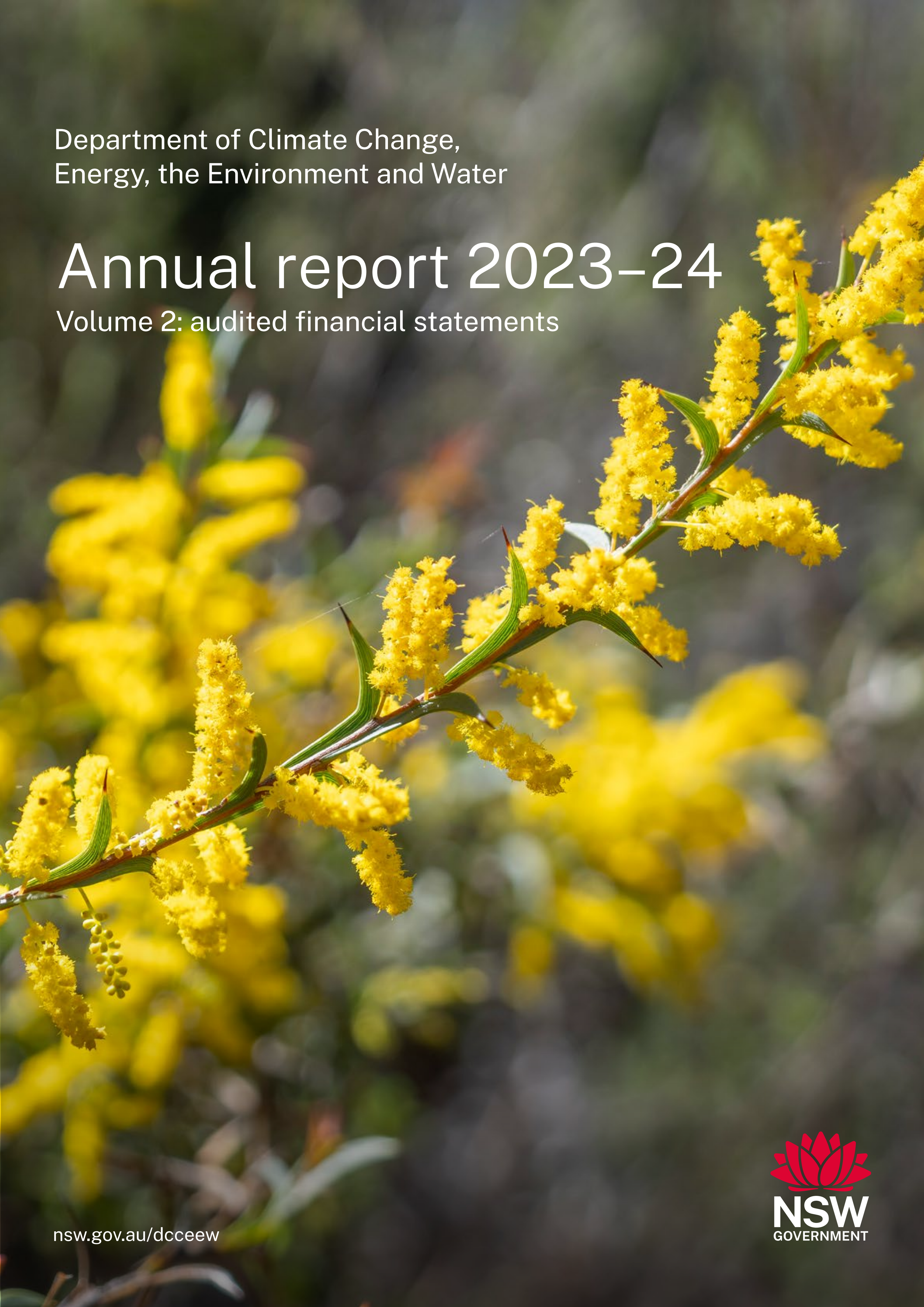
Department of Climate Change, Energy, the Environment and Water

Annual report 2023–24

Volume 2: audited financial statements



NSW GOVERNMENT

Acknowledgement of Country

Department of Climate Change, Energy, the Environment and Water acknowledges the Traditional Custodians of the lands where we work and live.

We pay our respects to Elders past, present and emerging.

This resource may contain images or names of deceased persons in photographs or historical content.

Artist and designer Nikita Ridgeway from Aboriginal design agency Boss Lady Creative Designs created the People and Community symbol.

Cover photo: Awl-leaved wattle (*Acacia subulata*), Timmallallie National Park (John Spencer/DCCEEW)

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Machinery of government changes, costs and benefits

During the 2023–24 financial year, effective 1 January 2024, under the Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023, the Environment and Heritage Group and Water Group of the Department of Planning and Environment were transferred to support the implementation and creation of the Department of Climate Change, the Environment, Energy and Water (DCCEEW).

Costs and benefits associated with creation of DCCEEW

The department adopted the principles of the *Machinery of government changes guide*, published 3 November 2022, in capturing and reporting benefits and costs. The transfers of assets, liabilities and equity within the total state sector agencies and as a result of machinery of government changes are reported on at Note 21 of the DCCEEW financial statements.

Only additional costs to government are disclosed below. The redirection of existing funded resources and staff members to machinery of government projects and activities, including determination of budget transfers, is not captured because it does not result in an increased cost to government. However, the diversion of resources from other departmental priorities represents an opportunity cost not reflected in the table below. The table also excludes any services being provided through continuity arrangements for financial services, information and communications technology, and shared services.

Intangible costs are also excluded from the table. These include reduced staff productivity and morale due to role uncertainty and increased workloads, and the introduction of further complexity to the department's operating environment.

Costs in this report are only those recorded within DCCEEW and should be considered alongside the separate costs disclosed by other impacted reporting entities.

Table 1 Machinery of government costs

Cost type	Amount ($'000)
Staffing	
Employee-related expenses (outside of business-as-usual salary costs)	218
Information technology	
Additional costs for governance, management and financial reporting software (including instance set-up, access and licence fees)	546
Other	
Additional legal costs (including business name registration and external legal fees)	458
Additional governance and audit costs (including internal and external audit fees)	1,125
Total	**2,347**

The benefit of the machinery of government change to establish DCCEEW is to house all environment-related portfolios under one department, creating the opportunity to be a model agency for net zero outcomes. The establishment of DCCEEW allows for greater focus on the government's environment and energy priorities.

DCCEEW has a core focus to conserve and protect the state's natural environment. It manages the NSW national park estate including its rich and diverse biodiversity for future generations. It ensures sustainable management of water resources across the state to support the environment, communities and industry. It will lead the way on climate change, driving the sustainable transition to a net zero economy, powered by affordable, reliable, and clean energy.

Bringing these functions together with environment functions demonstrates the commitment to taking serious action on climate change, keeping the lights on for households, leading the essential transition to clean renewable energy, and securing the future of water and our natural environment.

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Department of Climate Change, Energy, the Environment and Water

INDEPENDENT AUDITOR'S REPORT

Department of Climate Change, Energy, the Environment and Water

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Department of Climate Change, Energy, the Environment and Water (the Department), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the period 1 January 2024 to 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the period 1 January 2024 to 30 June 2024, and notes to the financial statements, including a Statement of Material Accounting Policy Information and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- present fairly the financial position, financial performance and cash flows of the Department and the consolidated entity.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Department and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the period 1 January 2024 to 30 June 2024. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the matter
Fair valuation of property, plant and equipment	
At 30 June 2024, the Department reported a total of $9.1 billion in property, plant and equipment measured at fair value. National parks land, other land, buildings and infrastructure systems account for 99% of the total property, plant and equipment balance. In 2023–24, the Department engaged valuers to conduct a comprehensive valuation of its national parks land, buildings and infrastructure assets, resulting in a net increase of $776.1 million. I considered this to be a key audit matter because of the: • financial significance of the balances • extent of significant management judgements underpinning key assumptions used in the valuation process • specialised and unique nature of the assets • judgement and complexities associated with the application of AASB 13 'Fair Value Measurement' requirements. Further information on the fair value measurement of property, plant and equipment is included in Notes 12 and 15 of the financial statements.	Key audit procedures included the following: • obtained an understanding of the Department's approach to estimating the fair value of property, plant and equipment • assessed the competency, capability and objectivity of the valuer • assessed the appropriateness of the methodology used and the key assumptions and judgements adopted • assessed the sufficiency and appropriateness of management's fair value assessment against the requirements of applicable Australian Accounting Standards • agreed valuation amounts to the reported financial statement balances • assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.
Machinery of Government (MoG) Changes	
The Department was created on 1 January 2024 as a result of the Administrative Arrangements (Administrative Changes - Miscellaneous) Order (No 6) 2023 (the order). The order transferred the functions and staff, together with associated assets and liabilities from the following entities to the Department: • the Environment and Heritage Group and the Water Group from the Department of Planning, Housing and Infrastructure (DPHI) (the former Department of Planning and Environment), • the Office of Energy and Climate Change from the NSW Treasury. As a result of the MoG changes, the Department recognised net assets of $9.0 billion through equity transfers on 1 January 2024, including: • $8.6 billion net assets from DPHI • $0.4 billion net assets from NSW Treasury.	Key audit procedures included the following: • obtained an understanding of how the functions, assets, liabilities and staff were transferred to the Department • reviewed the data migration process and tested the completeness and accuracy of data transferred • assessed the reasonableness of the fair value measurement of assets and liabilities transferred to the Department • reviewed the design and implementation of relevant internal controls including delegation instruments to ensure they reflected the Department's current structure. • obtained inter-entity confirmations for transferred assets and liabilities • reviewed the appropriateness of the disclosures in the financial statements arising from the MoG changes against the requirements of applicable

Key Audit Matter	How my audit addressed the matter
I considered this to be a key audit matter because of the: • complexities and judgement involved in assessing the completeness and accuracy of the transfer of assets and liabilities at fair value and migrated financial data • disruption to the Department's internal control environment. Further information on the MoG changes and equity transfers are included in Note 21 of the financial statements.	Australian Accounting Standards and other NSW Treasury pronouncements.

Secretary’s Responsibilities for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulation and Treasurer’s Directions. The Secretary’s responsibility also includes such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Department and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor’s Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar5.pdf. The description forms part of my auditor’s report.

