Statement of Corporate Intent

2023-24



Acknowledgment of Country

Power and Water operates across all regions of the Northern Territory. We acknowledge the Traditional Custodians of Country throughout the Territory and their connections to land, sea and community. We pay our respect to their Elders past, present and future, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Image: Reconciliation mural on the Power and Water Ben Hammond Complex fire suppression tank by local artists Jason and Trent Lee, together with House of Darw (a Darwin-based Aboriginal-owned social enterprise).

Cover Image: Power and Water cre



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Abbreviations

The following table provides a list of abbreviations and acronyms used throughout this document. Defined terms are identified in this document by capitals.

Term	Definition
ACS	Alternative Control Services
AER	Australian Energy Regulator
AROWS	Adelaide River Off-stream Water Storage
CFO	Chief Financial Officer
СО	Core Operations business unit
СРІ	Consumer Price Index
CSO	Community Service Obligations
CSR	Customer, Strategy and Regulation business unit
Deputy CEO	Deputy Chief Executive Officer
DIPL	Department of Infrastructure, Planning and Logistics
DTF	Department of Treasury and Finance
DTFHC	Department of Territory Families, Housing and Communities
EA	Enterprise Agreement
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EGM	Executive General Manager
EPMO	Enterprise Portfolio Management Office
FBS	Finance and Business Services business unit
FFO	Funds From Operations
GEH	Government Employee Housing
GL	Gigalitres
GOC Act	Government Owned Corporations Act
GS	Gas Services business unit
ІСТ	Information and Communications Technology
IES	Indigenous Essential Services Pty Ltd



Term	Definition
KPIs	Key Performance Indicators
LTI	Lost Time Injuries
МТІ	Medical Treatment Injuries
NER	National Electricity Rules
NPAT	Net Profit After Tax
NT	Northern Territory
NTG	Northern Territory Government
ОСІ	Organisational Culture Index
Power and Water	Power and Water Corporation
PS	Power Services business unit
RBA	Reserve Bank of Australia
ROA	Return on Assets
ROCE	Return on Capital Employed
RWI	Restricted Work Injuries
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SCI	Statement of Corporate Intent
SLA	Service Level Agreement
SPG	Safety, People and Governance business unit
TRIFR	Total Recordable Injury Frequency Rate
UC	Utilities Commission
WACC	Weighted Average Cost of Capital
ws	Water Services business unit





Our year at a glance

Our customers











90,797 Electricity connections

66,371 Waste water connections

50,251 Water connections

18,667 Solar connections





1,472 New solar connections



245 New water connections



591 New electricity connections

Our engagement



70,315 Calls to customer services



1,221 Live chats



30,303 Customer emails



2,893 App requests

1. Overview

1.1 Who we are

Power and Water Corporation (**Power and Water**) is the essential service provider in the Northern Territory (**NT**). We connect thousands of homes and businesses with electricity, gas, water and sewerage. We are owned by the NT Government (**NTG**), and operate some of Australia's most isolated utility networks, supplying power and water to people in some of the most rugged, remote, yet spectacular places imaginable.

As a multi-utility we recognise the enormous responsibility we have in helping sustain the NT way of life. Territorians rely on our networks and services, placing their trust in us to make sure power and water is always there when they need it, at a price they can afford. We also play an important role in economic development, providing critical utilities and infrastructure to help attract major businesses and new industries to the NT.

We are extremely proud of our responsibilities and to serve people across the Territory. We recognise the importance of being able to continue to provide safe, reliable and affordable services over the long term, and remain committed to making a difference to the lives of Territorians.

1.2 About this Statement of Corporate Intent

Power and Water is established under the *Power and Water Corporation Act 2002* and the *Government Owned Corporations Act 2001* (**GOC Act**). We have a Board of directors, which is responsible to the shareholding Minister for our operating and financial performance. This Statement of Corporate Intent (**SCI**) outlines the way we intend to meet the expectations of our shareholder. In accordance with the GOC Act, our objectives are to:

- operate at least as efficiently as any comparable business; and
- maximise the sustainable return to the NTG on its investment in Power and Water.

The SCI is an important part of our governance framework, and applies to our entire suite of water, sewerage, gas, and electricity services. The SCI complements and has interdependencies with several other key strategic documents, including our Strategic Plan and the revenue determination for our electricity business.

Since 2019, we have also operated as a transmission and distribution network service provider regulated by the Australian Energy Regulator (**AER**). Our three largest electricity networks – Darwin-Katherine, Alice Springs and Tennant Creek – are subject to economic regulation. The regulatory framework ensures the electricity services we provide, the investments we make, and the prices we charge are fair and reasonable for all our customers.

Every five years, we submit a revenue proposal to the AER that details the costs of operating and investing in all three of our regulated networks. The proposal also covers the type of network tariffs we charge, the services we will provide, and a number of other financial components necessary to run the business (tax, financing costs, etc.). These factors are all combined to calculate how much revenue we think we will need over the next five years to pay for all this.



The AER reviews our proposal, challenges us via an extensive question and answer process, and ultimately determines how much revenue we should collect via network tariffs. This AER review process takes about 18 months. The AER's revenue determination is then used to calculate the prices (tariffs) we can charge for customers using our networks. These network tariffs are charged to the electricity retailer. The retailer then passes all or some of these costs through to end users (customers) through their electricity bill, subject to NTG policy settings.

We submitted our revenue proposal for the period 1 July 2024 to 30 June 2029 to the AER on 31 January 2023. A copy of our proposal and supporting information can be found on the <u>AER's website</u>. A draft revenue determination is expected by September 2023, with a final determination to follow by April 2024.

This SCI sets out the nature and scope of our business activities, goals, key strategies, risk management, capital investment plans and performance targets over the six-year period commencing 1 July 2023. While this SCI is informed by the revenue proposal, at time of writing the draft determination had not been made. All budget assumptions for power services are therefore based on and closely align to the regulated expenditure and revenue forecasts developed for the 31 January submission to the AER, and are subject to internal adjustment pending the AER's determinations.

Next year's SCI (2024-25) will be updated to reflect the AER's determinations, where required.

1.3 Nature and scope of our activities

1.3.1 Power networks

We own and operate the regulated electricity network and parts of the unregulated electricity network in licensed areas, distributing electricity through three power networks, from the wires to the meters. We also own and operate generation plant in five minor centres and plant in remote communities.

1.3.2 System control and market operator

We also have the responsibility of being the System Controller and Market Operator. As System Controller we operate and control the Territory's three power systems and ensure these power systems are balanced, stable, safe, secure and reliable. As Market Operator, we operate the interim wholesale electricity market in the NT.

1.3.3 Water and wastewater

We own and operate the large dams and groundwater fields delivering water to households and businesses. We also remove and treat wastewater before disposing of it in an environmentally responsible manner.

We are licensed to provide water and wastewater services to five major urban centres and five of the 13 minor urban centres, with the remaining minor centres provided with water services only.

1.3.4 Serving remote customers

We manage the provision of electricity, water and wastewater services to remote Aboriginal communities and outstations on behalf of the Department of Territory Families, Housing and Communities (**DTFHC**). These arrangements are through Indigenous Essential Services Pty Ltd (**IES**), a not-for-profit subsidiary of Power and Water, under agreement with the NTG.



1.3.5 Gas acquisition and distribution

We own and maintain various gas pipeline assets, as well as manage a large gas wholesale supply and transportation portfolio that includes sales to electricity generators, large businesses across the NT and into interstate markets.

1.3.6 Customer and business support

Centralised functional support is provided across the business encompassing such aspects as customer experience, people and culture, health, safety, and environment, information and operational technology, finance, corporate affairs, governance, strategy, pricing and economic analysis, regulatory, risk and compliance services.

1.3.7 Supporting the NT economy and community

We facilitate the efficient delivery of the NTG economic agenda while working constructively with key stakeholders. Additionally, we are a key responder after a natural disaster, helping to restore essential services to the community.

1.4 Our licences and operating areas

We hold operating licences for electricity and water supply for the majority of the NT. Table 1.1 shows the types of operating licences held and the areas for which we are licensed to deliver those services.

License type	Areas			
System control	Darwin to Katherine, Tennant Creek and Alice Springs			
Electricity generation	Elliott, Daly Waters, Ti-Tree, Timber Creek, Borroloola and IES communities			
Electricity networkRegulated networks: Darwin, Katherine, Tennant Creek and AliNon-regulated networks: Daly River, Jabiru, Borroloola, Timber Waters, Elliot, Newcastle Waters, Yulara, Ti-Tree, Kings Canyon (surrounding rural areas only), Groote Eylandt and IES communication				
Electricity retail Jabiru, Nhulunbuy, Alyangula and IES communities				
Water including retail	Major urban: Greater Darwin, Katherine, Tennant Creek, Alice Springs and Yulara Minor urban: Batchelor, Adelaide River, Pine Creek, Borroloola, Timber Creek, Daly Waters, Elliott, Newcastle Waters, Ti-Tree, Larrimah and Mataranka			
	Restricted service area: Cox Peninsula, Wagait Beach and IES communities			
Wastewater including retail	Major urban: Greater Darwin, Katherine, Tennant Creek, Alice Springs and Yulara Minor urban: Batchelor, Adelaide River, Pine Creek, Kings Canyon, Borroloola and IES communities			

Table 1.1: Our operating licences



We also manage major gas supply and transportation agreements. These account for approximately 90 per cent of the NT's domestic gas market supply and meet demand for gas from a large number of businesses operating in the NT, as well as the east coast via the Northern Gas Pipeline.







2. Market trends and opportunities

The next decade offers are range of opportunities and challenges to all parts of our business. Customer behaviours and their expectations of our business are changing. Energy consumers are looking to decarbonise, reducing reliance on natural gas for electricity generation and manufacturing processes. Households are becoming more efficient, reducing water consumption and introducing more economical appliances. Homes and businesses are continuing to install rooftop solar photovoltaic (PV) systems and have begun turning their focus towards battery storage and electric vehicles.

All consumers are seeking to reduce utility costs. Customers large and small have told us they expect us to keep prices affordable, and to think carefully about the trade-off between short-term affordability versus long term sustainability. They want us to invest in our networks and services for the long term, adopt newer technology where cost effective to do so, and most importantly – make sure low income and vulnerable customers are not left behind.

Another trend is customers' desire for better information and communication with their utility provider. Energy and water customers want to be able to contact us whenever they need us, and have easy access to data via their smartphones and computers. They value our call centres, our web services, and our people, and have told us they want better and more varied ways to get in touch.

Our industry partners, Government, and the various safety, environmental and economic regulators all desire more granular and varied information from us. They expect us to take a more data-driven approach to asset management, system/network operations, and the way we run our businesses, optimising use of our existing energy and water assets.

All this is occurring against a backdrop of an energy transition happening right across Australia, from which the NT is no exception. It is an exciting time, and as the Territory's main provider of essential services, Power and Water will play a vital role.

The following sections summarise some of the key trends and opportunities facing our business, and what we are doing to address them.

2.1 Moving to a clean energy future

The NT Government's vision is for renewable generation to supply 50 per cent of energy consumed in the Territory by 2030. It is an ambitious target, and one Power and Water is committed to helping make happen. We expect 30 per cent will come from large scale renewables that connect to our grid, with about 15-20 per cent coming from residential rooftop solar. To achieve this vision, we must invest in our network and systems now.

We have developed a future network strategy that sets out the actions we must take and the initiatives we will pursue through to 2040. We're taking a smooth and steady approach to transforming our electricity networks. The first step will be to make sure households and businesses can continue to connect rooftop solar. We will achieve this by implementing dynamic operating envelopes for our distribution system, as well as commencing a series of battery storage trials. From there we will look at changing our tariffs and the way we charge for electricity services, giving customers greater ability to manage their energy costs, and promoting energy efficiency. A key enabler to all this is the continued installation of smart meters, with our aim to have all electricity customers on a smart meter by 2034.



2.2 Managing our networks for the long term

Network assets have long lives. Whenever we install a new electricity, water, wastewater, or gas transportation asset, our customers expect it to operate safely and reliably for many years and to get full value from that asset. As technology progresses and climate change takes effect, the way we utilise network assets changes over time, meaning it is vital we understand how assets are performing, know when the optimal time is to replace them, and what technology we might replace them with.

To help reduce long term asset management costs and make better use of the network we have already built, we plan to invest in our data management systems and risk analysis capabilities. Our focus is moving away from traditional 'like for like' asset replacement, and instead identify how we can increase asset utilisation or substitute investment with non-traditional network solutions. To do this we plan to invest in our Information Technology (IT) and Operational Technology (OT) systems, giving us better information on how our assets are performing.

