Dreaming by Larrakia artists Tony Lee, Trent Lee and Jason Lee.

Damibila Dreaming is an important creation story for the area. Barramundi created the spring, which gave access to the mermaid dreaming and connects with many other dreaming stories.

We will showcase other artworks on suitable infrastructure across all regions, with consideration to planned repairs and maintenance, road safety and cultural safety.

We would like to acknowledge all of our storytellers and artists who have been a part of our reconciliation journey.

On Arrernte Country (Alice Springs), artists from Ewyenper Atwatye (Hidden Valley), Beverly McMillan, Carol Young, Cheryl McMillan, Cheyene Abbott, Loretta Neil, Phyllis Stevens, Raelene McMillan, Stella McMillan and Tim McNamara created Energy comes from Thunder.

On Larrakia Country (Darwin), Jason Lee, Tony Lee and Trent Lee created Damibila (Barramundi) Dreaming.

Also on Larrakia Country, June Mills, Kay Villaflor and Taleena Lui-Villaflor created Durlg ngana Larrakia Birrabalirra (My Dreaming Larrakia Spirits).

On Mirrar Country (Kakadu and West Arnhem Land), Abel Naborlhborlh, Linda Biyalwanga and Selone Djandjomerr created Ngalyod (Rainbow Serpent) and Yawkyawk (Freshwater Mermaid Spirit) / Ngalkunburriyaymi (Ancestral Mermaid Spirit).

Power and Water is continuing to work with Traditional Owners, Elders and the community of Jawoyn, Dagoman and Wardaman Country in Katherine and Warrumungu Country in Tennant Creek.

Power and Water Chief Executive Officer, Djuna Pollard, at the launch of our 2023-2025 Innovate Reconciliation Action Plan.

Ewyenper Atwatye (Hidden Valley) artists at the launch of our 2023-2025 Innovate Reconciliation Action Plan.

Power and Water team members Henri Susanto, Ralph Hutchins, John Pease, Nazrul Islam and Megan Purser with Minister for Local Government, Chansey Paech, and Minister for Essential Services, Selena Uibo, in Laramba for the official opening of the Laramba Water Treatment Plant.

Official opening of the Laramba Water Treatment Plant

The health, safety and wellbeing of our people is our highest priority and that includes providing safe and sustainable drinking water for all Territorians, no matter where they live.

Across the Northern Territory, a number of remote communities rely on groundwater to drink. Groundwater can be hard, taste salty and may have other naturally occurring minerals including nitrate, fluoride and uranium.

Water quality in the remote community of Laramba, located 205km North West of Alice Springs, has improved thanks to the installation of a new water treatment plant.

Our water quality experts worked alongside Clean TeQ Water and our government stakeholders to deliver the new treatment plant ahead of schedule and on budget.

The treatment plant uses ion exchange technology to reduce the level of naturally occurring uranium in the groundwater to below the Australian Drinking Water Guidelines, produces minimal waste and is a robust and low-maintenance technology that can be monitored remotely.

Community members, the Minister for Essential Services, Selena Uibo, the Minister for Local Government, Chansey Paech, Northern Territory Government and project team representatives attended an official opening and tour of the treatment plant in April 2023, to celebrate improved drinking water for the residents of Laramba.

This project was funded by the Northern Territory Government's $28 million commitment to address critical water supply infrastructure needs in remote Aboriginal communities. Of that, $6.8 million was committed to water quality improvement in Laramba. We are also furthering work to improve water quality in neighbouring communities, including Yuelamu and Yuendumu.

This project has been nominated in the 2023 Chief Minister's Awards for Excellence in the Public Sector.

The health, safety and wellbeing of our people is our highest priority.

Voices for the Bush

Delivering a sustainable and secure supply of safe drinking water in the bush is challenging and complex. It is essential to the health and wellbeing of communities, realising growth and development aspirations and for supporting Aboriginal Territorians to be able to choose to stay on Country.

It is one of the most difficult jobs we do – and one of the areas with the most opportunity for partnerships, meaningful engagement and innovation to drive better outcomes.

In August 2022, Power and Water was a major sponsor of the inaugural Voices for the Bush conference in Alice Springs.

The conference was hosted by the Water Services Association of Australia and the Australian Water Association and brought more than 200 industry representatives, policy makers and thought leaders together for two days to discuss the key issues, challenges and opportunities in delivering safe and sustainable water services to Australia's regional and remote communities.

We had a strong team of delegates at the conference, including subject experts who presented on topics including water quality and water management in the bush.

Our clear purpose is making a difference to the lives of Territorians and we are proud of our passionate and experienced people delivering services in some of the most remote parts of our country through Indigenous Essential Services.