The scope of my audit does not include, nor provide assurance:

- that the Department and the consolidated entity carried out their activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 October 2024
SYDNEY

Department of Climate Change, Energy, the Environment and Water

Financial Statements

for the period 1 January 2024 to 30 June 2024

Note:
Throughout the financial statements references to:

- the 2023-2024 actuals are for the period 1 January 2024 to 30 June 2024 (6 months); and
- the 2023-2024 budgets are for the year 1 July 2023 to 30 June 2024 (12 months).

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Certification

Primary financial statements

Notes to the financial statements

Department of Climate Change, Energy, the Environment and Water Statement by the Accountable Authority for the period 1 January 2024 to 30 June 2024

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* (‘the Act’), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2024* and the Treasurer’s directions, and
- present fairly the Department of Climate Change, Energy, the Environment and Water’s financial position, financial performance and cash flows.

Signed…………………………………………

Anthony Lean
Secretary
Department of Climate Change, Energy, the Environment and Water

Date: 18/10/2024

Department of Climate Change, Energy, the Environment and Water
Statement of Comprehensive Income
for the period 1 January 2024 to 30 June 2024

	Notes	CONSOLIDATED		PARENT	
		Actual 2024 $'000	Budget* 2024 $'000	Actual 2024 $'000	Budget* 2024 $'000
Expenses excluding losses					
Employee related expenses	2(a)	451,293	-	451,293	-
Other operating expenses	2(b)	447,873	-	436,653	-
Depreciation and amortisation	2(c)	84,391	-	79,663	-
Grants and subsidies	2(d)	1,454,366	-	1,463,074	-
Finance costs	2(e)	757	-	757	-
Total expenses excluding losses		**2,438,680**	-	**2,431,440**	-
Revenue					
Appropriation	3(a)	2,410,999	-	2,410,999	-
Sale of goods and services from contracts with customers	3(b)	95,927	-	89,636	-
Investment revenue	3(c)	27,190	-	27,190	-
Retained taxes, fees and fines	3(d)	13,824	-	13,438	-
Personnel services revenue	3(e)	72,464	-	72,464	-
Grants and other contributions	3(f)	313,217	-	307,370	-
Other income	3(g)	45,377	-	42,578	-
Acceptance by the Crown of employee benefits and other liabilities	3(h)	17,259	-	17,259	-
Total revenue		**2,996,257**	-	**2,980,934**	-
Gain / (loss) on disposal	4	(18,316)	-	(18,315)	-
Other gains / (losses)	5	(278)	-	(270)	-
Net result		**538,983**	-	**530,909**	-
Other comprehensive income					
Items that will not be reclassified to net result in subsequent periods					
Change in revaluation surplus of property, plant & equipment	12	776,117	-	949,152	-
Reversal of actuarial gains on superannuation funds transferred out		-	-	-	-
Items that may be reclassified to net result in subsequent periods					
Actuarial gains/(losses) on superannuation funds	19(b)	653	-	653	-
Total other comprehensive income		**776,770**	-	**949,805**	-
TOTAL COMPREHENSIVE INCOME		**1,315,753**	-	**1,480,714**	-

* There is no original budget or prior year comparatives presented as Department of Climate Change, Energy, the Environment and Water was created on 1st January 2024 and these are the Department's first financial statements.

The accompanying notes form part of these financial statements.

Department of Climate Change, Energy, the Environment and Water
Statement of Financial Position
as at 30 June 2024

	Notes	CONSOLIDATED		PARENT	
		Actual 2024 $'000	**Budget* 2024 $'000**	**Actual 2024 $'000**	**Budget* 2024 $'000**
ASSETS					
Current assets					
Cash and cash equivalents	7	1,296,889	-	1,287,411	-
Receivables	8	214,615	-	203,300	-
Contract assets	9	3,097	-	3,097	-
Inventories	10	79,903	-	79,903	-
Other financial assets	11	10,813	-	10,813	-
Total current assets		**1,605,317**	-	**1,584,524**	-
Non-current assets					
Receivables	8	713	-	713	-
Inventories	10	49,669	-	49,669	-
Property, plant and equipment	12				
Land and buildings		4,079,471	-	4,062,892	-
Infrastructure systems		4,892,664	-	4,201,650	-
Other property, plant and equipment		105,604	-	105,604	-
Total property, plant and equipment		**9,077,739**	-	**8,370,146**	-
Right of use assets	13(a)	12,103	-	12,103	-
Intangible assets	14	427,856	-	425,421	-
Other financial assets	11	53,734	-	53,734	-
Total non-current assets		**9,621,814**	-	**8,911,786**	-
Total assets		**11,227,131**	-	**10,496,310**	-
LIABILITIES					
Current liabilities					
Contract liabilities	9	9,502	-	9,502	-
Payables	17	523,239	-	501,604	-
Borrowings	18	5,971	-	5,971	-
Provisions	19	119,131	-	119,131	-
Other	20	36,069	-	35,984	-
Total current liabilities		**693,912**	-	**672,192**	-
Non-current liabilities					
Borrowings	18	24,045	-	24,045	-
Provisions	19	7,634	-	7,634	-
Total non-current liabilities		**31,679**	-	**31,679**	-
Total liabilities		**725,591**	-	**703,871**	-
Net assets		**10,501,540**	-	**9,792,439**	-
EQUITY					
Reserves		776,117	-	949,152	-
Accumulated funds		9,725,423	-	8,843,287	-
Total equity		**10,501,540**	-	**9,792,439**	-

* There is no original budget or prior year comparatives presented as Department of Climate Change, Energy, the Environment and Water was created on 1st January 2024 and these are the Department’s first financial statements.

The accompanying notes form part of these financial statements.

Department of Climate Change, Energy, the Environment and Water
Statement of Changes in Equity
for the period 1 January 2024 to 30 June 2024

CONSOLIDATED

	Notes	Accumulated funds $'000	Asset revaluation reserve $'000	Total equity $'000
Balance as at 1 January 2024				
Net result for the year		538,983	-	538,983
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	12	-	776,117	776,117
Actuarial gains/(losses) on superannuation funds	19(b)	653	-	653
Total other comprehensive income		**653**	**776,117**	**776,770**
Total comprehensive income for the year		**539,636**	**776,117**	**1,315,753**
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers	21	9,185,787	-	9,185,787
Balance at 30 June 2024		**9,725,423**	**776,117**	**10,501,540**

PARENT

	Notes	Accumulated funds $'000	Asset revaluation reserve $'000	Total equity $'000
Balance as at 1 January 2024				
Net result for the year		530,909	-	530,909
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	12	-	949,152	949,152
Actuarial gains/(losses) on superannuation funds	19(b)	653	-	653
Total other comprehensive income		**653**	**949,152**	**949,805**
Total comprehensive income for the year		**531,562**	**949,152**	**1,480,714**
Transactions with owners in their capacity as owners				
Increase/(decrease) in net assets from equity transfers	21	8,311,725	-	8,311,725
Balance at 30 June 2024		**8,843,287**	**949,152**	**9,792,439**

The accompanying notes form part of these financial statements.

Department of Climate Change, Energy, the Environment and Water
Statement of Cash Flows
for the period 1 January to 30 June 2024

		CONSOLIDATED		PARENT	
	Notes	Actual 2024 $'000	Budget* 2024 $'000	Actual 2024 $'000	Budget* 2024 $'000
Cash flows from operating activities					
Payments					
Employee related		(440,994)	-	(440,994)	-
Grants and subsidies		(1,454,366)	-	(1,463,074)	-
Finance costs		(582)	-	(582)	-
Suppliers for goods and services		(568,651)	-	(575,949)	-
Total payments		**(2,464,593)**	-	**(2,480,599)**	-
Receipts					
Sale of goods and services		289,633	-	312,428	-
Fees and fines		13,824	-	13,438	-
Interest received		12,289	-	12,289	-
Appropriation		2,410,999	-	2,410,999	-
Grants and other contributions		270,670	-	266,860	-
Lease and rental income		14,901	-	14,901	-
Other		116,969	-	103,791	-
Total receipts		**3,129,285**	-	**3,134,706**	-
Net cash flows from operating activities	25	**664,692**	-	**654,107**	-
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment and infrastructure systems		306	-	306	-
Purchase of property, plant and equipment and infrastructure systems		(223,543)	-	(214,952)	-
Purchase of intangibles		(20,281)	-	(20,281)	-
Net cash flows from investing activities		**(243,518)**	-	**(234,927)**	-
Cash flows from financing activities					
Proceeds from borrowings and advances		(1,414)	-	(1,414)	-
Repayment of borrowings and advances		(1,150)	-	(1,150)	-
Repayment of principal portion of lease liabilities		(3,411)	-	(3,411)	-
Net cash flows from financing activities		**(5,975)**	-	**(5,975)**	-
Net increase/(decrease) in cash		415,199	-	413,205	-
Opening cash and cash equivalents		-	-	-	-
Cash transferred in / (out) as a result of administrative restructuring and equity transfer		881,690	-	874,206	-
Closing cash and cash equivalents	7	**1,296,889**	-	**1,287,411**	-

* There is no original budget or prior year comparatives presented as Department of Climate Change, Energy, the Environment and Water was created on 1st January 2024 and these are the Department’s first financial statements.

The accompanying notes form part of these financial statements.

1. Statement of Material Accounting Policy Information

(a) Reporting entity

The Department of Climate Change, Energy, the Environment and Water (the Department) is a NSW Government entity and is controlled by the State of New South Wales, which is the ultimate parent. The department is a not-for-profit entity as profit is not its principal objective.

The Department was established on 1 January 2024 as per the *Administrative Arrangements (Administrative Changes— Miscellaneous) Order (No 6) 2023.* On the same date, in line with the administrative order, the Environment and Heritage Group and the Water Group of the then Department of Planning and Environment, and the Office of Energy and Climate Change from the Treasury were transferred to the newly created Department – refer Note 21 Equity Transfer.

The Department works to protect the state's environment and heritage. It leads the way on climate change, driving the sustainable transition to a net zero economy, powered by affordable, reliable, and clean energy. The functions of the department are to conserve and protect the state's natural environment, manage NSW National Parks estate, ensure sustainable management of water resources to support the environment, communities and industry.

The financial statements include separate financial statements for the Department of Climate Change, Energy, the Environment and Water as the parent entity and the consolidated entity consisting of the following entities:

- Department of Climate Change, Energy, the Environment and Water
- Water Administration Ministerial Corporation

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter entity transactions and balances have been eliminated and like transactions and other events are accounted for using uniform accounting policies.

During the year, the department provided personnel services to a number of entities. The recipients of personnel services are separate reporting entities. Refer note 2(a) and note 3(e).