Over the coming decade our plan is to start this asset management uplift journey with our electricity networks, and then apply lessons learnt and similar strategies to our gas, water, and wastewater services.

2.3 Declining household energy and water consumption

The standard value offering for traditional utilities is weakening as households increase their energy and water efficiency. This shift is resulting in lower consumption per household and a smaller base from which to recover what are largely fixed infrastructure costs. Combined with the falling cost of producing solar PV modules and the prevalence of smart technologies, this trend will accelerate moving forward.

We will therefore look at how we can apply new technologies and use innovative tariffs to make sure we can keep the cost of supply low and ensure we can recover our expenditures.

2.4 Uplifting our capabilities

Service standards are increasing across all industry sectors and the NT community will continue to demand high standards from Power and Water. Improving efficiencies and responding to these expectations in an ever-changing environment is a major challenge. The way our systems and capabilities are currently organised is limiting our ability to respond as an organisation.

Over the next decade we will invest in our internal systems and capabilities, upgrade our current suite of outdated IT applications to fit-for-purpose systems that will improve productivity and enable our staff to work smarter and in a more customer-focused way. We will also seek ways to improve our culture, enhance our employees' ability to collaborate with each other, and reduce our property footprint.

2.5 Supporting vulnerable customers

Low income and vulnerable customers must be part of our energy transition. Better information and incentives should be made available to help customers manage their costs and access renewable energy.

We will continue to partner with energy providers and other stakeholders, particularly retailers, to improve the accessibility and affordability of renewable technologies. We are developing a customer experience strategy, which will look at our customers' journey with us and set out a roadmap for improvement. An important focus of the strategy will be low income customers and how they interact with us and our



services. We are also investigating options to support vulnerable customers through initiatives such as tariff trials and using our website to provide more information about energy affordability and efficiency.

Additionally, Power and Water's Indigenous Essential Services (IES) subsidiary delivers essential services to 72 remote communities and 79 outstations.

2.6 Facilitating NT growth

Supporting the NTG's growth target of a \$40 billion economy by 2030 will be the security of the long-term supply of water across the Territory. The NTG has committed to the investigation and development of major water source augmentation projects. Power and Water, as the owner and operator of the Territory's major water sources, plays a key role in this endeavour. In February 2022, the NTG accepted the findings of a detailed business case that the Manton Dam Return to Service and Adelaide River Off stream Water Storage (AROWS) projects were the preferred long-term water security solutions for the greater Darwin region. The AROWS project, at circa \$1 billion, is one of the biggest capital projects contemplated in the history of Power and Water and the NTG.

A secure and reliable electricity supply is also vital to NT Growth. In its Darwin-Katherine Electricity System Plan the NTG has set out a vision for more renewables and a stronger transmission system. Department of Industry, Tourism and Trade are progressing a business case for a renewable energy hub in or near Darwin, accommodating almost 200 MW of new generation. The hub will feature large scale solar and battery storage, and will connect to the existing Darwin-Katherine transmission network. We are also looking to establish two new urban districts/industrial hubs in Holtze-Kowandi and Middle Arm, designed to attract new industries and major employers to the Territory.

2.7 Smarter water use

NT population growth requires smarter water use, including supply and demand management and higher water awareness. Customers' general perception is that water is in abundance but some water sources are reaching the edge of sustainable limits.

We will therefore build water supply awareness and conservation advice into our communications and customer experience strategy. New technology/solutions being explored (e.g. new harvest areas) innovative catchments, aquifer recharge, and moving towards a whole-of-water life cycle approach to water use. We will also investigate water tariff structures and ways of using price signals to influence consumption.

2.8 Water quality in remote areas

Remote water quality requires improvement, with potential for spot contamination in some parts of our regional community. Improving access to clean drinking water and achieving an equitable level of water quality between urban and remote regions is a priority for our business.

A target program of investment to improve water quality and safety, and maintain compliance thresholds is being developed and must be fully funded to mitigate health risks.



2.9 Gas opportunities

The transition from thermal generation toward renewable energy sources, will significantly reduce overall gas demand in the generation sector. We are investigating opportunities to use contracted gas supply for other sales opportunities as they can be developed to support the NT economy.

2.10 Securing long-term gas supply for the NT

New energy intensive industries require long term gas supply to underpin viability. Power and Water's unique role supplying gas for the NT has come with a key enabling role in driving economic growth in Australia's north, as outlined in the 'Our North, Our Future' strategic white paper.

2.11 Hydrogen and renewable gas technologies

A number of decarbonisation opportunities are being explored, including hydrogen as a fuel source. Interest in hydrogen and green ammonia is dramatically increasing, especially from land-poor Asian nations with high energy needs. The NT is well positioned to be a hydrogen exporter, if the technology is adopted at scale.

Over the coming years we will continue to monitor hydrogen and renewable technology and Government policies, to help make sure we are best placed to take advantage of this exciting new sector for the benefit of all Territorians.

2.12 Climate change

Utilities face the highest combined physical risk from climate hazards like water stress, storms and bushfires. Extreme weather events are likely to become more frequent and intense as a result of rising temperatures, increasing the physical and financial impacts. Ensuring the climate resiliency of infrastructure is critical to limiting impacts.

Managing the use of natural resources, particularly water, is imperative in meeting customer expectations, but this impacts Power and Water's traditional business model. We are therefore seeking ways to enhance security of supply, as well improve the robustness of our forecasting methodologies to account for long and short-term climate impacts. By improving the quality of our data and forecasting capabilities, we can improve the quality of our investment decisions and help keep costs down.





3. Strategy

At Power and Water, employees work hard every day to keep the lights on, the water running and gas supplies flowing. It is what we do as an essential services provider that **makes a difference to the lives of Territorians**. This not only conveys the critical nature of the foundational services that are provided, but it speaks to the important role Power and Water plays in growing and enabling a vibrant NT.

We have a complex business in an even more complex landscape, and in rapidly changing sectors. The demands are getting greater – from customers, stakeholders, and shareholders. Delivering the future of energy has never been more important than it is today.

Nationally, power prices and future grid readiness are in the spotlight. Locally, the road to renewables and water security are front of mind for all Territorians. This spotlight on the energy and water sectors is the perfect catalyst to further position Power and Water for success, now and into the future. It is this long-term commitment to supporting customers that lies at the heart of Power and Water's operations.

The opportunity to work alongside the NTG to create economic growth and the opportunity to be a business that people feel proud to be a part of, coupled with the new AER regulatory period from 2024 - 29, has led Power and Water to modernise its services and capabilities to meet the opportunities of a growing NT.

We started this evolution a few years ago, reviewing our operating model to position the business for the future. This work will continue over the next six years to improve systems, IT infrastructure and operations, data and records to ensure we have the right capabilities for the future.

Our 2024-2029 Strategic Plan refocuses the business with two goals:

- 1. Modernising our business.
- 2. Embracing a sustainable future with innovation.

Each of these goals are underpinned by three objectives.

The targeted outcome from this Strategic Plan is to demonstrate our people are engaged in the business and are ready to deliver future energy and water solutions. We want to ensure the business operates within its means and drives efficiencies for stakeholders, and is inclusive at its core and actively promotes reconciliation across the NT.

This strategy reflects our vision of being a proud, trusted, modern multi-utility delivering value now and into the future.



2023-24 Strategic Framework



Our purpose is making a difference to the lives of Territorians

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



3.1 Strategic Plan

We released a draft of an enhanced Strategic Plan on 11 November 2022 informing the Corporation's planning cycle to align and focus on the two strategic goals. The intent of this business planning alignment is to ensure a clear and defined position on our commitment to modernising our business to embrace a sustainable future. Connecting the organisation to targeted goals and objectives, will enable and strengthen business priorities, focus on improving the services and experiences for our customers, the community and the NT Government as our shareholder.

The table below identifies the actions for the 2023-24 planning period.

Table 3.1: Strategic Plan initiatives and actions

Go	Goal: Modernising our business						
Obj con	jective: Delivering sustainable value safely and reliably for our customers and nmunity	Start	Finish	Accountability			
Init ma	iative: Achieve industry best practice results from completion of enhanced safety nagement systems and processes.	Q1 FY24	Q4 FY29	Deputy CEO			
202 •	23-24 action/s: To successfully develop a work, health and safety (WH&S) management system to improve performance, enhance standards and processes to reduce risks.	Q1 FY24	Q4 FY29	Deputy CEO			
Init five	iative: Develop and implement an enhanced customer strategy by 2024, with all e year targets achieved by no later than 2029.	Q1 FY24	Q4 FY29	EGM CSR			
202 •	23-24 action/s: Develop a customer experience strategy and plan that will create meaningful and positive interactions with our customers that is seamless and personalised.	Q1 FY24	Q4 FY24	EGM CSR			
•	Approval of the business case and implementation of the customer experience strategy and plan that will deliver seamless, positive, and meaningful experiences with our customers.	Q4 FY24	Q4 FY29	EGM CSR			
Init sus	iative: Strengthen our operational and commercial performance to deliver tainable value to our customers and shareholder.	Q1 FY24	Q4 FY29	CFO			
202 •	23-24 action/s: Strengthening Finance Business Partner role to move from transactional support to advisory.	Q1 FY24	Q4 FY25	CFO			
•	Improve investment decision making to enable a commercial return.	Q1 FY24	Q4 FY25	CFO			
•	Recovery of unfunded and underfunded services.	Q1 FY24	Q2 FY`27	CFO			
Obj	jective: An empowered and high performing workforce.	Start	Finish	Accountability			
Init per	iative: Develop and embed contemporary people and culture practices that lift our formance into the top quartile of benchmarked organisations by 2029.	Q1 FY24	Q4 FY29	Deputy CEO			
202 •	23-24 action/s: Develop an Employee Engagement Strategy to achieve improved outcomes relating to talent, operations, customer and finance.	Q1 FY24	Q4 FY25	Deputy CEO			



		Start	Finish	Accountability
Init out	iative: Achieve top quartile organisational culture and effectiveness results for comes and cooperation across Power and Water by 2029.	Q1 FY24	Q4 FY29	Deputy CEO
202	3-24 action/s:			
•	Develop Enterprise Culture Plan to align people, capacity and capability to deliver on our organisational priorities.	Q1 FY24	Q4 FY24	Deputy CEO
Obj and	ective: Successful investments in core systems and capability to improve efficiency value of service.	Start	Finish	Accountability
Init	iative: Achieve industry standard benchmarked operating and service performance			
-	upgrade data governance and processes including investment in new ICT platforms.	Q1 FY24	Q4 FY27	EGM CO
202	3-24 action/s:			
•	Uplift Power and Water's Data governance maturity to achieve improved data insights.	Q1 FY24	Q4 FY24	EGM CO
•	Uplift quality and currency operational technology data.	Q1 FY24	Q4 FY27	EGM CO
Init	iative: Achieve industry standard benchmarked operating and service performance			
-	centralising common functions where appropriate, replacing outdated systems and pursuing better operational practices.	Q2 FY22	Q4 FY28	EGM CSR
202	3-24 action/s:	02 5/22	0451/24	ECM CCD
•	Deliver the Meter to Cash Project.	QZ FYZZ	Q4 FY24	EGIVI CSK
•	Deliver NT Electricity Market Settlements Project.	Q1 FY23	Q2 FY24	EGM CSR
•	Deliver the Market Interaction Enablement Project (Australian Energy Market Operator Market Settlement and Transfer Solution).	Q1 FY23	Q4 FY24	EGM CSR
•	Deliver the Physical to Financials Project.	Q3 FY24	Q2 FY25	EGM CSR
•	Deliver a process and organisational changes for the Procurement Framework and the business operational model changes.	Q1 FY24	Q2 FY26	EGM CSR
•	Integrated Works Management Program: Stream-line works delivery planning and scheduling processes and align business structure to the future state business architecture.	Q2 FY23	Q2 FY25	EGM CSR
•	Align business structure and processes to the future state of the operating model for Metering.	Q3 FY23	Q4 FY24	EGM CSR
•	Align business structure and processes to the future state operating model for Capital Project Management.	Q3 FY23	Q3 FY25	EGM CSR