Our clear purpose is making a difference to the lives of Territorians and we are proud of our passionate and experienced people delivering services in some of the most remote parts of our country through Indigenous Essential Services.

Power and Water Chief Executive Officer, Djuna Pollard, presenting as part of the Water Utility CEO Panel on Indigenous Engagement and Reconciliation at Voices for the Bush.

Life support customer pull up banner artwork with life support customer Colin Young.

Supporting our vulnerable customers across the Territory

We put our community and customers at the centre of everything we do. A key focus for us is supporting vulnerable customers.

Our Customer Experience and Operations team is continually working to increase registrations of life support customers.

We let these customers know about planned power and water outages in advance, so they can make safe, alternative arrangements for their life support needs.

We have created relationships with NT Health, local renal clinics, the Council of the Ageing NT, the Primary Health Network and Carers NT to promote life support registrations and connected with customers to create promotional materials to rollout across the Territory.

We put our community and customers at the centre of everything we do.

Remote prepayment meter replacement project

As a part of Telstra's upgrade to the 4G network, we have been working to replace all 3G connected power meters in remote communities and outstations across the Territory.

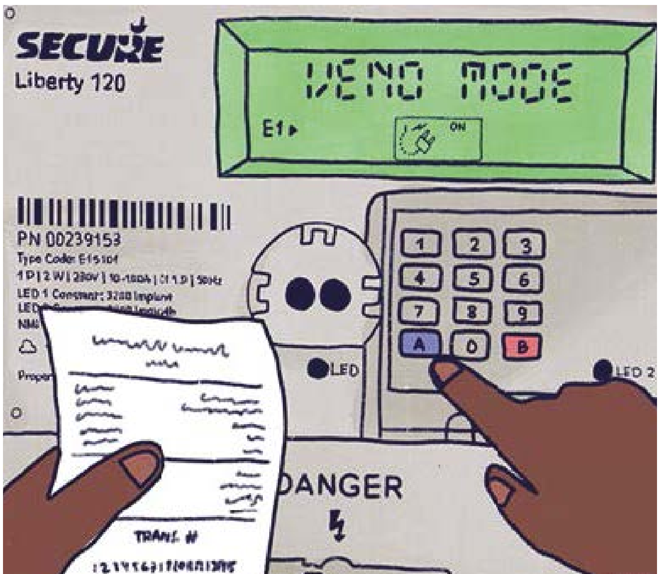
Our remote prepayment meter replacement project aims to replace around 5,000 prepayment electricity meters by June 2024. The new meters use modern technology that provides additional options to customers, including the ability to top up their account online, in store or over the phone.

The project was trialled in Pirlangimpi on the Tiwi Islands in May 2023, replacing 105 meters and introducing the new online top up method.

There has been a dedicated focus on community and stakeholder engagement throughout the project and we will continue to engage with customers during and after the new meters are installed to ensure the success of the project.

We put our customers at the centre of our planning and service delivery. Our remote prepayment meter replacement project will help ensure continued, reliable power supply.

There has been a dedicated focus on community and stakeholder engagement throughout the project and we will continue to engage with customers before and after new meters are installed to ensure the success of the project.



Animation demonstrating the new remote prepayment meter top up process.

Animation demonstrating how to top up remote prepayment meters online.

Aerial view of a solar array at Wurrumiyanga.

Wurrumiyanga Solar Infill and Energy Storage Pilot Project

A renewable energy future is another step closer for the Tiwi Islands with a contract for the design and construction of a pilot solar program in Wurrumiyanga awarded in February 2023.

The community is already operating on some solar technology and this project will boost the generation of renewable energy to almost 50 per cent with the installation of additional solar panels and a new battery energy storage system.

The project will replace some of the current diesel generated power supply with renewable technology, with works expected to be completed by April 2024.

The Northern Territory Government is investing $8.6 million over 4 years towards a Renewable Remote Power Program, including $6.1 million for the Wurrumiyanga Solar Infill and Energy Storage Pilot Project.

This is an important investment towards achieving the Northern Territory Government's target of 50 per cent renewables by 2030, which includes a 70 per cent target in all Indigenous Essential Services communities.

Renewable power systems in remote communities can create significant diesel cost savings, help reduce emissions and generate local jobs and skills building opportunities.

Work is progressing to map a renewables development pathway across all remote communities in the Territory.

This is an important investment towards achieving the Northern Territory Government's target of 50 per cent renewables by 2030.

Water infrastructure at Warruwi community.

Aerial view of Mparntwe (Alice Springs) through The Gap at sunrise.

Power and Water Corporation

Level 6, Mitchell Centre
55 Mitchell Street, Darwin
Phone 1800 245 092

powerwater.com.au

@powerwatercorp