The Department's first financial statements for the period 1 January 2024 to 30 June 2024 have been authorised for issue by the Secretary on the date the accompanying statement by the Secretary was signed.

(b) Basis of preparation

The consolidated entity's financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards, which include Australian Accounting Interpretations,
- the requirements of the *Government Sector Finance Act 2018* (GSF Act),
- Treasurer's Directions issued under the GSF Act.

Property, plant and equipment held for sale and certain financial assets and liabilities are measured using the fair value basis. Other financial statement items are measured in accordance with the historical cost convention except where specified otherwise. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars, except for superannuation defined benefit disclosures in note 19(b), which are rounded to whole dollars. All amounts are expressed in Australian currency, which is the consolidated entity's presentation and functional currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

1. Statement of Material Accounting Policy Information (continued)

(d) Accounting for interests in joint arrangements

The consolidated entity's share of assets, liabilities, revenue and expenses of joint arrangements have been incorporated in the financial statements under the appropriate headings. Details of the joint arrangements are set out in note 28.

(e) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the consolidated entity as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Comparative information

The department was created on 1 January 2024 and the 2023-24 Financial Statements are the first set of statements of the department. Therefore, there is no comparative information in respect of the previous period for all amounts reported in the financial statements. Refer to note 21 for the details on transfer of assets and liabilities to the department on its creation on 1 January 2024.

(g) Going concern

The financial statements of the consolidated entity and parent entity have been prepared on a going concern basis.

(h) Changes in accounting policies, including new or revised Australian Accounting Standards

The consolidated entity has assessed the impact of the new standards and interpretations issued but not yet effective and considers the impact is not to be material. As part of the implementation of AASB 2021-2, the presentation of accounting policies in the financial statements has changed from "significant accounting policies" to "material accounting policies".

(i) Impact of climate-related matters on financial reporting for 2023-24

The consolidated entity has assessed requirements of the following accounting standards to reflect the potential impact of climate related matters on its financial statements and considers the impact to be not material:

- AASB101 - Presentation of Financial Statements
- AASB116 - Property, Plant and Equipment
- AASB138 - Intangible Assets
- AASB13 - Fair Value Measurement
- AASB136 - Impairment of Assets
- AASB 137 - Provisions, Contingent Liabilities and Contingent Assets
- AASB 102 - Inventories
- AASB 9 - Financial Instruments

The consolidated entity’s property, plant and equipment form significant part of its assets. Regular revaluation of these property, plant and equipment considers the climate-related matters when determining the fair value of these assets.

2. Expenses excluding losses

(a) Employee related expenses

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Salaries and wages (including recreation leave)	365,746	365,746
Superannuation - defined benefit plans	1,534	1,534
Superannuation - defined contribution plans	39,014	39,014
Long service leave	17,502	17,502
Workers' compensation insurance	4,174	4,174
Payroll tax and fringe benefits tax	22,941	22,941
Redundancy payments	361	361
Other	21	21
	451,293	**451,293**

The employee related expenses include $72.0 million for the personnel services provided to entities. The recipients of personnel services are separate reporting entities and are not controlled by the consolidated entity. Refer to notes 1(a) and 3(e).

Employee related costs that have been capitalised, in particular, property plant and equipment and intangible asset accounts is $3.8 million and are therefore excluded from above.

Employee related expenses are recognised when they are incurred by the consolidated entity. Refer to note 19 for details on recognition and measurement policies on key employee related provisions and related expenses.

2. Expenses excluding losses (continued)

(b) Other operating expenses

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Advertising and promotion	1,483	1,483
Assets under $5,000	8,564	8,560
Auditors remuneration – audit of financial statements	1,109	1,071
Auditors remuneration – Other	908	908
Bad debts	134	134
Computer costs	1,070	1,065
Consultancy	2,880	2,880
Consumables, stationery and stores	7,836	7,834
Contingent workers	11,382	11,382
Contractors – projects	102,329	100,669
Cost of sales	12,481	12,481
Expenses relating to short-term leases and low value assets	1,967	1,966
Fees for services	147,061	140,691
Fleet costs	15,781	15,780
Freight and postage	498	498
Insurance	31,181	28,085
Legal costs	2,402	2,402
Maintenance*	64,709	64,709
Occupancy	7,146	7,145
Other expenses	1,345	1,334
Telecommunications	2,073	2,069
Training and staff development	4,775	4,775
Travel	6,821	6,794
Water charges and fees	11,938	11,938
	447,873	**436,653**

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Maintenance reconciliation		
* Maintenance expense – contracted labour and other (non-employee related), as above	64,709	64,709
Employee related maintenance expense included in note 2 (a)	35,001	35,001
Total maintenance expense included in note 2 (a) + 2 (b)	**99,710**	**99,710**

2. Expenses excluding losses (continued)

(b) Other operating expenses (continued)

Recognition and measurement

Maintenance expense

Day-to-day servicing or maintenance costs are charged as expenses are incurred, except where they relate to the replacement or enhancement of a part or component of an asset, in which case costs are capitalised and depreciated.

Insurance

The consolidated entity's insurance activities are conducted through the NSW Treasury Managed Fund Scheme (TMF) of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

Lease expenses

The consolidated entity recognises the lease payments associated with the following types of leases as an expense on a straight-line basis, instead of recognising them under AASB 16 (refer note 13 (a)(iii)):

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at $10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

(c) Depreciation and amortisation expense

	CONSOLIDATED	PARENT
	2024	2024
	$'000	$'000
Buildings	5,379	5,373
Infrastructure	61,026	56,304
Plant and equipment	6,142	6,142
Right of use - buildings	312	312
Right of use - plant & equipment	3,057	3,057
Amortisation of intangible assets	8,475	8,475
	84,391	**79,663**

Refer to note 12, 13, 14 and 15 for recognition and measurement policies on depreciation and amortisation.

2. Expenses excluding losses (continued)

(d) Grants and subsidies

	CONSOLIDATED 2024 $'000	PARENT 2024 $'000
Grants to Climate Change, Energy, the Environment and Water portfolio of agencies		
Biodiversity Conservation Trust	30,936	30,936
Dam Safety NSW	2,325	2,325
Environment Protection Authority	110,487	110,487
Environmental Trust	49,712	49,712
Taronga Conservation Society Australia	1,568	1,568
Energy Corporation	175,869	175,869
	370,897	**370,897**
Other grants funded from Consolidated Fund and other sources of funds:		
Commonwealth government - not specified below	22,469	22,469
NSW government - not specified below	73,661	82,369
Local government - not specified below	80,674	80,674
Non-government organisations - not specified below	67,821	67,821
Grants - Energy (coal price cap)	298,964	298,964
Grants - Energy (including low income household, pensioner, family, life support & self funded retirees)	408,969	408,969
Grants - Water (including low income household, pensioner, hardship)	93,461	93,461
Grants - Energy Concessions	870	870
Grants - Energy - Customer Assistance Policy	1,177	1,177
Grants - Energy Account payment assistance	13,944	13,944
Murray Darling Basin Authority for operations	15,210	15,210
Water NSW	2,435	2,435
Other grants and subsidies	3,814	3,814
	1,083,469	**1,092,177**
	1,454,366	**1,463,074**

Recognition and measurement

Grants are generally recognised as an expense when the consolidated entity transfers control of the contribution which is deemed to have transferred when the grant is paid or payable.

(e) Finance costs

	CONSOLIDATED 2024 $'000	PARENT 2024 $'000
Interest expense from lease liabilities	318	318
Interest expense from financial liabilities not at fair value through profit or loss	264	264
Unwinding of discount on provisions	175	175
	757	**757**

Recognition and measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the year in which they are incurred, in accordance with Treasury's mandate for *not-for-profit* NSW General Government Sector entities. Refer to note 18 for interest expenses on financing liabilities, note 13 for interest on lease liabilities and note 19(a) for unwinding of discount on provisions refer.

3. Revenue

Recognition and Measurement

Revenue is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

(a) Appropriations and transfers to the Crown

	CONSOLIDATED AND PARENT
	2024
	$'000
Summary of Compliance	**Appropriation**
Amount appropriated per Appropriation Act	-
Other Appropriations	
Variations made to the appropriations during the financial year	
Section 4.9 GSF Act (transfers of functions between entities)	3,777,086
Section 4.11 GSF Act (variations of annual appropriations for Commonwealth grants)	(92,292)
Total spending authority from parliamentary appropriations, other than deemed appropriations	**3,684,794**
Add:	
The spending authority from deemed appropriations during the current year	230,004
Total	**3,914,798**
Less: total expenditure out of Consolidated Fund	1,898,208
Variance	**2,016,590**
Less:	
The spending authority from appropriations lapsed at 30 June	-
Deemed appropriations balance carried forward to following years	**2,016,590**
Appropriations (per Statement of Comprehensive Income)	2,410,999
Total amount drawn down against Annual Appropriations	**2,410,999**

Note:

The summary of compliance is based on the assumption that annual appropriation monies are spent first (except where otherwise identified or prescribed).

‘Expenditure’ refers to cash payments. The term ‘expenditure’ has been used for payments for consistency with AASB 1058 *Income of Not-for-Profit entities*.

If the consolidated entity receives an equity appropriation, this is disclosed in the summary of compliance as part of the appropriation.

3. Revenue (continued)

(a) Appropriation (continued)

The *Appropriation Act 2023* (Appropriations Act) and the subsequent Administrative Arrangements Order and variations appropriated the sum of $3.7 billion to the Minister for Climate Change, Minister for Energy and Minister for the Environment out of the Consolidated Fund for the services of the Department of Climate Change, Environment, the Energy and Water (DCCEEW) for the 2023–24 financial period. The spending authority of the Minister from the *Appropriations Act* has been delegated and subdelegated to the officers of the department and entities that it is administratively responsible for, including:

- *Controlled entity of the department* - Water Administration Ministerial Corporation.
- *Other entities* - Taronga Conservation Society Australia; Natural Resources Access Regulator; Jenolan Caves Reserve Trust; Lord Howe Island; Biodiversity Conservation Trust; Environment Protection Authority.

Note: The list of entities above does not include those entities that control or operate statutory accounts within the Special Deposits Account into which moneys received by the entities from all sources or money appropriated by Parliament to meet the cost of functions exercised by the entities are required to be paid.

The lead minister for each entity above is taken to have been given an appropriation out of the Consolidated Fund under the authority of section 4.7 of the *GSF Act*, at the time the entity receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the entity. These deemed appropriations are taken to have been given for the services of the department.