Goal: Embracing a sustainable future with innovation						
Objective: Structuring, facilitating and enabling infrastructure and innovations that						
- renewable energy transition; and	Start	Finish	Accountability			
 achievement of economic growth targets. 	1					
Initiative: Successfully complete our role in supporting the execution of NTG's 50% renewables by 2030 target.	Q1 FY24	Q4 FY29	EGM PS			
2023-24 action/s:						
Efficiently redesign and scale up the energy system to unlock small and large scale renewables to create a resilient network.	Q1 FY24	Q4 FY29	EGM PS			
Initiative: Deliver electricity market reforms to ensure the energy market readiness sought by NTG.	Q3 FY23	Q3 FY26	EGM CO			
2023-24 action/s:						
 Amending the Regulatory Codes to deliver the interim and priority reform decisions of the government. 	Q3 FY23	Q1 FY26	EGM CO			
• Undertake power system analysis and planning to ensure the secure operation of the power system.	Q3 FY23	Q1 FY25	EGM CO			
• Develop forecasting and dispatch systems for System Operations to ensure the safe, secure and reliable operation of the power system.	Q3 FY23	Q3 FY26	EGM CO			
• Managing the renewables integration to develop an integrated whole of business strategic plan.	Q3 FY23	Q3FY24	EGM CO			
Initiative: Deliver key strategic water infrastructure projects on budget and on time, including Manton Dam return to service and others within our direct accountability.	Q1 FY24	Q4 FY29	EGM WS			
2023-24 action/s:	01 EV24	04 5220	ECNANAS			
• Support NTG with the Adelaide River Off-stream Water Storage (AROWS) project.	QI FT24	Q4 F129	EGIVI VVS			
Deliver and operationalise the Manton Dam Return to Service project.	Q2 FY23	Q3 FY26	EGM WS			
Initiative: Secure sustainable gas supply aligned with NT Government energy objective.	Q1 FY24	Q4 FY29	EGM GS			
2023-24 action/s:	01 EV24	04 EV26	EGM GS			
Grow and secure gas infrastructure.	QITTZ4	0,1120	Edim 05			
• Secure large scale gas supply in the short term and to meet long-term demand	Q1 FY24	Q3 FY30	EGM GS			
Objective: Proactively adopting government policy for a clean and secure future.	Start	Finish	Accountability			
Initiative: Execute an engagement program to advocate for improved customer, business and stakeholder outcomes.	Q1 FY24	Q2 FY28	EGM CSR			
2023-24 action/s:						
Develop an integrated engagement Framework to better understand the needs and expectations of customers, business and stakeholders	Q1 FY24	Q4 FY24	EMG CSR			
Deliver the engagement program within the developed Framework to advocate for improved customer, business and stakeholder outcomes.	Q4 FY24	Q4 FY29	EGM CSR			



Go	al: Embracing a sustainable future with innovation			
Obj	ective: Proactively adopting government policy for a clean and secure future.	Start	Finish	Accountability
Init eng Cor	iative: Develop and deliver economic regulatory proposals reflective of the agement programs and approved by Australian Energy Regulator, Utilities nmission and Department of Treasury and Finance.	Q1 FY24	Q4 FY29	EGM CSR
202	3-24 action/s:	01 EV24	04 EV24	FGM CSR
•	Deliver the 2024-29 Australian Energy Regulator (AER) Network Revenue proposal.	QITIZ	0,41124	LOWICSK
•	Develop and deliver the 2024-27 NT Electricity System and Market Operator (NTESMO) Revenue Proposal.	Q1 FY24	Q2 FY25	EGM CSR
•	Develop a long term water and sewerage economic model to support the development of an economic regulatory framework.	Q1 FY24	Q4 FY29	EGM CSR
Init	iative: Partner with government departments to enable a clean and secure future.	Q1 FY24	Q1 FY29	Deputy CEO
202	3-24 action/s:			
•	Develop a Decarbonising and Environmental Efficiency Plan to achieve NTG environmental targets.	Q1 FY24	Q4 FY26	Deputy CEO
•	Maintain and improve Decarbonisation and Environmental Efficiency targets through implementation of the roadmap.	Q1 FY27	Q4 FY29	Deputy CEO
Init imp	iative: Protect critical infrastructure of assets from security and cyber threats to rove business resilience.	Q1 FY24	Q4 FY29	EGM CO
202	3-24 action/s:			
•	Implement the agreed Cyber Security framework to improve resiliency and reduce risks by improving the organisational security posture.	Q1 FY24	Q2 FY28	EGM CO
•	Review and implement the Security of Critical Infrastructure (SoCI) Risk Management Program.	Q1 FY24	Q2 FY25	Deputy CEO
•	Ensure the ongoing and effective delivery of services by managing the physical security risks of corporate sites.	Q1 FY24	Q4 FY29	CFO
Obj	ective: Partner with customers and stakeholders to create innovative solutions.			
Init our	iative: Develop and implement innovations that emanate from consultations with customers, communities, stakeholders and regulatory approvals.	Q1 FY24	Q4 FY29	Deputy CEO
202	3-24 action/s:			
•	Develop and build stronger stakeholder relationships and grow shared understanding to be trusted partners with Government.	Q1 FY24	Q4 FY26	Deputy CEO
•	Strengthen our major partnerships and community grants program to drive improved customer experiences aligned with our purpose of making a difference to the lives of Territorians.	Q1 FY24	Q4 FY26	Deputy CEO
•	Support effective communications and engagement for major projects to build customer awareness and understanding and support program delivery.	Q3 FY22	Q4 FY29	Deputy CEO
Init	iative: Deliver Reconciliation Action Plan.	Q1 FY24	Q4 FY29	Deputy CEO
202	3-24 action/s:	01 EV24	02 5226	Deputy CEO
•	Deliver all activities in 2023-25 Reconciliation Action Plan.	Q11124	Q21120	



Financial information, risks, and key metrics



4. Key performance indicators

Our key performance indicators (**KPIs**) for the SCI period are shown in the following table. The definitions that relate to each are provided in the following section.

КРІ	Reporting frequency	Measure	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Long term
									Target
Delivering sustainable valu	ue reliably a	nd safely fo	r our cust	omers an	d commu	nity			
Total recordable injury frequency rate	Monthly	#	<5.25	<4.75	<4.50	<4.00	<3.50	<3.00	0
Customer satisfaction index	Bi-annually	%	≥74	≥76	≥78	≥80	≥80	≥80	≥80
System average interruption duration index (SAIDI)	Monthly	minutes	≤175.1	≤175.1	≤175.1	≤175.1	≤175.1	≤175.1	≤150
System average interruption frequency index (SAIFI)	Monthly	#	≤2.6	≤2.6	≤2.6	≤2.6	≤2.6	≤2.6	≤3
Average duration of unplanned water supply interruptions	Monthly	minutes	≤120	≤120	≤120	≤120	≤120	≤120	≤120
Return on Capital Employed	Monthly	%	≥3.0	≥4.0	≥5.0	≥6.0	≥6.7	≥6.7	≥6.7
Funds from operations to Debt	Monthly	%	≥12	≥12	≥12	≥12	≥12	≥12	≥12
Debt to Equity	Monthly	#	<1.5	<1.5	<1.5	<1.5	<1.5	<1.5	<1.5
Return on Assets	Monthly	%	≥0.5	≥1.0	≥1.5	≥2.0	≥2.5	≥3.0	≥4.7
EBIT Margin	Monthly	%	>10	>15	>18	>20	>20	>20	>20
An empowered and high p	erforming w	vorkforce							
Employee engagement	Biennially	%	53-70	N/A	53-70	N/A	70-100	N/A	70-100
				Modera	te Zone		т	Cop Quartil	e
Structuring, facilitating and enabling infrastructure and innovations that support the: - renewable energy transition; and - achievement of economic growth targets									
Delivery of renewable energy projects into remote communities within agreed timeframes	Quarterly	%	>90	>90	>90	>90	>90	>90	>90
Generator connections to the electricity system within NT NER timeframes	Monthly	%	>90	>90	>90	>90	>90	>90	>90

Table 4.1: Our KPIs for the SCI period



КРІ	Reporting frequency	Measure	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Long term Target
Manton Dam / Strauss project delivered on time and on budget	Quarterly	%	>90	>90	>90	N/A	N/A	N/A	>90
Proactively adopting government policy for a clean and secure future									
Environmental significant incidents	Monthly	#	0	Environmental Impact Index to be introduced in 2024-25					
Partner with customers and stakeholders to create solutions									
Corporate reputation index	Annually	#	≥6.2	≥6.4	≥6.6	≥6.8	≥7.0	≥7.0	≥7.0
Aboriginal employment	Monthly	%	11.7	12.5	13.0	13.5	14.0	14.5	16.0

4.1 Key performance indicator definitions

- Total Recordable Injury Frequency Rate (TRIFR): Measures how frequently significant work-related injuries or illnesses are occurring. TRIFR is calculated by the number of Lost Time Injuries (LTI), Restricted Work Injuries (RWI) and Medical Treatment Injuries (MTI) per million hours worked over a rolling 12-month period.
- **Customer satisfaction index:** Percentage of customers with an overall satisfaction rating of satisfied or very satisfied (7+ out of 10). Customer satisfaction research covers major centres (including Darwin rural) based on a random sample of total customer population.
- System Average Interruption Duration Index (SAIDI): Rolled up regulated system measure based on feeder category distribution reliability targets set by the Utilities Commission for the 2019-24 regulatory period. Targets for the 2024-29 regulatory period will be applied when available. The long term target reflects the acceptable level set by the Power and Water Board.
- System Average Interruption Frequency Index (SAIFI): Rolled up regulated system measure based on feeder category distribution reliability targets set by the Utilities Commission for the 2019-24 regulatory period. Targets for the 2024-29 regulatory period will be applied when available. The long term target reflects the acceptable level set by the Power and Water Board.
- Average duration of unplanned water supply interruptions: Average duration of unplanned water supply interruptions in Darwin (12 month rolling average).
- Return on capital employed (ROCE): ROCE = EBIT / Capital Employed. EBIT = Taxed earnings before interest and tax adjusted for non-cash impairments and depreciation calculated using Fair Value for asset valuations. Capital Employed = Equity + long term liabilities.
- Funds from operations (FFO) to Debt: FFO to Debt = Operating Cashflows / (Term debt + Current debt).
- **Debt to equity:** Debt to equity = (term debt + current debt) / equity.
- Return on assets (ROA): ROA = (NPAT / average total assets) * 100.
- **EBIT Margin:** EBIT Margin = EBIT excluding Impairment / Revenue.



- Overall Employee Engagement Score: The level of favourable engagement for employees based on survey respondents measured biennially utilising the Kincentric methodology (previously known as AON Hewitt).
- Delivery of renewable energy projects into remote communities: Timeliness of connecting renewable energy projects in remote communities, measured by average variance to agreed business case timeframes. Schedule variance tolerance of 10% is aligned with Enterprise Portfolio Management Office (EPMO) guidelines.
- Generator connections to the electricity system comply with NT NER timeframes: Timeliness of generator connections, measured by average variance to required timeframes, with 100% compliance under the NT National Electricity Rules (NER) Chapter 5 (Transmission Connections) and 5A (Distribution Connections) obligations and construction schedule variance tolerance of 10% aligned with EPMO guidelines.
- Manton Dam / Strauss project delivered on time and on budget: Measured by forecast completion cost as a proportion of approved business case budget and timelines.
- Environmental significant incidents: Measured by the number of environmental incidents that result in serious, irreversible environmental harm or prolonged adverse media attention and/or community condemnation.
- **Corporate reputation index:** Assessment of Power and Water's reputation score based on annual customer and brand survey.
- **Aboriginal employment:** Percentage of employees identifying as Aboriginal (including permanent, fixed term and hosted trainees and apprentices, excluding contractors) as at 30 June each year.



4.2 Fiscal strategy targets

The NTG Fiscal Strategy Panel developed a plan for budget repair over the medium term implementing key fiscal targets that focused on ensuring government operates within its means, including GOCs.

4.2.1 Revenue and operating expenditure growth

- **Target:** Ensure operating expenditure growth does not increase at a greater rate than operating revenue growth
- Test: Operating expenditure growth <= Revenue growth
- Where: Operating expenditure growth = Opex t1/Opex t0, Revenue growth = Revenue t1/Revenue t0

Power and Water Corporation (excl. IES)	2023-24 to 2026-27 FY24 SCI	2022-23 to 2025-26 FY23SCI
Revenue	18 %	24 %
Operating expenditure	5 %	16 %
Target met	Yes	Yes

Note: Operating expenses exclude depreciation, impairments, interest and tax expenses

4.2.2 Debt to equity ratio

- Target: Debt to equity ratio maintained or improved over the SCI period
- Test: Debt to equity ratio in t1 <= Debt to equity ratio in t0
- Where: Debt to equity ratio = gross debt / equity

Power and Water Corporation (excl.	2022-2023	2023-2024	2026-2027	Target met
IES)	FY23 SCI	Budget	Projection	
Debt to equity	1.0	1.0	1.0	Yes

Note: Gross debt = total borrowings and loans. End of financial year values are to be used.

4.2.3 Controllable costs (less energy costs)

• Target: Controllable costs are maintained or reduced over the SCI period

• Test: Controllable costs in t1 <= Controllable costs in t0

Power and Water	2022-2023	2023-2024	2026-2027	Target met
Corporation (excl. IES)	Budget	Budget	Projection	
Controllable costs (\$M)	214	232	249	No

Note: Controllable costs = total operating expenses less cost of sales, depreciation, impairments, interest and tax expenses.



4.2.4 Dividends paid

- Target: Dividends paid/payable greater than zero
- Test: Dividends forecast to be paid in each financial year as per cash flow statement > 0

Power and Water	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	Target met
Corporation (excl. IES)	Budget	Budget	Projection	Projection	Projection	
Dividends paid (\$M)	2	2	8	27	29	Yes

Reference Periods

t1 = Final financial year of the SCI period (2026-27)

t0 = First SCI financial year (2023-24)



5. Financial projections

5.1 2022-23 forecast vs budget

For the purposes of preparing this SCI, the 2022-23 forecast was based on December 2022 actual results. To this end, Power and Water's underlying earnings before interest, tax, depreciation and amortisation (**EBITDA**) is forecast to exceed its 2022-23 budget of \$184.7 million in 2022-23.

A revenue increase of \$17.5 million (3%) is due to higher developer contributions, gifted assets and gas sales.

Operating expenditure is forecast to be \$2.6 million (1%) higher due to a decrease in overhead recovery to capital partially offset by lower personnel and gas purchases.

Capital expenditure in 2022-23 is forecast to be underspent against budget by \$73.3 million (31%). This underspend is across all business units and is due to a variety of factors including change in project scope, rescheduling and land tenure issues.

5.2 2023-24 budget plus 2024-29 projections

Our key financial metrics in terms of EBITDA and Net Profit After Tax (**NPAT**) continue to trend up across the SCI period.

(\$M)	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Gas Services	253.7	258.8	348.0	364.8	373.8	372.9	380.0	407.6
Water Services	214.6	218.0	230.7	242.8	248.5	256.8	263.0	271.5
Power Services	160.8	170.7	174.5	200.8	223.5	248.8	273.4	286.5
Core Operations	20.0	17.5	19.4	34.0	34.1	35.6	43.5	42.8
Corporate	8.9	10.4	11.3	11.5	11.7	11.8	11.9	12.2
Total	658.0	675.5	783.8	853.9	891.5	925.8	971.7	1,020.6

5.3 Revenue

Power Services' projected revenues under the AER's current regulatory determination covers the five-year period to 2023-24. Under the AER regime, total electricity revenues collected across the full regulatory period (2019- 24) must not exceed allowances determined by the AER. Where actual revenues received are higher than allowed, future years' revenue are set to lower levels to compensate. Power Services' revenue for the remainder of the current determination period have been adjusted to reflect this.

The 2024-25 to 2028-29 years are based on the forecasts developed for and closely align to the 2024-29 regulatory proposal submitted to the AER in January 2023. The 2024-25 SCI will reflect the AER's final decision.

Core Operations revenues include estimated tariff revenue recoveries which are designed to offset expenditures currently being incurred in relation to NTEM activities. Activities are presently being



undertaken to negotiate, establish and secure these revenue streams. However, it has been assumed that cost recovery will begin in 2024-25, pending a successful funding submission process.

Water Services' projected revenues are commensurate with projected Consumer Price Index (**CPI**) forecasts and hence an increase in tariffs. Consumption is forecast to increase significantly from 2025-26 driven by increased demand from large industrial projects and supported by new supply as Manton Dam is returned to service.

(\$M)	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Gas Concession	14.4	14.4	14.4	0.0	0.0	0.0	0.0	0.0
Pensioner and Carer Concession	4.3	4.3	4.8	5.0	5.1	5.2	5.4	5.5
Uniform Tariff Concession (Water)	7.5	7.5	8.1	8.4	8.6	8.8	9.0	9.3
Jabiru Concession	1.9	3.0	3.1	3.0	3.0	3.0	3.0	3.1
Total	28.1	29.3	30.3	16.5	16.8	17.1	17.4	17.8

5.4 Community service obligations (CSO)

The SCI assumes CSO funding for the Uniform Tariff Concession and Pensioner and Carer Concession schemes along with specific initiative-related concessions for costs incurred for supply and operation of the Jabiru electricity network. In addition, a CSO related to gas pricing and transportation costs will continue for 2023-24. Power and Water notes that where it is required to undertake works in relation to renewable generation connection it intends to seek funding sources for these works.

5.5 Corporate Sponsorships and Social Programs

The SCI includes \$175,000 annually for major partnerships, sponsorship and community grants. These are awarded annually and are aligned with Power and Water's purpose of making a difference to the lives of Territorians. In addition Power and Water also provides in kind support to community events through the provision of water refill stations and refresh tent.



5.6 Operating costs

(\$M)	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Gas Services	259.7	250.1	324.8	336.2	342.0	338.7	345.0	354.6
Power Services	57.1	75.8	67.0	67.9	70.4	73.0	74.9	74.5
Water Services	62.4	67.0	68.4	70.5	71.7	76.4	79.8	79.2
Core Operations	39.1	29.7	43.0	42.5	42.9	43.9	45.5	45.5
Corporate	123.9	110.0	128.7	131.2	127.6	126.3	123.4	119.9
Total Controllable OPEX	542.3	532.6	631.9	648.3	654.6	658.3	668.5	673.7

Note controllable costs excludes intra-entity allocation and overhead recovery

At a business-wide level, our forecast FY23 controllable costs are below FY23 budget. This is mainly due to lower gas purchases, professional and personnel costs. The centralisation of asset management and works management capabilities from Power Services and Water Services into Core Operations is forecast to be completed by the end of FY23. The change in timing of this movement has resulted in a variance in Power Services and Core Operations cost from budget. Additionally, Power Services has performed more Alternative Control Services (**ACS**) work than budgeted resulting in higher ACS cost and revenue.

Both Power Services and Water Services costs are stable across the forward years. Power Services' costs include the impact of AER determinations on efficient cost levels across the regulated electricity business.

Personnel costs are increasing significantly from published SCI levels. This revised outlook is contingent on the outcome of new Enterprise Agreement (EA) negotiations, namely the adoption of a 3% per annum increase in wages and allowances from the nominal expiry of the previous agreement.

We will continue to invest in our employees and build core business capabilities. However, there are major reform programs that require short term specialist capabilities to ensure successful delivery. Professional fees are forecast to peak in 2023-24 at \$45.1 million before reducing over the remaining SCI period to \$27.5 million in 2028-29. Reflecting the ongoing efforts in NTEM reform, managing the Operating Model implementation of an updated Meter to Cash platform and preparing the 2024-29 regulatory submission and undertaking the associated consultation.

Information and communications technology (**ICT**) costs are anticipated to be higher than historic trends, driven by the need to establish ICT architecture to support the ongoing Operating Model transition and continued efforts in NTEM market reform and transition to renewable energy integration.

5.7 Cash flow and borrowings

Excluding the impact of Government capital grant funding, operating cash flow is forecast to grow from \$143.0 million in 2022-23 to \$256.9 million in 2028-29. Cash outflows from investing activities will peak in 2024-25 at \$353.8 million as we complete works on the Manton Dam Return to Service project whilst also completing a number of Operating Model improvement projects.

Total borrowings, which are forecast to below budget at \$1.19 billion as at 30 June 2023 are expected to increase to \$1.78 billion during 2028-29. This increase in borrowing reflects a number of strategic drivers that are decreasing the free cash flows of the organisation over SCI projections as well as the long term



growth trajectory of the balance sheet of the business, evidenced by a stable debt to equity ratio over the same period.

A spike in capital investment related to the completion of the Power Services' capital program reflective of the 2019-24 regulatory determination, as well as increased investment in Power and Water's billing and market management systems, are key drivers of this movement with the recovery of this expenditure spread over future periods.

(\$M)	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Power Services	104.2	79.7	117.1	132.5	112.7	99.5	107.6	93.3
Water Services	63.3	50.1	94.5	190.8	83.6	77.9	112.6	111.9
Gas Services	1.3	0.0	0.9	0.0	0.0	0.0	0.0	0.0
Operating Model	27.1	20.6	16.9	12.3	13.4	6.0	2.1	0.0
Corporate	10.7	6.3	11.8	12.0	13.7	13.1	85.1	125.0
Core Operations	31.3	7.6	14.5	16.1	20.1	16.4	8.2	6.7
Total	237.7	164.5	255.6	363.8	243.5	212.9	315.5	336.9

5.8 Capital investment program

Our capital investment program is estimated to be \$1.9 billion from 2022-23 to 2028-29. Investment in the energy network and water and sewerage infrastructure over the SCI period is driven by asset replacement, service reliability, business efficiency and demand growth. Growth in the Power Services' capital program has been driven by zone substations upgrades.

This capital investment program projection includes externally funded projects – Powerline Undergrounding, Manton Dam Return to Service and Strauss Water Treatment Plant Stage 1 - totalling approximately \$284 million, which are neutral to the business in relation to cash flow and largely neutral in relation to net asset position over the SCI period.

We are focused on preparing for the future and have developed initiatives aimed at leveraging the significant synergies available as a government owned utility service provider of gas, water, sewerage and power services.

The increasing impact of renewables on the supply of essential energy and water and sewerage services to the NT requires careful planning and investment.

Reorganising the business structure, replacing end-of-life systems and streamlining processes will enable better delivery of value to customers and the shareholder. This is a significant and complex multi-year program designed to address regulatory compliance requirements, government economic initiatives and to realise future cost savings. We are also implementing a centralised asset management framework, works management, and capital delivery capabilities within our Core Operations business unit. This will assist prioritisation of capital spend and incorporate a team focussed on planning and actively monitoring major capital delivery.



6. Key assumptions

This section provides an overview of assumptions that underpin our forecasts included in this SCI.

6.1 Overarching assumptions

6.1.1 CPI

Table 6.1: CPI assumption summary

Use	Index	2023-24 CPI %	2024-25 CPI %	2025-26 CPI %	2026-27 CPI %	2027-28 CPI %	2028-29 CPI %
Regulated Power Services Revenue Escalation	8 Capital Cities – AER Glide-path Methodology	7.8	2.9	2.9	2.9	2.9	2.9
Water Services Revenue Escalation	Darwin – Prior Calendar Year	2.7 ¹	4.4	2.3	2.3	2.5	2.5
Operating and Capital Expenditure Inflation	Darwin – Financial Year	2.5	2.1	2.4	2.5	2.5	2.5

1. Reflects 2023-24 pricing order.

The weighted average of the eight capital cities CPI forecast is sourced from the Reserve Bank of Australia (**RBA**) November 2022 Statement on Monetary Policy. The Darwin CPI forecast is sourced from the 2022-23 Mid-Year Report published by the Northern Territory Department of Treasury and Finance (**DTF**) in December 2022. DTF has forecast Darwin CPI will subside at a faster pace than elsewhere in Australia due to a lower increase in electricity prices compared to consumers connected to the NEM.

The FY24 Regulated Networks Revenue calculation uses the CPI of the weighted average of the eight capital cities for the calendar year 2022. Revenue escalation from FY25 onwards will closely align with the 2024-29 regulatory proposal submitted to the AER in January 2023 which utilises the AER glide-path methodology.

Water and sewerage prices are regulated by the NTG through a pricing order issued by the Treasurer. The water and sewerage escalation for FY24 reflects the proposed pricing order for 2023-24. Revenue from FY25 onwards will be escalated by forecast Darwin CPI for the prior calendar year.

Operating and capital cost escalations are based on contractual or employment obligation where applicable. Where no mandated escalations exist, Darwin CPI movements have been used.

6.2 Demand for our services

6.2.1 Electricity demand

The forecast energy consumption to be included in the table below will reflect Power and Water's 2023-24 Annual Network Pricing Proposal due to be submitted to the AER on 31 March 2023. It closely aligns with the forecast for Standard Control Service revenue included in the income statement. Consumption forecasts for the outer years also closely align to our initial regulatory proposal submitted to the AER in January 2023.



Table 6.2:	Annual Energy Consumption Forecast (GWh) – Regulated Network*
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Year	Total	Darwin-Katherine Interconnected System	Tennant Creek	Alice Springs
2022-23	1,647.0	1,423.0	26.4	197.6
2023-24	1,702.3	1,470.8	27.2	204.3
2024-25	1,760.2	1,520.9	28.2	211.2
2025-26	1,769.7	1,529.1	28.3	212.4
2026-27	1,770.9	1,530.1	28.3	212.5
2027-28	1,758.0	1,518.9	28.1	211.0
2028-29	1,736.5	1,500.4	27.8	208.4

* Consumption figures reflect forecasts as at March 2023

The forecast energy consumption included in the table below reflects our non-regulated networks. This covers the three retailing centres, eight minor centres and all IES communities. The consumption forecast reflects a minor, but stable growth rate of just above one percent per annum based on trends identified through trailing averages over the last five years.