The delegation/sub-delegations for the 1 January 2024 to 30 June 2024 financial period, authorising officers of the department to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but do not specify an aggregate expenditure limit for the department. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the department to spend monies appropriated under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the *Appropriations Act* and other sources is disclosed in the summary of compliance table above.

The summary of compliance has been prepared on the basis of aggregating the spending authorities of the Minister for Climate Change, Minister for Energy and Minister for the Environment for the services of the department. It reflects the status at the point in time this disclosure statement is being made.

Recognition and measurement

Parliamentary appropriations other than deemed appropriations

Income from appropriations, other than deemed appropriations (of which the accounting treatment is based on the underlying transaction), does not contain enforceable and sufficiently specific performance obligations as defined by AASB 15. Therefore, except as specified below, appropriations (other than deemed appropriations) are recognised as income when the consolidated entity obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon receipt of cash.

Appropriations are not recognised as income when they are in the nature of an ‘equity appropriation’ to fund payments to adjust a for-profit entity’s capital structure. In this case, appropriations are recognised as equity injections (i.e. contribution by owners) on receipt from and equity withdrawals on payment to a for-profit entity.

3. Revenue (continued)

(b) Sale of goods and services from contracts with customers

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Sale of goods		
Sales of minor goods	16,619	16,619
Rendering of services		
Corporate support and specialist services	8,457	8,457
Development application fees for planning projects	43	43
Education and training	244	244
Fees for services	38,771	32,480
Minor sales of services	3,844	3,844
Park entry and camping fees	23,688	23,688
Project and asset management services	4,261	4,261
	95,927	**89,636**

Recognition and measurement

Sale of goods

In accordance with AASB 15, revenue from sale of goods is recognised when the consolidated entity satisfies a performance obligation by transferring the promised good (for example, when a publication is delivered to a customer). Payments are typically due to the consolidated entity upon satisfaction of its performance obligations.

Revenue from these sales is recognised based on the price specified in the contract, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a short credit term. No volume discount or warranty is provided on the sale.

Rendering of services

Revenue from rendering of services is recognised when the consolidated entity satisfies the performance obligation by transferring the promised services. For example, development application fees are recognised by the consolidated entity upon issue of determination to the customer/applicant on a development application. The consolidated entity typically satisfies its performance obligations when it completes a milestone/delivers on services as agreed in the underlying contract/agreement with the customer. Significant judgements are made to determine whether an obligation is satisfied by the consolidated entity over a period of time (valuation services fees) or at a point in time (development application fees/park entry and camping fees). Payments are typically due to the consolidated entity upon satisfaction of its performance obligations.

Revenue is measured at the transaction price agreed under the contract, which is typically specified against each performance obligation/milestone. No element of financing is deemed present as payments are due when service is provided.

Refer note 9 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting year, and when the consolidated entity expects to recognise the unsatisfied portion as revenue.

3. Revenue (continued)

(c) Investment revenue

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Interest income from financial assets at amortised cost	12,289	12,289
Rental income	14,901	14,901
	27,190	**27,190**

Recognition and measurement

Interest Income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for the financial assets that subsequently become credit impaired. For the financial assets that become credit impaired, the effective interest rate is to be applied to the amortised cost of the financial asset. (i.e. after deducting the loss allowance for expected credit losses.)

Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

(d) Retained taxes, fees and fines

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Levies, licenses and permits	1,530	1,144
Other	12,294	12,294
	13,824	**13,438**

Recognition and measurement

Revenue from levies, licences, permits, fines and royalties are recognised when cash is received by the consolidated entity.

(e) Personnel services revenue

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Biodiversity Conservation Trust	11,251	11,251
Energy Corporation of NSW*	8,704	8,704
Jenolan Caves Reserve Trust	3,735	3,735
Lord Howe Island Board	3,243	3,243
Natural Resources Access Regulator	14,023	14,023
Taronga Conservation Society Australia	31,508	31,508
	72,464	**72,464**

Recognition and measurement

Reimbursement of employee benefits and related on-costs for the agencies to which the consolidated entity supplies personnel services is recognised as revenue. Revenue is recognised when the service has been provided. Refer notes 1(a) and 2(a).

*The Energy Corporation of NSW received personnel services from the Treasury until 31 December 2023. Effective 1 January 2024, personnel services are provided by the Department of Climate Change, Energy, the Environment and Water. Refer note 21.

3. Revenue (continued)

(f) Grants and other contributions

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Grants to acquire/construct a recognisable non-financial asset to be controlled by the entity	17,550	17,550
Other grants with sufficiently specific performance obligations / milestones	1,502	1,502
Grants without sufficiently specific performance obligations / milestones:		
- Climate Change Fund	145,074	145,074
- Grants from the Climate Change, Environment, Energy and Water portfolio of agencies	25,993	25,993
- Grants from other agencies controlled by the ultimate parent	27,942	27,942
- Other grants	52,609	48,799
Grants - assets (non-cash)	42,547	40,510
	313,217	**307,370**

Recognition and measurement

Grants are received by the consolidated entity to support its service delivery objectives and the funding agreements typically specify purpose of grants. Some funding agreements have well defined milestones and funding is received by the consolidated entity upon completion of those milestones.

Revenue from grants to acquire/construct a recognisable non-financial asset to be controlled by the consolidated entity is recognised when the consolidated entity satisfies its obligations under the agreement. The consolidated entity satisfies performance obligations to construct non-financial assets over time. Unless specified in the underlying funding agreement, grant revenue recognised by the consolidated entity equals cost incurred, because this reflects progress to completion based on cost recovery arrangements.

Revenue from grants with sufficiently specific milestones/performance obligations and agreed funding against each milestone is recognised when the consolidated entity satisfies its performance obligation by transferring promised goods/achieving milestones.

Income from funding without sufficiently specific performance obligations is recognised when the consolidated entity obtains control over the granted assets (i.e. cash received).

No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. This is based on past experience and terms specified in the contract.

Refer note 9 for transaction price allocated to the performance obligations/milestones that have not been satisfied at the end of the year and when it is expected to be recognised as revenue.

3. Revenue (continued)

(f) Grants and other contributions (continued)

Recognition and measurement (continued)

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined, and the services would have been purchased if not donated. Volunteer services are measured at fair value. For the period ended 30 June 2024, the consolidated entity did not recognise revenue from volunteer services as the services would not have been purchased if not donated.

(g) Other income

	CONSOLIDATED 2024 $'000	PARENT 2024 $'000
Insurance recoveries	20,936	17,150
Miscellaneous revenue	24,441	25,428
	45,377	**42,578**

Recognition and measurement

Insurance recoveries

Insurance recoveries are recognised as revenue when payment on claims are approved by the insurer. The amount of recovery in a year is subject to the insurance activity, such as bushfire activity in that year. Insurance recoveries also include hindsight payments received by the consolidated entity, which are recognised on receipt of funds from the TMF.

(h) Acceptance by the Crown of employee benefits and other liabilities

	CONSOLIDATED 2024 $'000	PARENT 2024 $'000
The following liabilities and / or expenses have been assumed by the Crown:		
Long service leave	15,637	15,637
Payroll tax	88	88
Superannuation	1,369	1,369
Defined Benefit	165	165
	17,259	**17,259**

4. Gain / (loss) on disposal

	CONSOLIDATED 2024 $'000	PARENT 2024 $'000
Gain/(loss) on disposal of property, plant and equipment and intangibles		
Proceeds from disposal*	306	306
Written down value of assets disposed	(18,622)	(18,621)
Net gain/(loss) on disposal of property, plant and equipment and intangibles	**(18,316)**	**(18,315)**

Written down value of assets disposed include assets that are sold; those that are decommissioned due to obsolescence and/or where they no longer support operational requirements of the department. These disposals are mainly retirement of infrastructures like walking tracks, roads, bridges, facilities etc in national parks.

*Refer note 12

5. Other gains / (losses)

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Gain/(Impairment) of receivables	(601)	(593)
Gain/(impairment) on intangibles	323	323
	(278)	**(270)**

Recognition and measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the consolidated entity from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in the following notes:

Refer note 8, 12, 14

6. Disaggregated disclosure statements

	CONSOLIDATED			
Expenses and income	**Environment and Heritage**	**Energy and Climate Change**	**Water**	**Total**
	2024	**2024**	**2024**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
Expenses excluding losses				
Employee related expenses	308,882	61,721	80,690	451,293
Other operating expenses	232,377	161,623	53,873	447,873
Depreciation and amortisation	70,862	952	12,577	84,391
Grants and subsidies	359,071	877,634	217,661	1,454,366
Finance costs	751	-	6	757
Total expenses excluding losses	**971,943**	**1,101,930**	**364,807**	**2,438,680**
Revenue				
Appropriations (net of transfer payments)	674,260	1,362,124	374,615	2,410,999
Sale of goods and services from contracts with customers	49,441	6,568	39,918	95,927
Investment revenue	16,516	10,612	62	27,190
Retained taxes, levies, fees and fines	13,092	-	732	13,824
Personnel services	49,737	8,704	14,023	72,464
Grants and contributions	157,510	149,639	6,068	313,217
Other revenue	19,068	20,105	6,204	45,377
Acceptance by the Crown of employee benefits and other liabilities	7,008	1,573	8,678	17,259
Total revenue	**986,632**	**1,559,325**	**450,300**	**2,996,257**
Operating result				
Gain / (losses) on disposal	(20,708)	(122)	2,514	(18,316)
Other gains / (losses)	(443)	(300)	465	(278)
Net result from continuing operations	**(6,462)**	**456,973**	**88,472**	**538,983**
Other Comprehensive Income				
Change in revaluation surplus of property, plant & equipment	921,581	-	(145,464)	776,117
Actuarial gains/(losses) on superannuation funds	653	-	-	653
Total Other Comprehensive Income	**922,234**	**-**	**(145,464)**	**776,770**
TOTAL COMPREHENSIVE INCOME	**915,772**	**456,973**	**(56,992)**	**1,315,753**