This trend has continued through the first half of 2022-23 financial year. All non-regulated areas saw consumption reduce through the COVID-19 global pandemic, specifically Yulara and Kings Canyon communities saw significant reductions due to reduced tourism. Power and Water is expecting to see an increase in activity due to the ongoing economy recovering since the removal of the COVID-19 restrictions.

Year	Total	Northern Region	Katherine Region	Barkley Region	Southern Region
2022-23	171.3	77.7	31.0	9.3	53.2
2023-24	172.9	77.9	31.4	9.6	54.1
2024-25	174.6	78.2	31.7	9.8	54.9
2025-26	176.3	78.5	32.0	10.0	55.7
2026-27	178.1	78.8	32.4	10.3	56.6
2027-28	179.9	79.1	32.7	10.6	57.5
2028-29	181.8	79.5	33.1	10.9	58.4

 Table 6.3:
 Annual Energy Consumption Forecast (GWh) – Non-Regulated Network*

* Consumption figures reflect forecasts as at March 2023

6.2.2 Renewable energy integration

As the Network Provider, Market Operator and Power System Controller, we facilitate the connection and dispatch of large renewable generators to the power system and play a significant role in enabling the NTG's 50 per cent renewable target by 2030.

Estimates suggest there will be 69MW of large-scale renewable generation connected to the network over the coming 12-15 months, which is in addition to approximately 92MW of small scale (behind the meter) rooftop solar PV currently installed and increasing at around 1.4MW per month. By the end of 2022-23 the Darwin – Katherine grid is anticipated to have as much as 160MW of solar generation. This contrasts with



an average dry season demand of 136MW, which has dropped to as low as 65MW (July 2022). This will have significant impacts on system stability, security and reliability. Power and Water will leverage the Alice Springs Future Grid project to investigate opportunities for Distributed Energy Resources.

The forecast increase in demand for renewable connections is largely driven by the NTG renewables target, general evolution of the industry and the penetration of behind the meter rooftop solar PV. This growth was not anticipated at the time of submitting the AER regulatory proposal or included in the System Control charges approved by the UC and is therefore currently unfunded.

We have obligations in the System Control Technical Code, Network Technical Code and the NT NER to process connections of new facilities and to maintain system security and reliability. These obligations necessitate the commitment of operating and capital costs to respond to the changing dynamics and requirements of the power system DITT published a high-level Darwin–Katherine Electricity System Plan in October 2021, which highlights the potential capital investment trajectory to meet the renewables target. Of note, is the proposed development and connection of a renewable energy hub by the end of the planning period. It is anticipated that we, as the Network Provider will be accountable for the connection of this service, which is anticipated to cost approximately \$200 million. Similarly, the plan highlights the need for 105MW of High-Spec Security Batteries. The Renewables Hub will also potentially entail significant regulatory amendment to underpin its development and function, the design and funding model for which has yet to be determined by the NTG. Crucially, the plan states that it has not considered system strength in detail and underestimates the need to support the power system through the installation of proven technology such as synchronous condensers as has been the case in other jurisdictions like South Australia. It is assumed that we will contribute in some form towards the provision of this service. At this stage there is uncertainty around the obligation, timing, sourcing model and possible cost recovery mechanisms for the requirements under the Plan.

Power and Water has a broad work program to facilitate renewable energy integration. Detailed technical studies have been undertaken to quantify the requirements for frequency related Essential System Services to maintain system security and reliability. Studies pertaining to voltage management and system strength are still required. We are undertaking the development of Transitional Tools (the Capacity Forecast Dispatch System and the Forecast Compliance Tool) to enable the capability to dispatch newly connected and future renewable facilities. The functionality of these Transitional Tools will ultimately be replaced by the Territory Dispatch Engine (TDE) which will enable the co-optimised dispatch of energy and Essential System Services. The delivery of the TDE has been segregated into two phases, the first of which is to deliver renewables integration. The second phase of the TDE is dependent on the outcome of the Northern Territory Government's NTEM Priority Reform Program.

In the interim, prior to the resolution of government policy decisions in respect to the NTEM Priority Reform Program. Power and Water continues to invest in initiatives to facilitate the integration of renewable energy. Power and Water is working with the Northern Territory Government towards a 'fit for purpose regulatory framework' to support the energy transition and future electricity market design or similar. As an example, the current System Control Technical Code has no provision for the dispatch of energy storage systems (batteries) or synchronous condensers despite such facilities being currently developed or being advocated for as critical requirements for the preservation of system security and reliability.



6.2.3 Water demand

Regional growth rates were developed taking into consideration system demand, population growth, natural growth, weather normalisation and demand management initiatives. Weather patterns have been considered for Katherine, Tennant Creek and Alice Springs to align with historical average consumption trends. Weather adjustments for Darwin La Nina weather conditions have been applied and potential impact of COVID-19 recovery.

The table below reflects billable consumption. Water demand management initiatives are primarily focusing on water losses in the distribution system, and it is predicted to have a low impact on consumption levels.

Potential large industrial projects such as the proposed Middle Arm Sustainable Development Precinct have been included in the water consumption forecast, however only at 50% of the forecast growth. This equates to additional demand of over 3.5 gigalitres (**GL**) per annum by 2028-29. The additional demand will be sourced from Manton Dam's return to service. This industrial demand forecast has been informed by the detailed Manton Dam Return to Service Business Case, discussions with NTG and the Middle Arm Sustainable Development Precinct Working Group. Note the Middle Arm project has been included as a contingent project in the January 2023 regulated revenue proposal for our electricity networks, and as such, no regulated funding for the project has yet been approved.

Demand management continues to be instrumental in managing the short to medium term water supply and demand balance in the greater Darwin region. The Manton Dam Return to Service and AROWS projects are primarily to provide future water sources for industry and agriculture. As such, Power and Water will need to continue to undertake demand management to minimise urban water demand. We will continue to target a cumulative reduction of 2.4 GL per annum by 2025-26 in line with the overall NTG Territory Water Plan. The 2.4 GL target ensures that we maintain the current standards of service risk level, it does not improve current risk levels.



Table 6.4:	Annual Water	Consumption	Forecast (ML)
			• • •

Year	Total	Darwin	Katherine	Alice Springs	Tennant Creek
2022-23	48,897	36,060	3,291	8,138	1,408
2023-24	48,970	36,061	3,357	8,144	1,408
2024-25	48,998	36,061	3,380	8,150	1,408
2025-26	50,781	37,814	3,404	8,156	1,408
2026-27	52,241	39,268	3,404	8,162	1,408
2027-28	53,033	40,053	3,404	8,168	1,408
2028-29	53,229	40,244	3,404	8,174	1,408

Note: Annual system production volumes used for water network planning purposes differ from the consumption assumptions above

6.2.4 Katherine PFAS water treatment plant

Successful negotiations with the Department of Defence have resulted in a funding increase of \$8.65 million for the Katherine PFAS water treatment plant. This means the project will now be fully funded by the Department of Defence to a value of \$24.35 million. At the time of writing the SCI the plant is in the final commissioning process and it is to be fully operational in April 2023.

6.2.5 Bringing forward land development

The Department of Infrastructure, Planning and Logistics (DIPL) has secured funding to bring forward land development in the Greater Darwin, Katherine, Tennant Creek and Alice Springs Regions. DIPL has confirmed that \$100 million will be invested in water and sewer infrastructure and \$10M in power infrastructure over the next four years.

Most of these works would likely follow the gifted asset process. Power and Water Corporation will require additional resources to support the NT growth outcomes over the five-year build period.

To demonstrate the increase, in FY21/22 we received \$5.3 million of gifted assets. We foresee DIPL's program will be delivering approximately \$20 million of gifted assets per year over a four year period.

If not resourced there will be significant delays in approvals and acceptance of new assets to support land release.

6.2.6 Electricity, water and sewerage in remote communities

Demand growth forecasts for remote communities serviced by IES reflect natural growth and trend adjustment factors.



Table 6.5: Forecast growth rates for remote electricity, water and sewerage services

Average growth per annum	2022 to 2026
Electricity (kWh)	0.60%
Water (kL)	0.2 %
Sewerage	0.2 %

These growth rates are calculated based on a five-year historical annual growth rate. The calculation is adjusted to align with the 10-year trend lines considering population growth and the NTG's remote housing program.

Due to fluctuations in annual water consumption for remote regions growth rates for water have been calculated based on aligning consumption to the five-year average and applying trend growth where appropriate.

The rates also incorporate the continued implementation of the demand management program as part of the Territory Water Plan. The demand management program under consideration is assumed to be fully funded by the NTG.

6.2.7 Remote Housing Program

IES support the housing program that is predominantly being delivered in the remote communities that are within the IES Service Level Agreement (**SLA**), however the housing program does include housing builds in town camps on reticulated networks and power supply.

Power and Water Corporation and IES are supporting the delivery of the \$1.1 billion NTG housing program which was initiated in 2016-17 and will be delivered through to 2026-27. This housing investment program is aimed at a reduction in overcrowding numbers, which will support improved health outcomes in remote communities.

The program, 'Our Community. Our Future. Our Homes.' is aimed at:

- Reducing overcrowding and improving living conditions
- Local decision making and engagement with communities
- Developing Aboriginal Business Enterprises
- Sustainable local employment
- Economic development

The program provides:

- \$200 million Room to Breathe, increasing living spaces within existing homes
- \$500 million Home build, to build new homes
- \$200 million for preventative repairs and maintenance, to focus on repairing wet areas and health hardware
- \$200 million Government Employee Housing (**GEH**), to expand the program to include options for locally recruited NTG employees in remote areas



The program is additionally supported through \$426 million land servicing funds, to deliver serviced land and essential services infrastructure to support new housing. This includes our \$125 million Headwork's Program.

IES Infill Program

We have a funding agreement worth \$2.5 million over 3 years which commenced in 2022-23 to deliver land servicing and service upgrades (outside of subdivisions) within remote communities to support the program.

With the signing of the National Partnership Agreement with the Federal Government, support will also be provided alongside a \$550 million package across the next four years.

As part of this program, we are responsible for:

- Headworks delivery to support new homes and improvements in NTG Program communities with funding of \$125 million of Headworks infrastructure for 17 communities
- Support planning, design, construction and acceptance of services to new homes for the NTG program through infill works, supporting Homebuild, GEH and other new and replacement works occurring within communities
- Support planning, design, construction and acceptance of services to new homes for the Federal Government program
- Overall assessment and coordination of the program to enable servicing outcomes

6.3 Factors affecting our revenue

6.3.1 CSO

CSO funding is provided for the NT Concession Scheme, regulated retail water tariffs and Jabiru electricity supply. DTF are currently undertaking a review of the water and sewerage CSO. No change to the CSO has been included in the SCI forecast.

CSO funding in 2023-24 of \$14.4 million for legacy contracts entered into by the former vertically integrated Power and Water Corporation that, following structural separation, were deemed to be non-commercial and require CSO funding, including the transport of gas used for power generation.

6.3.2 Electricity network tariffs

Power services in our three largest networks have been regulated under the NT NER and by the AER since 1 July 2019. We submitted our revenue proposal for the period 1 July 2024 to 30 June 2029 to the AER on 31 January 2023, and are awaiting a draft determination in September 2023 and a final determination by April 2024. The AER's determination will ultimately determine the electricity network tariffs we can charge in Darwin-Katherine, Alice Springs and Tennant Creek. Revenue assumptions in this SCI for 2024 onwards are informed by and closely align to the revenue proposal, noting that these numbers are subject to change pending the AER's determinations.

Regulated revenue assumptions for 2022-23 and 2023-24 are based on the AER's 2019 determination, which can be found on the AER website via the following link:

https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/power-and-water-Corporation-determination-2019-24



Power and Water's annual Maximum Allowable Revenue is adjusted each year to reflect the latest forecast and is submitted to the AER in March of each year. The 2023-24 Annual Pricing Proposal will be submitted to the AER by 31 March 2023.

6.3.3 Electricity system control and market operations revenue

The 2023-24 SCI assumes that no additional revenue will be recovered in the current NT Utilities Commission (**UC**) determination period over and above what was approved in 2018 Final Decision (covering the period 1 July 2019 to 30 June 2024.

It assumes that \$38.8 million in costs associated with renewable integration incurred prior to 1 July 2024 which equates to \$20.8 million in revenue that will be unrecoverable in this determination period and absorbed by the business.

The SCI assumes a delay in the commencement of the new tariffs of the next regulatory determination period from 1 July 2024 to 1 December 2024. It is anticipated that tariff increases will return to 1 July from 2025-2026, and the next regulatory determination period will cease on 30 June 2027. This revenue sought through the next determination process will be limited to those costs associated with renewables integration incurred post 1 July 2024 and will exclude costs associated with the NTEM design and implementation. It is assumed that a separate cost pass-through application for NTEM design and implementation costs will be made in 2024-25, with a revenue increase expected in 2025-26.

Approval for the recovery of the costs associated with NTEM design and implementation cannot be sought until the final rules are approved. It is assumed rule changes arising from the Gateway Review to support the NTEM will not be finalised before January 2024.

6.3.4 Other revenue assumptions

- Based on correspondence from the Utilities Commission NTEM design and implementation costs will not be recovered until such time as the rule change to give effect to the design elements are made, which is unlikely to be before January 2024. A separate cost pass-through application will be made in 2024-25, with additional revenue from 2025-26.
- The 2024-27 UC Revenue proposal will seek to recover the costs related to renewables integration incurred post 1 July 2024.
- Renewables integration costs of \$4.8 million were incurred between 2019-20 to 2021-22 and forecast to spend \$34 million in 2022-23 to 2023-24. It is anticipated that \$20.8 million in revenue relating to these costs will be unrecoverable, with the balance (CAPEX return on and depreciation) sought to be recovered in the next determination period. This assumption is based on advice from the Utilities Commission that renewable integration costs in the current period cannot be recovered.
- Assumes depreciation and return on capital of assets (predominantly ICT) as they are developed in line with AER methodology.
- Asset life is determined at five years and nominal weighted average cost of capital (WACC) for return on assets is 5.8%.



6.4 Other factors affecting our business

6.4.1 Operating model

Power and Water continues to focus on implementation of structural and process reforms and ICT core system replacement. Significant progress has been made with the implementation of a Meter to Cash cloud-based billing solution and meter data management system, as well as a cloud-based integration capability that will be production ready in October 2023. This project is also a key enabler for the upcoming NT NER compliance in January 2024. In addition, the Accelerated Strategic Sourcing program phase one and the Health, Safety and Environment, Risk and Compliance, and Incident Management ICT solutions have been completed and the Integrated Works Management component of Organisational Alignment has commenced.

This SCI seeks to further enable additional core system replacements that are no longer fit for purpose to service our customers, business, or regulatory obligations. Power and Water's Financial Management System is over 20 years old and was deprioritised in the last SCI to cater for the acceleration of the Advanced Distribution Management System which was responding to a key business risk of network stability. The business risk has reduced with the implementation plans for the Energy Management System upgrade targeted to commence in 2023 and has created opportunity to bring forward the 'Physicals to Financials' project as well as other key initiatives that enable the foundational capabilities for Power and Water to operate efficiently and prudently both in the short term and in support of greater renewable energy penetration.

Power and Water have focused on ensuring deliverability by phasing major programs and projects across the SCI period whilst ensuring operations are not compromised.

Efficiency realisation for organisational alignment and ICT solutions are projected to produce a net benefit in FTE profile in FY25 with additional incremental efficiencies realised in FY27, FY28 and FY29 pending further ICT solution implementation in those years.

6.4.2 Single site consolidation

Power and Water are in the process of revising its property strategy, specifically in relation to the consolidation of corporate and operational sites in the Darwin region. Costs of \$78.8 million representing the Power Services (Standard Control Services) share of the estimated total costs of \$177 million have been reflected in our 2024-29 regulatory proposal submitted to the AER in January 2023.

6.4.3 Water and Sewerage Economic Regulation and Tariff Reform

In October 2022, the NT Government released a consultation paper on improving economic regulation of water and sewerage services as its first step towards developing a road-map for economic regulatory reform in the water and sewerage sector in the NT, as identified in the Territory Water Plan. It is expected that the Roadmap will be released in 2023 and will outline the timeframes for water and sewerage economic regulatory reform. Power and Water Corporation will continue to advocate for economic regulation and tariff reform.

In FY23 DTF have undertaken a short term financial review of Power and Water Corporation's water and sewerage services. The outcome of the Review is currently unknown, and therefore Power and Water Corporation has not included additional revenue in its forecast.



Additionally, Power and Water will undertake a review of the commercial sustainability of the water and sewerage product lines.

As Power and Water educate and potentially change customer behaviour through the Living Water Smart program, these tariff structures and levels should be reviewed. Given the lack of an economic regulatory framework, it is difficult for Power and Water to understand or actively engage on this topic. Power and Water has recommended that an economic regulatory framework be introduced prior to any significant capital expenditure on Darwin's next water source to ensure that appropriate funding and tariff structures are adopted.

6.5 Other financial assumptions

Indigenous Essential Services (IES) Operations

Whilst Power and Water has committed to financially supporting its fully owned subsidiary, IES, through its parent company guarantee, it is assumed that Power and Water is not required to inject financial support or liquidity to IES throughout the SCI period.

For the purposes of the SCI, it has been assumed that there are no changes to the existing contractual arrangements between the NT Government and IES, notwithstanding the existing agreement expiring on 30 June 2023. It is also assumed that funding is sufficient to deliver on all obligations provided by the Agreement.

For Power and Water Corporation's tax purposes, it is assumed that the corporate activities supplied by Power and Water Corporation to IES are provided at cost.

Power and Water Enterprise Agreement (EA)

The previous EA expired in July 2021 and per the wages policy at the time no increases will be applied to actual wages until renegotiation, currently underway, is completed (which should now occur within 2022-23). The SCI reflects the bargaining position as of March 2023. Key assumptions are:

- A 3% increase is applied per year over the term of the Enterprise Agreement and includes employees on executive contracts at the end of the executive pay freeze
- Annual leave entitlement increases from 5 weeks to 6 weeks
- Superannuation Guarantee increases by 50 bps each financial year as legislated



Significant externally funded capital projects

Powerline Undergrounding and Manton Dam Return to Service projects are funded via a Capital Grant from the Northern Territory Government. Equity Injections are provided to cover Income Tax liabilities payable in the year the Capital Grant is received. Note the Overhead Capitalisation portion of the Manton Dam Return to Service Project is internally funded by PWC.

Externally funded projects are capitalised at zero book value with the Capital Expenditure offset against Grant Revenue.

Project	Total \$M	2023-24 \$M	2024-25 \$M	2025-26 \$M	2026-27 \$M	2027-28 \$M	2028-29 \$M
Undergrounding power project	60.0	10.0	10.0	10.0	10.0	10.0	10.0
Manton Dam Return to Service	224.6	36.8	144.1	43.6	-	-	-
Total	284.6	46.8	154.1	53.6	10.0	10.0	10.0

Borrowing costs

Borrowing costs reflect advice from NT Treasury Corporation ('NTTC') based on the budgeted debt profile and NTTC interest rate projections. Power and Water Corporation are required to align to the NTTC advice for whole of Government Account consolidation purposes.

Dividends

Ordinary dividends are calculated based on 50 per cent of the statutory net profit after tax of the Corporation, with adjustments for material non-cash transactions, including gifted assets, fair value movements in fixed assets and movements in the onerous gas contract provision. The liquidity and capital requirements of the Corporation are also considered.

The Board recommends an ordinary dividend by 31 August of each year. This recommendation is amended or approved by the shareholding minister by 30 September and payment is made by 1 December, in accordance with the *Government Owned Corporations Act 2001*.

The shareholding minister may direct the Board to declare a special dividend, at which point it will be included in the SCI.

Accounting policies

This SCI has been prepared based on accounting policies outlined in the 2021-22 Financial Statements.

Power and Water Corporation does not budget for asset impairment or revaluation. Tax expense is assumed at the corporate tax rate of 30% and includes the impact of tax effect accounting on taxable income over the period.





7. Key risks

Power and Water has an enterprise risk management framework which requires management to undertake regular assessments to identify and manage significant risks to the community as a result of its activities. These risks include health and safety, service delivery, financial, legal and regulatory, environmental and reputational risks. The risks are managed throughout the organisation in line with the Audit and Risk Management Committee's charter and risk management process. The risk management framework is well established and risks are reviewed annually as part of the business planning process.

We are continuing to improve our methodology for making investment decisions and reducing costs associated with risk exposure to the business. Our risk appetite statement, which is due for review this year, will be aligned to the SCI KPIs, and is used as a decision-making tool by defining the boundaries of acceptable risk and providing a baseline for comparing risk ratings.

The table presented below outlines the current strategic risks facing our power and water businesses, and the proposed treatments (financial and non-financial) over this SCI period.

Strategic risks	Key mitigation strategies 2023-29
Cyber risk Due to increasing levels of cyber threats targeting all sectors within Australia, there is a risk of loss of data or damage to enterprise and IT/OT systems, applications or infrastructure, resulting in business interruption, financial loss or service delivery impacts.	 Adoption of the Infrastructure hardening procedure Cyber security program development Implement OT strategy Review ICT business continuity plan
Financial and commercial sustainability Inability to operate efficiently when assessed against a comparable benchmark business and/or to maximise a sustainable return to the Territory on its investment in the corporation.	 Embed financial controls for budget repair and cost control program Create an economic model to ensure the business can recover costs Review debt management approach Review formal pricing arrangements where possible
Significant business disruption Sustained interruption to delivery of services greater than 24 hours due to gas/fuel and other supply constraints, supply chain disruption and/or disruption and major environmental events.	 Implementation of Category Management Planning Review water continuity plans across all regions Continue to support the Emergency Management continuity plans for Power and Water Corporation Undergrounding of power to critical infrastructure (i.e. mobile towers and cyclone shelters)
Customer / reputational risk Due to a failure to manage customer and/or stakeholder expectations, and the evolving political landscape, there is a risk that Power and Water Corporation may be seen as not supportive of new initiatives or industry trends.	 Implement customer channel optimisation improvements End-to-end customer experience enhancements Implement the Meter to Cash project Support market and technical regulation reform
Regulatory and compliance risk Changing regulatory environment and increased statutory obligations will have an impact on Power and Water Corporation's ability to remain competitive.	 Provide support to NTG on the implementation of the NT electricity market gateway reform Deliver the AER determination



Strategic risks	Key mitigation strategies 2023-29
	• Engage in the commercial strategic partnering and collaboration to explore funding and partnering options for key projects to enable long term growth in the NT.
Health and safety Due to the diverse nature of our business, there are threats to the health and safety of workers, contractors and the public which could lead to serious illness, injury or death, legal/regulatory impact, reputational damage and/or financial impact	 Improve HSE contractor management Improve WHS audit program Ongoing safety culture improvement, including accountability and leadership with the aim of achieving a proactive safety culture.
Inability to secure quality & sustainable sources of water There is a threat of a loss of supply via reticulated networks due to water source failure or imbalance of supply/demand.	 Develop continuity plans for all major and minor centres Implementation of Darwin demand management strategy Review preventative maintenance and inspection programs
Transition to renewables – 50% by 2023 Failure of Power and Water Corporation to provide a cost effective, timely and efficient electrical connection and network capacity to transport power between renewable generators and customers	 Alignment of the Darwin Katherine system plan Improve the availability and accuracy of system models Development of connection standards (primary and secondary systems) Distributed energy resources strategy Implementation of Energy Management System (EMS) Involvement in the Alice Springs future grid project Implementation of the real time market and network operating systems
Capability and culture risk Lack of internal capability and capacity to drive change and reform. External resource constraints to support business objectives	 Development of a leadership strategy Career direction and transition program Deliver on Reconciliation Action Plan Review and delivery of technical training program Embed succession planning framework

7.1 Investment decision-making framework

The Enterprise Portfolio Management Office (EPMO) is maturing from a project and program reporting function to become an enterprise portfolio EPMO. This will provide strategic direction enabling upstream influence of portfolio definition and investment decisions, and downstream influence of best practice portfolio, program, and project management.

The first phase of this uplift aims to raise the maturity level of the EPMO to '3-Defined' in terms of the program management self-assessment tool (P3M3). Broadly speaking, this requires alignment to, and development of best practice project management office policies, procedures, and templates. Providing a strong foundation for ongoing capability uplift and allowing the EPMO to set a baseline for how projects and programs should be managed, enabled by the standardisation of a common set of tools.