6. Disaggregated disclosure statements (continued)

	CONSOLIDATED			
Assets and liabilities	**Environment and Heritage**	**Energy and Climate Change**	**Water**	**Total**
	2024	**2024**	**2024**	**2024**
	$'000	**$'000**	**$'000**	**$'000**
ASSETS				
Current Assets				
Cash and cash equivalents	513,390	737,464	46,035	1,296,889
Receivables	92,926	62,983	58,706	214,615
Contract assets	-	-	3,097	3,097
Inventories	18,965	-	60,938	79,903
Other financial assets	-	10,813	-	10,813
Total current assets	**625,281**	**811,260**	**168,776**	**1,605,317**
Non-current assets				
Receivables	642	-	71	713
Inventories	-	-	49,669	49,669
Total Property Plant and Equipment	7,336,329	112	1,741,298	9,077,739
Right-of-use assets	11,860	-	243	12,103
Intangible assets	216,369	6,670	204,817	427,856
Other financial assets	-	53,734	-	53,734
Total non-current assets	**7,565,200**	**60,516**	**1,996,098**	**9,621,814**
Total assets	**8,190,481**	**871,776**	**2,164,874**	**11,227,131**
LIABILITIES				
Current Liabilities				
Contract liabilities	9,443	59	-	9,502
Payables	123,984	318,421	80,834	523,239
Borrowings	5,908	-	63	5,971
Provisions	80,123	13,735	25,273	119,131
Other	35,683	-	386	36,069
Total current liabilities	**255,141**	**332,215**	**106,556**	**693,912**
Non-current liabilities				
Borrowings	23,865	-	180	24,045
Provisions	7,057	188	389	7,634
Total non-current liabilities	**30,922**	**188**	**569**	**31,679**
Total liabilities	**286,063**	**332,403**	**107,125**	**725,591**
NET ASSETS	**7,904,418**	**539,373**	**2,057,749**	**10,501,540**

7. Current Assets - Cash and cash equivalents

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Cash at bank and on hand	1,296,889	1,287,411
Total cash and cash equivalents	**1,296,889**	**1,287,411**

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank and short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at 30 June 2024 to the statement of cash flows as follows:

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Cash and cash equivalents (as per Statement of Financial Position)	1,296,889	1,287,411
Closing cash and cash equivalents (as per Statement of Cash Flows)	**1,296,889**	**1,287,411**

Refer note 27(d) (i), (iii) for details regarding credit risk and market risk arising from financial instruments.

Refer note 16 for details of restricted cash.

8. Current / non-current assets – receivables

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Current		
Trade receivables	61,774	44,037
Allowance for expected credit losses	(4,002)	(3,994)
	57,772	**40,043**
Accrued income	72,282	68,925
Miscellaneous*	872	10,658
Net GST	44,424	44,409
Personnel services	28,782	28,782
Prepayments	10,483	10,483
	214,615	**203,300**
Non-current		
Personnel services	713	713
	713	**713**
Total Receivables	**215,328**	**204,013**

*Miscellaneous receivables include funds owed to the consolidated entity from client agencies for reimbursement of payments made on their behalf.

Movement in the allowance for expected credit losses

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Amount transferred in due to equity transfer	3,401	3,401
Increase/(decrease) in allowance recognised in net results	601	593
Balance at end of the year	**4,002**	**3,994**

Details regarding credit risk of trade receivables that are neither past due nor impaired are disclosed in note 27(d)(i).

Recognition and measurement

The consolidated entity recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the consolidated entity becomes a party to the contractual provisions of the instrument, the consolidated entity considers:

- Whether the consolidated entity has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

All 'regular way' purchases and sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

8. Current / non-current assets – receivables (continued)

Recognition and measurement (continued)

Subsequent measurement

The consolidated entity holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The consolidated entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at their fair value through statement of comprehensive income. ECLs are based on the difference between the contractual cash flows and the cash flows that the consolidated entity expects to receive, discounted at the original effective interest rate. For trade receivables, the consolidated entity applies a simplified approach in calculating ECLs. The consolidated entity recognises a loss allowance based on lifetime ECLs at each reporting date. In accordance with AASB 9, the consolidated entity has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable. The provision matrix considered the impact of rising interest rates and natural disasters and took into account the following:

- Increased credit risk associated with debtors as a result of any change in trading conditions.
- Higher receivables balances (i.e. exposure at default).
- Lost time value of money, if amounts are expected to be received later than when contractually due.

9. Contract assets and liabilities

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Contract assets - current	3,097	3,097
	3,097	**3,097**
Contract liabilities - current	9,502	9,502
	9,502	**9,502**

Recognition and Measurement

Contract assets relate to the consolidated entity's right to consideration in exchange for goods transferred to customers/works completed, for which funds were not billed at the reporting date. Contract liabilities relate to the consolidated entity's obligation to satisfy performance obligations but where funds were received as at 30 June 2024. The balance of contract assets and contract liabilities at 30 June 2024 was impacted by the value and timing of the completion of performance obligations and invoicing, as well as terms of payment under the contract.

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Revenue recognised that was included in the contract liability balance (adjusted for AASB 15) at the beginning of the year	-	-
Revenue recognised from performance obligations satisfied in previous periods	948	948
Transaction price allocated to remaining performance obligations from contracts with customers	9,502	9,502

The transaction price allocated to the remaining performance obligations relates primarily to integrated development application (IDA) fees and grants income, which are expected to be recognised as revenue in future years.

10. Current / non-current assets - inventories

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Current		
Finished goods	683	683
Biodiversity credits	18,282	18,282
Water infrastructure	60,938	60,938
	79,903	**79,903**
Non-Current		
Water infrastructure	49,669	49,669
	49,669	**49,669**

*Held for sale

^Held for distribution

During the year, the Credit Supply Taskforce within the department purchased biodiversity credits at competitive market prices, based on forecast demand from major projects and infrastructure development. The department intends selling these credits at the purchase price plus a small mark-up (cost recovery) to public or private proponents who need to offset biodiversity impacts. These credits are held by the department in its ordinary course of business of promoting and improving biodiversity outcomes and are therefore classified as inventory.

Fair value of water infrastructure projects are classified as inventory held for distribution by the department in its ordinary course of operations. Upon completion, these assets will be transferred to another agency to own and operate which will have an impact on the net result at that time.

Recognition and measurement

Inventories held for distribution are stated at cost, adjusted when applicable, for any loss of service potential. Cost is either the purchase price or is calculated by using “first in first out” method. Purchase price of water infrastructure projects is the cost incurred by the department during their design and construction phase. A loss of service potential is identified and measured based on the existence of a current replacement cost that is lower than the carrying amount or loss in department’s ability to derive future economic benefits from these assets.

Inventories (other than those held for distribution) are stated at the lower of cost and net realisable value.

Inventories are assessed annually for impairment. Refer note 5.

11. Current / non-current assets – other financial assets

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Current		
Loans and deposits	10,813	10,813
	10,813	**10,813**
Non-Current		
Loans and deposits	53,734	53,734
	53,734	**53,734**

Refer to note 27(d)(i),(iii) for further information regarding fair value measurement, credit risk and market risk arising from financial instruments.

Recognition and measurement

Financial assets are initially measured at fair value plus any transaction cost.

Financial assets at amortised cost

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as separate line item in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains/(losses) together with foreign exchange gains and losses.

12. Property, plant and equipment

(a) Total property, plant and equipment

	CONSOLIDATED							
	Land (national parks & reserves)	Land (other)	Buildings	Total land and buildings	Plant & equipment	Total other assets	Infrastructure systems	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2024 - fair value								
Gross carrying amount	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment***	-	-	-	-	-	-	-	-
Net carrying amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Year ended 30 June 2024								
Net carrying amount at beginning of year	-	-	-	-	-	-	-	-
Additions~	43,520	-	40,534	84,054	18,231	18,231	168,856	271,141
Disposals*	-	-	(3,500)	(3,500)	(1,117)	(1,117)	(16,340)	(20,957)
Acquisition/transfers through equity and administrative transfers	3,470,833	55,023	406,772	3,932,628	94,277	94,277	4,099,801	8,126,706
Net revaluation increments less revaluation decrements	13,551	1,182	47,621	62,354	-	-	713,763	776,117
Depreciation expense	-	-	(5,379)	(5,379)	(6,141)	(6,141)	(61,027)	(72,547)
Transfer between asset categories**	-	-	9,314	9,314	354	354	(12,389)	(2,721)
Net carrying amount at end of year^	**3,527,904**	**56,205**	**495,362**	**4,079,471**	**105,604**	**105,604**	**4,892,664**	**9,077,739**
At 30 June 2024 - fair value								
Gross carrying amount	3,527,904	56,205	1,015,350	4,599,459	233,795	233,795	7,663,513	12,496,767
Accumulated depreciation and impairment***	-	-	(519,988)	(519,988)	(128,191)	(128,191)	(2,770,849)	(3,419,028)
Net carrying amount	**3,527,904**	**56,205**	**495,362**	**4,079,471**	**105,604**	**105,604**	**4,892,664**	**9,077,739**

Table 12(b) discloses assets that are held by the consolidated and parent entities to support their operations, while table 12(c) discloses assets that are leased out.
*Disposals include assets that are transferred to other agencies to meet the consolidated entity's service delivery objectives; assets sold or are decommissioned due to obsolescence and/or where they no longer support operational requirements of the consolidated entity.
**Reclassified $2.7m to intangible assets. Refer note 14.
^Includes $682.63 m of assets under construction.
~Includes $21.7 m of land transfer from Landcom to NPWS.

12. Property, plant and equipment (continued)

(a) Total property, plant and equipment (continued)

	PARENT							
	Land (national parks & reserves)	Land (other)	Buildings	Total land and buildings	Plant & equipment	Total other assets	Infrastructure systems	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2024 - fair value								
Gross carrying amount	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment***	-	-	-	-	-	-	-	-
Net carrying amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Year ended 30 June 2024								
Net carrying amount at beginning of period	-	-	-	-	-	-	-	-
Additions~	43,520	-	40,534	84,054	18,231	18,231	158,227	260,512
Disposals*	-	-	(3,500)	(3,500)	(1,117)	(1,117)	(16,340)	(20,957)
Acquisition/transfers through equity and administrative transfers	3,470,833	39,312	406,639	3,916,784	94,277	94,277	3,240,918	7,251,979
Net revaluation increments less revaluation decrements	13,551	447	47,615	61,613	-	-	887,539	949,152
Depreciation expense	-	-	(5,373)	(5,373)	(6,141)	(6,141)	(56,305)	(67,819)
Transfer between asset categories**	-	-	9,314	9,314	354	354	(12,389)	(2,721)
Net carrying amount at end of period^	**3,527,904**	**39,759**	**495,229**	**4,062,892**	**105,604**	**105,604**	**4,201,650**	**8,370,146**
At 30 June 2024 - fair value								
Gross carrying amount	3,527,904	39,759	1,014,809	4,582,472	233,795	233,795	6,473,077	11,289,344
Accumulated depreciation and impairment***	-	-	(519,580)	(519,580)	(128,191)	(128,191)	(2,271,427)	(2,919,198)
Net carrying amount	**3,527,904**	**39,759**	**495,229**	**4,062,892**	**105,604**	**105,604**	**4,201,650**	**8,370,146**

Table 13(b) discloses assets that are held by the consolidated and parent entities to support their operations, while table 13(c) discloses assets that are leased out.
*Disposals include assets that are transferred to other agencies to meet the department's service delivery objectives; assets sold or are decommissioned due to obsolescence and/or where they no longer support operational requirements of the department.
**Reclassified $2.7m to intangible assets. Refer note 14.
^ Includes $349.58m of assets under construction.
~Includes $21.7 m of land transfer from Landcom to NPWS.

12. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the consolidated entity

	CONSOLIDATED							
	Land (national parks & reserves)	**Land (other)**	**Buildings**	**Total land and buildings**	**Plant & equipment**	**Total other assets**	**Infrastructure systems**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2024 - fair value								
Gross carrying amount				-		-		-
Accumulated depreciation and impairment				-		-		-
Net carrying amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Year ended 30 June 2024								
Net carrying amount at beginning of period	-	-	-	-	-	-	-	-
Additions	38,879	-	40,534	79,413	18,231	18,231	168,856	266,500
Disposals*	-	-	(3,500)	(3,500)	(1,117)	(1,117)	(16,340)	(20,957)
Acquisition/transfers through equity and administrative transfers	3,470,833	55,023	399,854	3,925,710	94,277	94,277	4,099,801	8,119,788
Net revaluation increments less revaluation decrements	13,372	1,182	49,705	64,259	-	-	713,763	778,022
Depreciation expense	-	-	(5,288)	(5,288)	(6,141)	(6,141)	(61,027)	(72,456)
Transfers	-	-	9,314	9,314	354	354	(12,389)	(2,721)
Net carrying amount at end of year	**3,523,084**	**56,205**	**490,619**	**4,069,908**	**105,604**	**105,604**	**4,892,664**	**9,068,176**
At 30 June 2024 - fair value								
Gross carrying amount	3,523,084	56,205	1,004,015	4,583,304	233,786	233,786	7,663,516	12,480,606
Accumulated depreciation and impairment	-	-	(513,396)	(513,396)	(128,182)	(128,182)	(2,770,852)	(3,412,430)
Net carrying amount	**3,523,084**	**56,205**	**490,619**	**4,069,908**	**105,604**	**105,604**	**4,892,664**	**9,068,176**

*Includes transfers between notes 12(b) and 12(c).

12. Property, plant and equipment (continued)

(b) Property, plant and equipment held and used by the department

	PARENT							
	Land (national parks & reserves)	**Land (other)**	**Buildings**	**Total land and buildings**	**Plant & equipment**	**Total other assets**	**Infrastructure systems**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 January 2024 - fair value								
Gross carrying amount				-		-		-
Accumulated depreciation and impairment				-		-		-
Net carrying amount	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Year ended 30 June 2024								
Additions	38,879	-	40,534	79,413	18,231	18,231	158,227	255,871
Disposals*	-	-	(3,500)	(3,500)	(1,117)	(1,117)	(16,340)	(20,957)
Acquisition/transfers through equity and administrative transfers	3,470,833	39,312	399,721	3,909,866	94,277	94,277	3,240,918	7,245,061
Net revaluation increments less revaluation decrements	13,372	447	49,699	63,518	-	-	887,539	951,057
Depreciation expense	-	-	(5,282)	(5,282)	(6,141)	(6,141)	(56,305)	(67,728)
Impairment in revaluation reserves	-	-	-	-	-	-	-	-
Transfers	-	-	9,314	9,314	354	354	(12,389)	(2,721)
Net carrying amount at end of the year	**3,523,084**	**39,759**	**490,486**	**4,053,329**	**105,604**	**105,604**	**4,201,650**	**8,360,583**
At 30 June 2024 - fair value								
Gross carrying amount	3,523,084	39,759	1,003,474	4,566,317	233,786	233,786	6,473,080	11,273,183
Accumulated depreciation and impairment	-	-	(512,988)	(512,988)	(128,182)	(128,182)	(2,271,430)	(2,912,600)
Accumulated impairment on revaluation reserves	-	-	-	-	-	-	-	-
Net carrying amount	**3,523,084**	**39,759**	**490,486**	**4,053,329**	**105,604**	**105,604**	**4,201,650**	**8,360,583**

*Includes transfers between notes 12(b) and 12(c).

12. Property, plant and equipment (continued)

(c) Property, plant and equipment where the consolidated entity is lessor under operating leases

	CONSOLIDATED		
	Land (national parks & reserves)	Buildings	Total
	$'000	$'000	$'000
At 1 January 2024 - fair value			
Gross carrying amount	-	-	-
Accumulated depreciation and impairment	-	-	-
Net carrying amount	**-**	**-**	**-**
Acquisition/transfers through equity and administrative transfers	4,641	6,918	11,559
Net revaluation increments less revaluation decrements	179	(2,084)	(1,905)
Depreciation expense	-	(91)	(91)
Net carrying amount at end of year	**4,820**	**4,743**	**9,563**
At 30 June 2024 - fair value			
Gross carrying amount	4,820	11,334	16,154
Accumulated depreciation and impairment	-	(6,591)	(6,591)
Net carrying amount	**4,820**	**4,743**	**9,563**

12. Property, plant and equipment (continued)

(c) Property, plant and equipment where the department is lessor under operating leases (continued)

	PARENT		
	Land (national parks & reserves)	**Buildings**	**Total**
	$'000	**$'000**	**$'000**
At 1 January 2024 - fair value			
Gross carrying amount	-	-	-
Accumulated depreciation and impairment	-	-	-
Net carrying amount	**-**	**-**	**-**
Year ended 30 June 2024			
Acquisition/transfers through equity and administrative transfers	4,641	6,918	11,559
Net revaluation increments less revaluation decrements	179	(2,084)	(1,905)
Depreciation expense	-	(91)	(91)
Net carrying amount at end of year	**4,820**	**4,743**	**9,563**
At 30 June 2024 - fair value			
Gross carrying amount	4,820	11,334	16,154
Accumulated depreciation and impairment	-	(6,591)	(6,591)
Net carrying amount	**4,820**	**4,743**	**9,563**

12. Property, plant and equipment (continued)

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of the credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Also refer to note 21 for assets transferred as a result of an equity transfer.

Capitalisation thresholds

Property, plant and equipment and intangible assets costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

Major inspection costs

When a major inspection is performed, its cost is recognised in the fair value of the asset, if that cost satisfies recognition criteria.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the consolidated entity.

All material separately identifiable components of assets are depreciated separately over their useful lives.

Land is not a depreciable asset. Certain heritage assets including original artworks and collections may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

The following useful lives have been determined for each class of depreciable assets:

Buildings	5 - 150 years
Infrastructure systems:	
Roads & access assets - earthworks	100 years
Roads & access assets - base	10 - 80 years
Roads & access assets - surface	10 - 80 years
Marine assets	20 - 50 years
Bridges	10 - 80 years
Utilities	10 - 150 years
Visitor amenities and facilities	10 - 60 years
Other infrastructure	15 - 100 years

12. Property, plant and equipment (continued)

Plant and equipment:

Marine vessels	10 years
Vehicles and trailers	4 - 13 years
Aircraft	15 years
Furniture and fittings	10 years
Leasehold improvements	Period of lease
Other plant and equipment	2 - 15 years

An annual assessment of the useful life of each asset is carried out and the depreciation rate is derived accordingly.

AASB 16 requires a lessee to recognise a right-of-use asset for most leases. The consolidated entity has elected to present right-of-use assets separately in the statement of financial position.

Further information on leases is contained at note 13.

Recognition and measurement

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP21-09) and Treasurer's Direction *'Valuation of Physical Non-Current Assets at Fair Value'* (TD21-05). TD21-05 and TPP21-09 adopts fair value in accordance with AASB 13 *Fair Value Measurement* (AASB 13) and AASB 116 *Property, Plant and Equipment.*

Property, plant and equipment is measured by market participants at the highest and best use that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and taking into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government.

In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use. Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to note 15 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The consolidated entity conducts a comprehensive revaluation at least every three years for its land and buildings where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment.

12. Property, plant and equipment (continued)

Recognition and measurement (continued)

Revaluation of property, plant and equipment (continued)

The last comprehensive revaluations for each of the asset categories were completed as follows:

Asset category	Last comprehensive revaluation*	Comprehensive valuation performed by
Land (national parks & reserves)	31-Mar-24	CBRE Valuations Pty Ltd
Land (other)	28-Feb-23	Australis Asset Advisory Group
Buildings	31-Mar-24	Australis Asset Advisory Group
Infrastructure systems:		
Roads and other access assets	31-Mar-24	Australis Asset Advisory Group
Marine assets	31-Mar-24	Australis Asset Advisory Group
Bridges	31-Mar-24	Australis Asset Advisory Group
Utilities	28- Feb -23	Australis Asset Advisory Group
Visitor amenities and facilities	31-Mar-21	Australis Asset Advisory Group
Historical furniture and fittings	31-Mar-22	Miller Fine Art

*Last comprehensive revaluations conducted prior to 1 January 2024 were prior to the Machinery of Government changes and while the assets were in the Department of Planning, Housing and Infrastructure. Comprehensive revaluations that are conducted prior to 30 June are updated for the year-end financial statements.

The consolidated entity has two broad categories of land assets:

National parks and reserves: This includes land reserved as national park, nature reserve, state conservation area, regional park, historic site, karst conservation reserve and parks reserved under Part 4 of the *National Parks and Wildlife Act 1974*.

Other land: This includes parcels of land where the consolidated entity has office buildings, depots, science laboratories and research stations situated, and any other land it holds for its business activities, other than the national parks and reserves.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. The consolidated entity used external professionally qualified valuers to conduct the interim fair value assessment.

An interim valuation as at 31 March 2024 was performed by Australis Asset Advisory Group on the following assets:

Asset category	Interim valuation performed by
Other lands	Australis Asset Advisory Group
Infrastructure systems:	
Utilities	Australis Asset Advisory Group
Visitor amenities and facilities	Australis Asset Advisory Group

The assets were transferred on 1 January 2024 at book value and the last valuations were conducted by Department of Planning Housing and Infrastructure.