7.1.1 Impact of the Security of Critical Infrastructure (SoCI) Act

With the recent changes to the Security of Critical Infrastructure Act 2018, requiring entities to develop and submit risk management plans for critical assets, Power and Water is reviewing its obligations to ensure readiness to meet the new reporting requirements.

7.1.2 Changes to key risk profile

The following risk heat maps show the expected change to Power and Water's current key risk profile as a result of risk treatment plans that are either in place or will be implemented across the SCI period. As per our enterprise risk framework, we will continue to regularly review the risk profile over the next 12 months at both the executive and Board levels.

Note that the numbering in the table is for reference only and is not a ranking of each risk.

Str	ategic risks	Current risk rating	Target risk rating
1.	Cyber security	Very High	High
2.	Financial and commercial sustainability	Very High	High
3.	Significant business disruption	Very High	High
4.	Customer / reputational risk	High	Medium
5.	Regulatory and compliance risk	Very High	Medium
6.	Health & Safety	Very High	Medium
7.	Inability to secure quality and sustainable sources of water	Very High	Medium
8.	Transition to renewables – 50% by 2030	Very High	Medium
9.	Capability and culture risk	Very High	Medium



7.1.3 Current risk heat map

			CONSEQUENCE										
		1 - INSIGNIFICANT	2 - MINOR	3 - MODERATE	4 - MAJOR	5 - SEVERE							
	E - ALMOST CERTAIN												
(ELIHOOD	D - LIKELY				1 2 3 5 7 8 9								
	C - POSSIBLE				4	6							
	B - UNLIKELY												
	A - RARE												
	Risk ratings	LOW	MEDIUM	HIGH	VERY HIGH	EXTREME							

7.1.4 Target risk heat map

			C	ONSEQUENCE		
		1 - INSIGNIFICANT	2 - MINOR	3 - MODERATE	4 - MAJOR	5 - SEVERE
	E - ALMOST CERTAIN					
	D - LIKELY		8			
IKELIHOOD	C - POSSIBLE			3 4 5 7 9	2	
LIK	B - UNLIKELY				1	6
	A - RARE					
	Risk ratings	LOW	MEDIUM	HIGH	VERY HIGH	EXTREME





Appendix A

Financial data – Power and Water Corporation



A.1 Our business-wide financials

This appendix provides financial data related to our income, assets, liabilities, equity and cash flow for Power and Water as a whole.

Income Statement	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
\$M	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Revenue								
Electricity Network	159.5	159.1	173.7	196.4	218.5	243.1	268.5	281.0
ACS - Fee Based	3.5	3.5	3.2	4.6	5.0	5.3	5.4	5.7
ACS - Quoted Services	2.7	5.8	3.8	3.7	4.0	4.2	4.2	4.5
ACS - Metering	8.5	6.5	8.6	11.9	13.0	14.1	15.4	16.7
Electricity Retail	3.6	3.6	4.9	5.0	5.1	5.2	5.4	5.5
Water	116.8	118.5	124.7	130.2	137.3	143.8	147.4	150.7
Sewerage	79.5	81.1	85.6	89.6	91.7	94.0	96.3	98.7
Gas	235.7	239.4	327.8	359.3	368.3	367.8	374.8	402.6
Community Service Obligations	28.1	29.3	30.3	16.5	16.8	17.1	17.4	17.8
Developer and Capital Contributions	1.8	7.5	2.0	6.6	4.3	4.4	4.5	7.2
Gifted Assets	7.0	9.9	7.1	7.4	5.9	5.3	4.5	4.5
Interest Received	1.9	4.0	3.5	3.5	3.6	3.4	3.4	3.4
Other Revenue	9.3	7.3	8.7	19.2	18.0	18.0	24.5	22.2
Total Revenue	658.0	675.5	783.8	853.9	891.5	925.8	971.7	1,020.6
Operating Expenditure								
Personnel - Direct	155.4	148.2	165.0	173.3	179.3	183.6	187.0	185.4
Personnel Recovery - CAPEX	(24.2)	(20.5)	(36.8)	(35.9)	(35.6)	(34.7)	(34.1)	(34.9)
Personnel Recovery - R&M	(32.6)	(29.2)	(30.8)	(30.0)	(32.1)	(33.9)	(33.7)	(34.3)
Personnel Recovery - ACS	(3.0)	(6.5)	(2.7)	(2.8)	(2.9)	(3.0)	(3.0)	(3.1)
Personnel Recovery - Overhead	(5.0)	(5.0)	(2.2)	(2.9)	(3.1)	(3.2)	(3.3)	(3.9)
Tatal Darageneol Costs	105.0	12.9	105.0	115.0	13.5	12.9	12.4	11.5
	258.0	100.0	105.8	225.6	241.2	121.8	244.0	252.0
Energy Bonairs & Maintonanco	258.9	248.9	323.8	335.0	341.3 102.6	337.Z	344.0	353.9
IT & Communications	12.2	94.4 12 1	90.0 16.1	90.7	14.7	112.2	110.0	114.2
Vehicle Costs	16	2.0	2.7	27	28	29	29	3.0
Travel Costs	22	2.0	2.7	2.7	2.0	2.5	2.5	23
Training Costs	2.9	2.7	3.9	3.4	3.2	3.3	3.3	3.4
Professional Fees	40.2	34.5	45.1	41.0	34.4	32.2	29.8	27.5
Insurance	5.0	5.0	5.1	5.5	6.0	6.4	5.6	5.7
Materials	4.5	5.0	4.8	4.9	5.0	5.3	5.5	5.7
External Service Agreements	16.5	16.8	17.7	17.6	17.6	17.6	17.7	17.7
Cost of Sale	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Property Charges	14.9	14.2	15.9	16.3	16.7	17.4	18.0	18.5
Bad & Doubtful Debts	2.2	2.2	2.0	1.9	1.9	1.9	1.9	1.9
Laboratory Fees	2.1	1.9	2.2	2.2	2.3	2.4	2.4	2.5
Grants & Subsidies	1.3	1.5	1.3	1.3	1.4	1.4	1.4	1.5
Bank Fees	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
ACS Direct	4.8	7.6	3.6	3.9	4.5	5.0	4.8	5.4
ACS Indirect	3.0	6.5	3.0	4.0	4.1	4.2	4.3	4.4
Uther Costs	(26.5)	(26.7)	(20.1)	(15.2)	(25.5)	(30.5)	(26.8)	(30.5)
Total Controllable Costs	542.3	532.6	631.9	648.3	654.6	658.3	668.5	673.7
Business Services	(6.1)	(6.0)	(6.0)	(6.1)	(6.2)	(6.3)	(6.4) (0.5)	(6.6) (0.5)
Transfer Driving	(1.0)	(0.1)	(0.3)	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)
Sorvice Level Agreements	(1.9)	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)
Total Inter-Company Allocations	(0.7)	(0.0)	(0.8)	(0.0)	(0.7)	(0.7)	(0.7)	(0.7)
Overhead Recovery	(60.4)	(48.0)	(67.1)	(75.1)	(66.4)	(63.0)	(67.9)	(64.2)
Total Operating Expenditure	473.3	475.9	555.9	564.1	578.9	585.8	590.9	599.6
EBITDA	184.7	199.6	227.9	289.8	312.6	340.1	380.9	421.0
Depreciation & Amortisation	99.5	99.8	99.2	98.6	102.0	103.2	105.9	104.9
Depreciation (Internal Re-charge)	(4.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation – Leases	30.5	35.8	37.3	38.1	38.9	39.5	40.0	40.6
EBIT	58.7	64.1	91.4	153.1	171.7	197.3	235.0	275.6
Interest Expense	45.2	46.7	49.3	58.2	73.8	86.0	95.8	102.3

 Table A.1:
 Power and Water Corporation, income statement, \$ million nominal



Income Statement	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
\$M	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Interest – Finance Lease	8.9	12.8	11.8	11.0	10.1	9.3	8.4	7.4
Net Profit Before Tax	4.6	4.6	30.3	83.9	87.8	102.0	130.7	165.9
Tax Expense/(Benefit)	1.4	1.4	9.1	25.2	26.3	30.6	39.2	49.8
Net Profit/(Loss) After Tax	3.2	3.2	21.2	58.7	61.5	71.4	91.5	116.1

Table A.2: Power and Water Corporation, balance sheet, \$ million nominal

Balance Sheet	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
\$M	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Current Assets								
Cash at Bank	49.7	52.3	52.1	51.8	51.7	50.8	52.1	51.8
Receivables	70.5	78.8	78.1	84.4	89.0	93.9	99.7	102.7
Inventories	28.1	28.4	28.7	28.9	29.1	29.3	29.6	29.8
Prepayments	14.8	16.5	15.2	14.0	12.9	12.0	10.9	9.8
Other Current Assets	22.0	17.7	23.2	24.3	24.9	24.8	25.3	27.0
Finance Lease Receivables	2.0	2.2	2.4	2.6	2.7	2.9	2.4	1.8
Cost of Sale WIP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intra-entity Receivable Account	11.1	11.3	11.8	12.2	12.7	13.1	13.6	14.0
Total Current Assets	198.2	207.3	211.5	218.1	223.0	226.8	233.4	236.9
Non-Current Assets								
Non-Current Receivables	17.9	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Non-Current Lease Receivables	18.4	20.6	19.2	17.2	14.9	12.4	10.3	8.8
Property, Plant & Equipment	2,114.9	2,217.7	2,277.3	2,380.4	2,516.1	2,607.9	2,708.2	2,908.3
Intangible Assets	56.4	67.3	67.3	57.0	36.6	25.3	25.3	25.3
Net Right of use (leased) assets	299.3	384.2	369.9	343.8	317.0	296.9	267.0	235.9
Deferred Tax Assets	0.0	36.4	69.2	99.4	102.8	105.9	110.2	110.8
Other NC Assets	16.1	10.3	0.0	0.0	0.0	0.0	0.0	0.0
Capital Work in Progress	383.9	158.9	235.0	394.4	207.1	215.1	311.1	337.5
Total Non Current Assets	2,906.8	2,920.5	3,062.9	3,317.3	3,219.4	3,288.5	3,457.0	3,651.6
Total Assets	3,105.0	3,127.7	3,274.4	3,535.4	3,442.5	3,515.4	3,690.4	3,888.5
Current Liabilities								
Payables	25.5	23.0	23.2	23.7	24.1	24.6	25.1	25.6
Accruals	29.0	32.4	33.1	33.8	34.4	35.1	35.8	36.6
Unearned Revenue	75.3	87.0	159.2	247.2	62.2	57.2	49.2	39.2
Borrowings	282.0	282.0	142.0	339.0	227.0	195.4	312.0	257.0
Provision for Tax	(9.2)	5.7	7.6	8.8	6.3	6.7	7.7	8.4
Finance Lease Liabilities	29.3	35.0	37.7	39.9	41.6	43.3	44.8	46.1
Provisions	48.3	44.4	45.2	46.0	46.7	47.5	48.3	49.1
Total Current Liabilities	480.2	509.5	448.0	738.3	442.5	409.9	522.9	461.9
Non-Current Liabilities		,						
Non-Current Employee Provisions	6.8	4.6	5.1	5.2	5.4	5.4	5.5	5.5
Government Loans	1,039.0	903.4	1,073.4	991.4	1,184.4	1,267.6	1,303.4	1,526.9
Deferred Tax Liability	58.6	109.5	109.5	109.5	109.5	109.5	109.5	109.5
Non-Current Lease Liability	303.4	390.6	377.0	349.7	320.5	296.9	262.3	225.9
Non-Current Unearned Revenue	18.4	22.9	24.8	24.8	24.8	24.8	24.8	24.8
Total Non Current Liabilities	1,426.3	1,430.9	1,589.8	1,480.6	1,644.5	1,704.2	1,705.5	1,892.6
Total Liabilities	1,906.5	1,940.4	2,037.8	2,218.8	2,087.0	2,114.1	2,228.4	2,354.6
Net Assets	1,198.5	1,187.4	1,236.6	1,316.6	1,355.5	1,401.3	1,461.9	1,533.9
Shareholder Equity								
Contributed Equity	49.2	49.4	79.4	108.8	113.1	116.1	119.1	119.1
Asset Revaluation	518.3	441.3	441.3	441.3	441.3	441.3	441.3	441.3
Opening Retained Profits	629.9	703.3	696.5	715.7	766.3	801.0	843.8	901.4
Dividends	(2.0)	(10.0)	(2.0)	(8.1)	(26.8)	(28.7)	(33.8)	(44.2)
Profit/(Loss)	3.2	3.2	21.2	58.7	61.5	71.4	91.5	116.1
Closing Retained Profits	631.0	696 <u>.</u> 5	715 <u>.</u> 7	766 <u>.</u> 3	801 <u>.</u> 0	843 <u>.</u> 8	901.4	973 <u>.</u> 3
Shareholder Equity	1,198.5	1,187.4	1,236.6	1,316.6	1,355.5	1,401.3	1,461.9	1,533.9