12. Property, plant and equipment (continued)

Recognition and measurement (continued)

Revaluation of property, plant and equipment (continued)

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The consolidated entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result. Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment are carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The consolidated entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the consolidated entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

13. Leases

(a) Entity as Lessee

The consolidated entity leases various properties, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 2 to 51 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The consolidated entity does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the consolidated entity and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases. The consolidated entity has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of $10,000 or less when new and comprise mainly plant and equipment.

Right-of-use assets under leases

The following table presents right-of use assets that do not meet the definition of investment property.

	CONSOLIDATED AND PARENT		
	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
Balance at 1 January 2024	-	-	-
Additions	-	3,312	3,312
Remeasurement due to change in variable rent and/or lease term	-	21	21
Depreciation expense	(312)	(3,057)	(3,369)
Acquisition/transfers through administrative restructures	3,135	9,004	12,139
Balance at 30 June 2024	**2,823**	**9,280**	**12,103**

Lease liabilities

The following table presents liabilities under leases.

	CONSOLIDATED	PARENT
	2024 $'000	2024 $'000
Balance at beginning of period		
Additions	3,313	3,313
Interest expenses	311	311
Remeasurement due to change in variable rent and/or lease term	21	21
Payments	(3,722)	(3,722)
Acquisition/transfers through administrative restructures	12,644	12,644
Balance at end of period	**12,567**	**12,567**

13. Leases (continued)

(a) Entity as Lessee (continued)

The following amounts were recognised in the statement of comprehensive income during the year in respect of leases where the consolidated entity is the lessee:

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Depreciation expense on right-of-use assets	3,369	3,369
Interest expense on lease liabilities	311	311
Expense relating to short-term leases and low-value assets	1,967	1,966
Total amount recognised in the statement of comprehensive income	**5,647**	**5,646**
Total cash outflows for leases	(3,722)	(3,722)

Recognition and measurement

The consolidated entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The consolidated entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use of the underlying assets, except for short-term leases and leases of low-value assets.

i. *Right-of-use assets*

The consolidated entity recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date, lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land and buildings 2 to 31 years
- Motor vehicles and other equipment 2 to 5 years

If ownership of the leased asset transfers to the consolidated entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Impairment of right-of-use assets

The right-of-use assets are also subject to impairment. The consolidated entity assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the entity estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

As at 30 June 2024, there was no impairment recognised by the consolidated entity for its right-of-use assets in 'other net gains/(losses)' in the statement of comprehensive income. Refer note 5.

13. Leases (continued)

(a) Entity as Lessee (continued)

Recognition and measurement (continued)

ii. Lease liabilities

At the commencement date of the lease, the consolidated entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable.
- variable lease payments that depend on an index or a rate.
- amounts expected to be paid under residual value guarantees.
- exercise price of a purchase options reasonably certain to be exercised by the consolidated entity; and
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the consolidated entity's leases, the lessee's incremental borrowing rate is used, being the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The consolidated entity's lease liabilities are included in borrowings. Refer note 18.

iii. Short-term leases and leases of low-value assets

The consolidated entity applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies to the leases of low-value assets, such as for some office equipment. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

iv. Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the entity to further its objectives is same as normal right-of-use assets. They are measured at cost, subject to impairment.

13. Leases (continued)

(b) Entity as lessor

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating leases are as follows:

	CONSOLIDATED	**PARENT**
	2024	**2024**
	$'000	**$'000**
Within one year	22,475	22,475
Later than one year and not later than five years		
One to two years	21,207	21,207
Two to three years	15,343	15,343
Three to four years	13,880	13,880
Four to five years	9,679	9,679
Later than five years	233,565	233,565
Total (excluding GST)	**316,149**	**316,149**

Recognition and measurement

Lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the year in which they are earned. Refer note 3.

14. Intangible assets

	CONSOLIDATED			
	Software $'000	**Water licenses $'000**	**Easements $'000**	**Total $'000**
At 1 January 2024				
Cost (gross carrying amount)	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Net carrying amount	**-**	**-**	**-**	**-**
Year ended 30 June 2024				
Additions	17,767	-	119	17,886
Transfers through administrative restructures	66,241	348,267	1,218	415,726
Transfers between classes of assets*	2,721	-	-	2,721
Disposals**	(323)	-	(2)	(325)
Gain/(Impairment)***	-	323	-	323
Amortisation expense	(8,475)	-	-	(8,475)
Net carrying amount at the end of the period^	**77,931**	**348,590**	**1,335**	**427,856**
At 30 June 2024				
Cost (gross carrying amount)	200,650	348,590	1,335	550,575
Accumulated amortisation and impairment	(122,719)	-	-	(122,719)
Net carrying amount	**77,931**	**348,590**	**1,335**	**427,856**

*Reclassified between intangibles and property, plant and equipment. Refer note 12.
**Relates to software in OEH and OECC
***The gain relates to the reversal of impairment in water licences in the joint arrangement.
^Includes $57.67m of assets under construction.

	PARENT			
	Software $'000	**Water licenses $'000**	**Easements $'000**	**Total $'000**
At 1 January 2024				
Cost (gross carrying amount)	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Net carrying amount	**-**	**-**	**-**	**-**
Year ended 30 June 2024				
Additions	17,767	-	119	17,886
Transfers through administrative restructures	66,241	345,832	1,218	413,291
Transfers between classes of assets*	2,721	-	-	2,721
Disposals**	(323)	-	(2)	(325)
Gain/(Impairment)***	-	323	-	323
Amortisation expense	(8,475)	-	-	(8,475)
Net carrying amount at the end of the period^	**77,931**	**346,155**	**1,335**	**425,421**
At 30 June 2024				
Cost (gross carrying amount)	200,650	346,155	1,335	548,140
Accumulated amortisation and impairment	(122,719)	-	-	(122,719)
Net carrying amount	**77,931**	**346,155**	**1,335**	**425,421**

*Reclassified between intangibles and property, plant and equipment. Refer note 12.
**Relates to software in OEH and OECC
***The gain relates to the reversal of impairment in water licences in the joint arrangement.
^Includes $38.05m of assets under construction.

14. Intangible assets (continued)

Recognition and measurement

The consolidated entity recognises intangible assets only if it is probable that future economic benefits will flow to the consolidated entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the consolidated entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria, such as probable future economic benefits, are met.

The useful lives of intangible assets, excluding water licences and easements, are assessed to be finite.

The consolidated entity's intangible assets are amortised using the straight-line method. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

The increased carrying amount of an intangible asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss for an asset shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount in which case, any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase.

Software

Software is measured at cost less amortisation, as a substitute for fair value in accordance with AASB 138 *Intangible Assets* (AASB 138). These assets are amortised using the straight-line method over the useful lives of 3 - 10 years.

Water Licences

Water licences are measured at cost and tested for impairment annually. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Water licences held include those issued in the name of the Minister for Environment and Heritage under the *Water Management Act 2000*, ones that are held and controlled by the Water Administration Ministerial Corporation and those held via the consolidated entity's 26.67% share in the Living Murray Initiative Joint Venture.

These assets have indefinite useful lives.

Easements

Easements are measured initially at cost and tested for impairment annually in accordance with AASB 138. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss. Easements usually have indefinite useful lives,

The cost of acquiring an easement includes any compensation that is paid to a landholder, legal costs, surveying costs, any other professional fee associated with the creation of easements and registering of easements.

15. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring at fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the consolidated entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the consolidated entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The consolidated entity recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

(a) Fair value hierarchy

2024	CONSOLIDATED			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Land (national park and reserves)	-	-	3,527,904	3,527,904
Land (other)	-	16,446	39,759	56,205
Buildings	-	-	495,362	495,362
Infrastructure systems	-	-	4,892,664	4,892,664
Total fair value measurement of non-financial assets	**-**	**16,446**	**8,955,689**	**8,972,135**

2024	PARENT			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Land (national park and reserves)	-	-	3,527,904	3,527,904
Land (other)	-	-	39,759	39,759
Buildings	-	-	495,229	495,229
Infrastructure systems	-	-	4,201,650	4,201,650
Total fair value measurement of non-financial assets	**-**	**-**	**8,264,542**	**8,264,542**

15. Fair value measurement of non-financial assets (continued)

(b) Reconciliation of recurring Level 3 fair value measurements

	CONSOLIDATED				
	Land (national parks & reserves)	**Land (other)**	**Buildings**	**Infrastructure systems**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Additions	43,520	-	40,534	168,856	252,910
Disposals	-	-	(3,500)	(16,340)	(19,840)
Acquisition/transfers through equity and administrative transfers	3,470,833	39,312	406,772	4,099,801	8,016,718
Transfers	-	-	9,314	(12,389)	(3,075)
Revaluation - reserves	13,551	447	47,621	713,763	775,382
Impairment in profit and loss	-	-	-	-	-
Depreciation expense	-	-	(5,379)	(61,027)	(66,406)
Fair value as at 30 June 2024	**3,527,904**	**39,759**	**495,362**	**4,892,664**	**8,955,689**

	PARENT				
	Land (national parks & reserves)	**Land (other)**	**Buildings**	**Infrastructure systems**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Additions	43,520	-	40,534	158,227	242,281
Disposals	-	-	(3,500)	(16,340)	(19,840)
Acquisition/transfers through equity and administrative transfers	3,470,833	39,312	406,639	3,240,918	7,157,702
Transfers	-	-	9,314	(12,389)	(3,075)
Revaluation - reserves	13,551	447	47,615	887,539	949,152
Depreciation expense	-	-	(5,373)	(56,305)	(61,678)
Fair value as at 30 June 2024	**3,527,904**	**39,759**	**495,229**	**4,201,650**	**8,264,542**