Table A.3: Power and Water Corporation, cash flow statement, \$ million nominal

Cash Flow	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
\$M	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Net (loss) / profit	3.2	3.2	21.2	58.7	61.5	71.4	91.5	116.1
Adjustment for:								
Depreciation and amortisation	126.1	135.6	136.5	136.7	140.9	14	145.9	145
Contributed assets provided free of charge	(7.0)	(9.9)	(7.1)	(7.4)	(5.9)	2.7	(4.5)	.4
						(5. 3)		(4. 5)
Changes in assets and liabilities:				1		, ,		,
(Increase)/decrease in inventories	4.8	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
(Increase)/decrease in current	5.0	(4.2)	(0.0)	10.3	20.4	11.4	0.0	0.0
intangible assets	10.1	20.8	7.7	(4.7)	(2.5)	(2.0)	(3.0)	(2.0)
(Increase)/decrease in Trade and	0.0	(10.2)	(32.8)	(30.2)	(3.4)	(3.1)	(4.3)	(0.7)
Other Receivables Decrease in net	(19.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
deferred tax navable	4.1	(0.2)	1.0	1.1	1.1	1.2	1.2	1.2
(Decrease)/increase in tax liabilities	8.0	8.5	3.3	2.0	(1.6)	1.3	1.8	1.6
(Decrease)/increase in tax habitities	16.2	14.8	/4.1	88.0	(185.0)	(5.0)	(8.0)	(10.0)
(Decrease)/increase in trade and								
other payables (Decrease)/Increase								
in provisions								
Increase in unearned revenue								
Net cash generated by Operating activities	141.8	157.8	203.6	254.3	25.4	212.4	220.4	246.9
Capital Spend	(237.7)	(164.5)	(255.6)	(363.8)	(243.5	(212.9)	(315.5)	(336.9)
Onset Against Onearned Revenue		5.0	27.8	10.0) 199.1	15.0	18.0	10.0
Net cash used in Investing activities	(237.7)	(158.9)	(227.8)	(353.8)	(44.4)	(197.9)	(297.5)	(326.9)
Dividends Paid	(2.0)	(10.0)	(2.0)	(8.1)	(26.8)	(28.7)	(33.8)	(44.2)
Movement in	128.0	10.4	30.0	115.0	81.0	51.6	152.4	168.5
Borrowing	(29.5)	(31.4)	(33.9)	(37.1)	(39.5)	(41.4)	(43.1)	(44.7)
Repayment of lease liabilities	4.9	5.1	30.0	29.4	4.2	3.0	3.0	0.0
Proceeds from Equity injection								
Net Cash provided by/(used in) Financing	101.4	(25.9)	24.1	99.2	18.9	(15	78.4	79
activities	5.4	(27.0)	(0.1)	(0.3)	(0.1)	.4)	1.3	.6
Net (decrease)/increase in cash and cash						(U 9		(U. 3)
)		
Cash and cash equivalents at beginning of year	44.2	79.3	52.3	52.1	51.8	51.7	50.8	52.1
Closing Cash Balance	49.7	52.3	52.1	51.8	51.7	50.8	52.1	51.8

Appendix B

Financial data – Indigenous Essential Services Pty Ltd



B.1 Indigenous Essential Services financials

This appendix provides financial data related to the income, assets, liabilities, equity and cash flow for Indigenous Essential Services Pty Ltd.

Income Statement	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
ŞM	Published	Forecast	Budget	Projection	Projection	Projection	Projection	Projection
Revenue		• •	• •					
Electricity Network	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Electricity Retail	36.7	36.7	36.9	37.9	38.9	40.0	41.1	42.2
Water	5.7	5.7	5.9	6.1	6.4	6.6	6.9	7.2
Sewerage	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3
Recurrent Grant	73.1	88.1	89.6	68.7	67.4	69.1	69.5	71.7
Capital Grant	50.5	50.5	52.4	66.8	67.6	63.3	64.0	64.8
Interest Received	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Revenue	169.7	184.7	188.3	183.1	183.9	182.6	185.1	189.5
Operating Expenditure	40.7	40.4	10.0	20 5	24.0	24.4	24.0	22.2
Personnel - Direct	18.7	19.1	19.9	20.5	21.0	21.4	21.9	22.3
Personnel - Operational Recovery	(3.1)	(2.2)	(3.7)	(3.8)	(3.8)	(3.9)	(4.0)	(4.1)
(R&M)								
Personnel - Operational Recovery	(3.9)	(2.7)	(3.6)	(3.7)	(3.8)	(3.8)	(3.9)	(4.0)
(CAPEX)		0.0			0.0		0.0	
Contract Labour	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Energy	43.8	56.4	51.9	50.0	48 5	49.4	4.2	51.2
Popairs & Maintonanco	175	17 5	19.2	19.0	10.5	10.1	10.5	10.0
IT & Communications	17.5	17.5	10.5	1 /	1.1	1.1	15.5	15.5
	1.7	1.7	1.3	1.4	1.4	1.4	1.5	1.5
Venicie Costs	1.0	1.0	1.0	0.8	0.9	0.9	0.9	0.9
Travel Costs	0.8	0.8	0.4	0.4	0.4	0.4	0.4	0.4
Training Costs	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Professional Fees	1.1	1.1	1.2	1.2	1.3	1.3	1.3	1.3
Insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials	2.2	2.2	2.3	2.3	2.4	2.4	2.5	2.5
External Service Agreements	19.1	19.1	23.2	22.4	22.9	23.5	24.1	24.7
Property Charges	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4
Laboratory Fees	1.0	1.0	0.7	0.7	0.7	0.8	0.8	0.8
Bank Fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Costs	2.3	2.3	3.6	3.7	3.8	3.9	4.0	4.1
Overhead capitalisation	_	(15.1)	(16.0)	(16.3)	(16.7)	(16.5)	(16.8)	(17.2)
Total Controllable OPEX	103.2	103.2	101.1	98.7	98.3	100.9	102.1	105.2
Business Services	6.1	6.1	6.1	6.3	6.4	6.6	6.7	6.9
Internal Consumption	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Transfer Pricing	2.0	2.0	2.6	2.6	2.7	2.8	2.8	2.9
Service Level Agreements	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Inter Company Allocations	8.8	8.8	9.6	9.9	10.1	10.3	10.6	10.8
Total Operating Expenditure	112.0	112.0	110.7	108.5	108.3	111.2	112.7	116.0
EBITDA	57.7	72.7	77.7	74.5	75.5	71.4	72.4	73.4
Depreciation & Amortisation	55.0	55.0	56.0	53.4	54.0	50.0	50.6	51.1
Amortisation - Leases	2.5	2.5	2.5	2.4	2.4 19.1	2.4	2.4 19.4	2.4
Interest Expense	0.2	0.7	10	1.3	13	1.8	19.4	20.0
Interest - Finance lease	1.3	1.3	1.2	1.2	1.1	1.0	1.0	0.9
Net Profit Before Tax	(1.9)	13.1	16.9	16.2	16.7	16.2	16.7	17.3
Tax expense/(benefit)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit After Tax	(1.9)	13.1	16.9	16.2	16.7	16.2	16.7	17.3

 Table B.1:
 Indigenous Essential Services, income statement, \$ million nominal



Table B.2: Indigenous Essential Services, balance sheet, \$ million nominal

Balance Sheet SM	2022-23 Published	2022-23 Forecast	2023-24 Budget	2024-25 Proiection	2025-26 Proiection	2026-27 Projection	2027-28 Projection	2028-29 Projection
Current Assets								
Cash at Bank	84.3	46.5	41.8	45.8	50.2	54.0	57.9	61.8
Receivables	0.3	2.2	2.2	2.3	2.3	2.4	2.4	2.5
Inventories	4.5	17.0	15.6	15.1	14.6	14.9	14.9	15.4
Prepayments	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other Current Assets	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Current Assets	89.5	66.8	60.7	64.3	68.2	72.3	76.3	80.8
Non-Current Assets								
Property, Plant & Equipment	585.1	575.5	587.4	599.8	612.5	624.8	637.2	650.0
Intangible Assets	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Finance Lease	15.9	16.1	15.3	14.7	14.1	13.4	12.8	12.2
Right of use (leased) assets	17.8	24.3	22.6	20.8	19.1	17.3	15.5	13.7
Capital Work in Progress	68.9	92.9	93.3	94.3	95.2	96.2	97.1	98.1
Total Non Current Assets	687.9	709.0	718.8	729.8	741.0	751.9	762.9	774.2
Total Assets	777.4	775.7	779.6	794.1	809.2	824.2	839.2	855.0
Current Liabilities						·		
Payables	8.6	12.0	11.7	11.5	11.4	11.7	11.9	12.2
Accruals	6.1	5.9	5.8	5.6	5.6	5.7	5.8	6.0
Unearned Revenue	55.3	19.0	11.1	11.1	11.1	11.1	11.1	11.1
Inter-entity Payable	11.1	11.4	11.9	12.3	12.8	13.2	13.7	14.1
Right of Use Lease Liability	2.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Lease liability	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Current Liabilities	83.6	48.9	41.1	41.2	41.6	42.4	43.1	44.1
Non-Current Liabilities								
Loans and advances from controlled entities	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Right of Use Lease Liability	19.5	25.7	20.9	19.6	18.0	16.3	14.5	12.4
Lease Liability	17.7	18.0	17.5	17.1	16.6	16.2	15.7	15.3
Total Non Current Liabilities	62.2	68.7	63.4	61.6	59.6	57.5	55.2	52.7
Total Liabilities	145.8	117.6	104.6	102.8	101.2	99.9	98.3	96.8
Net Assets	631.6	658.1	675.0	691.3	708.0	724.2	740.9	758.2
Shareholder Equity								
Asset Revaluation	478.9	477.4	477.4	477.4	477.4	477.4	477.4	477.4
Opening Retained profits	154.6	167.6	180.7	197.6	213.9	230.6	246.8	263.5
Profit / Loss	(1.9)	13.1	16.9	16.2	16.7	16.2	16.7	17.3
Closing Retained Profits	152.7	180.7	197.6	213.9	230.6	246.8	263.5	280.8
Total Shareholder Equity	631.6	658.1	675.0	691.3	708.0	724.2	740.9	758.2



Table B.3: Indigenous Essential Services, cash flow statement, \$ million nominal

Cashflow Statement \$M	2022-23 Published	2022-23 Forecast	2023-24 Budget	2024-25 Proiection	2025-26 Proiection	2026-27 Proiection	2027-28 Proiection	2028-29 Proiection
Cash Flow From Operating Activit	ies							
EBITDA	57.7	72.7	77.7	74.5	75.5	71.4	72.4	73.4
Working capital movements								
(Inc)/Dec in receivables	10.2	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
(Inc)/Dec in inventory	(0.1)	(7.4)	1.4	0.5	0.5	(0.3)	(0.0)	(0.5)
Inc/(Dec) in unearned	(7.0)	(28.4)	(7.8)	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in payables	1.6	4.7	(0.4)	(0.4)	(0.1)	0.4	0.2	0.5
Interest paid	(2.1)	(2.1)	(2.2)	(2.5)	(2.4)	(2.8)	(2.7)	(2.6)
Operating Cash Flow	60.3	39.4	68.6	72.1	73.5	68.8	69.8	70.7
Cash Flow From Investing Activities			-					
Net capital expenditure	(50.5)	(59.0)	(68.4)	(66.8)	(67.6)	(63.3)	(64.0)	(64.8)
Investing Cash Flow	(50.5)	(59.0)	(68.4)	(66.8)	(67.6)	(63.3)	(64.0)	(64.8)
Cash Flow From Financing Activities								
Finance Lease	(0.2)	(0.1)	(0.5)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)
Right of Use Leases	(0.9)	(1.8)	(4.8)	(1.3)	(1.6)	(1.7)	(1.9)	(2.0)
Net movement in controlled entites	0.3	(0.0)	0.4	0.4	0.4	`0.4́	0.4	0.5
Financing Cash Flow	(0.8)	(1.9)	(4.8)	(1.3)	(1.6)	(1.7)	(1.9)	(2.0)
Net Cash Flow	9.0	(21.5)	(4.7)	4.0	4.4	3.8	3.9	3.9
Opening cash balance	75.2	68.0	46.5	41.8	45.8	50.2	54.0	57.9
Closing Cash Balance	84.3	46.5	41.8	45.8	50.2	54.0	57.9	61.8



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