15. Fair value measurement of non-financial assets (continued)

(c) Valuation techniques, inputs and processes

Non-financial assets	Category (Level 2 or level 3)	Valuation technique	Inputs used
Land in national parks	Level 3	Market approach (discounted for restrictions on use)	Valuation technique uses following inputs: • Sales price of comparable land adjusted for characteristics including land size, proximity to towns, proximity to roads and waterways and physical and topographical features of each site and discounted for restrictions on use. These factors are derived by the valuer based on the analysis of market evidence, experience and sales evidence on the type of property used to derive the rate per hectare. Any change in the sale price of comparable land will have a corresponding impact on the rate per hectare. • Land value is affected by the characteristics of the land and the restrictions on use. The more the restrictions and the inferior the characteristics of the land, the lesser will be the value.
Other land	Level 2 & level 3	Level 2: Market approach (not discounted for restrictions on use) Level 3: Market approach (discounted for restrictions on use)	In the previous year the comprehensive valuation technique used following inputs: • Sales price of comparable land. Any change in the sale price of comparable land will have a corresponding impact on the rate per hectare. • Land attributes including size, location, restrictions on use and zoning. • The more restrictions on use or the inferior the characteristics of the land, the lesser will be the value. • Interim valuation in the current period used the last quarterly median price data in each local government area and projected to 31 March 2024. The movement during the current year was then calculated and applied to the asset values as at that date. Management assessed that this factor appropriately reflected the movement in the fair value of land.
Buildings	Level 3	Current replacement cost	Valuation technique uses following inputs: • Current construction cost estimates as published in the Rawlinson's Handbook. • Actual comparable construction costs. • Gross floor area and total and remaining useful life (based on physical inspection of all buildings). • The greater the area and the better the condition of the building, the higher will be the value. • For heritage buildings, the replacement cost is determined by considering modern day equivalent materials and assets with the same size, design and function as the existing

Non-financial assets	Category (Level 2 or level 3)	Valuation technique	Inputs used
			buildings, after taking into consideration obsolescence.
Infrastructure systems – visitor amenities and facilities	Level 3	Current replacement Cost	Valuation technique uses following inputs: • Current construction cost estimates as published in construction guides and handbooks. • Actual comparable construction costs incurred by the department, adjusted for location, total and remaining useful life. • Unit rates are used for each asset component, which depend on the material, method of construction and installation costs. • The larger and the better the condition of the asset, the higher the value. • Current year cost indices were developed by asset type (civil structures, mechanical, electrical and reticulation) then a weighted composite index was determined and applied to the gross replacement cost and fair value of the asset group. Management assessed that these indices appropriately reflected the movement in the fair value of these assets.
Infrastructure systems – roads, access assets, utilities and other infrastructure assets	Level 3	Current replacement cost	Valuation technique uses following inputs: • Current construction cost estimates as published in the Rawlinson's Handbook, adjusted by regional indices. • Unit rates are used for each asset component, which depend on the material method of construction and installation costs. • Actual comparable construction costs and total and remaining useful life. • The better the condition of the asset, the higher the value.

16. Restricted assets

(a) Restricted cash assets (included in cash and cash equivalents)

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Credits Supply Fund	71,925	71,925
Climate Change Fund	389,390	389,390
National Parks and Wildlife Fund	176,520	176,520
Other contributions	37,288	37,288
	675,123	**675,123**

The above amounts are recognised as restricted assets as there are specific legislative/contractual conditions associated with the use of these funds or they are for a specific purpose only.

A special deposits account is an account established by legislation to ensure that its funds are applied towards purposes that are specified by that legislation.

The following operational SDAs are controlled by the consolidated entity and are therefore included in its financial and operating performance.

- National Parks and Wildlife Fund
- Climate Change Fund
- Hunter Valley Flood Mitigation Account
- Biodiversity Stewardship Operations Account
- Credits Supply Working Account (an account in special deposits account established in November 2022 under section 4.17 of the GSF Act).

Since funds in the above accounts can be applied for specified purposes only, cash balances at balance date are disclosed as restricted cash.

(b) Restricted - Other assets:

Besides cash, the consolidated entity has under its control a wide range of assets, such as historic buildings, dedicated land and specified sites, which are subject to restrictions on their use by virtue of the *National Parks and Wildlife Act* 1974. These restrictions may impact on the consolidated entity's capacity to dispose of the asset. Additional restrictions may be imposed by stakeholders as well as other legislation governing the use of historic sites, sites of cultural significance and buildings. The fair value of these assets reflects restriction on their use.

17. Current / non-current liabilities – payables

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Current		
Accrued salaries wages and on-costs	17,808	17,808
Accruals	316,262	315,644
Creditors	184,879	163,862
Bonds and deposits	3,016	3,016
Payroll tax	1,274	1,274
	523,239	**501,604**

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in note 27.

Recognition and measurement

Payables represent liabilities for goods and services provided to the consolidated entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

18. Current / non-current liabilities – borrowings

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Current borrowings		
Lease liability*	4,171	4,171
Treasury advances repayable - non-interest bearing	1,800	1,800
	5,971	**5,971**
Non-current borrowings		
Lease liability*	8,396	8,396
Treasury advances repayable - non-interest bearing	15,649	15,649
	24,045	**24,045**

*Refer to note13.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in note 27.

18. Current / non-current liabilities - borrowings (continued)

Recognition and measurement

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Finance leases and lease liabilities

Finance leases and lease liability are determined in accordance with AASB 16. Refer note 13(a).

Treasury advance repayable – non-interest bearing

Treasury advances repayable (non-interest bearing) are recognised at fair value, which is the present value of future repayments, discounted by using 10-year government bond rate. Unwinding of discount is recognised as finance cost. Refer note 2(e).

Changes in liabilities arising from financing activities

30 June 2024	**CONSOLIDATED AND PARENT**		
	Treasury advances repayable $'000	**Leases $'000**	**Total liabilities from financing activities $'000**
Cash flows	(1,150)	(3,722)	(4,872)
New leases	-	3,334	3,334
Net increase / (decrease) in liabilities from administrative restructure	18,331	12,644	30,975
Interest expense	134	311	445
Balance at 30 June 2024	**17,315**	**12,567**	**29,882**

19. Current / non-current liabilities – provisions

(a) Employee benefits, related on-costs and other provisions

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Current		
Employee benefits and related on-costs		
Recreation leave	77,144	77,144
Long service leave	25,161	25,161
Paid parental leave	736	736
Payroll tax	10,873	10,873
Super defined benefits	1,295	1,295
Total employee benefits and related on-costs	**115,209**	**115,209**
Other Provisions		
Restoration costs	1,179	1,179
Other	2,743	2,743
Total other provisions	**3,922**	**3,922**
Total current provisions	**119,131**	**119,131**
Non-current		
Employee benefits and related on-costs		
Long service leave	2,884	2,884
Super defined benefits	1,637	1,637
Total employee benefits and related on-costs	**4,521**	**4,521**
Other Provisions		
Restoration costs	3,113	3,113
Total other provisions	**3,113**	**3,113**
Total non-current provisions	**7,634**	**7,634**

Recreation leave

The liability at 30 June 2024 was $77.14 million. This is based on leave entitlements at 30 June 2024. The value of recreational leave expected to be taken within 12 months is $76.97million and $0.17 million after 12 months.

Long service leave

The liability at 30 June 2024 was $28.05 million. This is based on leave entitlements at 30 June 2024. The value of long service leave expected to be taken within 12 months is $2.89 million and $25.16 million after 12 months.

Paid parental Leave

In line with the recent changes in the conditions of employment, the consolidated entity recognised a provision for paid parental leave and associated on-costs in respect of employees with approved parental leave that have not been taken at the reporting date. These amounts are undiscounted and based on the expected amounts to be paid when the liabilities are settled.

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Aggregate employee benefits and related on-costs		
Provisions	119,730	119,730
Accrued salaries, wages and on-costs	17,808	17,808
	137,538	**137,538**

19. Current / non-current liabilities – provisions (continued)

(a) Employee benefits, related on-costs and other provisions (continued)

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Movements in provisions (other than employee benefits) - restoration costs		
Carrying amount at beginning of financial year	-	-
Additional provisions recognised	71	71
Amounts used	(11)	(11)
Unwinding/change in the discount rate	175	175
Net increase / (decrease) in liabilities from administrative restructure	4,057	4,057
Carrying amount at end of the year	**4,292**	**4,292**
Movements in other provisions		
Additional provisions recognised	364	364
Amounts used	(224)	(224)
Net increase / (decrease) in liabilities from administrative restructure	2,603	2,603
Carrying amount at end of the year	**2,743**	**2,743**

Recognition and measurement

Employee benefits and related on-costs

(a) Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of an approach using nominal annual leave plus annual leave on the nominal liability (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The consolidated entity has assessed the actuarial advice based on the consolidated entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the consolidated entity does not expect to settle the liability within 12 months as it does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

19. Current / non-current liabilities – provisions (continued)

(a) Employee benefits, related on-costs and other provisions (continued)

Recognition and measurement (continued)

Employee benefits and related on-costs (continued)

(a) Salaries and wages, annual leave and sick leave (continued)

(i) Long service leave and superannuation

Apart from staff assigned to the Taronga Conservation Society of Australia, Jenolan Caves Reserve Trust, the consolidated entity's liabilities for long service leave and defined benefit superannuation are assumed by the Crown.

For staff whose long service leave and defined benefits superannuation provisions are assumed by the Crown, the consolidated entity accounts for the extinguished liability as part of the non-monetary revenue item described as "acceptance by the Crown of employee benefits and other liabilities".

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(ii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(iii) Restoration and other provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the obligation.

If the effect of the time value of money is material, provisions are discounted at an appropriate percentage, which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost. Refer note 2(e).

(b) Superannuation

Paragraphs referred to in note 19(b) are the relevant paragraphs in AASB 119 *Employee Benefits.*

Details of underlying assumptions are included below.

Nature of the benefits provided by the fund – Para 139(a)(i)

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

19. Current / non-current liabilities – provisions (continued)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. All the Schemes are closed to new members.

Description of the regulatory framework - Para 139(a)(ii)

The schemes in the Pooled Fund are established and governed by the following NSW legislation: *Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed at 30 June 2024.

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles

* Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
* Management and investment of the fund assets; and
* Compliance with other applicable regulations.

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
* **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.
* **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
* **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
* **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

19. Current / non-current liabilities – provisions (continued)

Description of significant events - Para 139(c)

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)

	SASS	SANCS	SSS	Total
Financial year 30 June	**2024**	**2024**	**2024**	**2024**
	$A	**$A**	**$A**	**$A**
Net defined benefit liability/(asset) at start of year	**(942,113)**	**103,586**	**4,281,679**	**3,443,152**
Current service cost	25,783	11,388	-	37,171
Net interest on the net defined benefit liability/(asset)	(38,846)	4,065	174,224	139,443
Actual return on fund assets less interest income	(97,456)	(6,143)	(288,395)	(391,994)
Actuarial (gains)/losses arising from changes in financial assumptions	36,136	9,725	(260,603)	(214,742)
Actuarial (gains)/losses arising from liability experience	(33,877)	(7,684)	(5,167)	(46,728)
Employer contributions	(26,643)	(7,420)	-	(34,063)
Net defined benefit liability/(asset) at end of year	**(1,077,016)**	**107,517**	**3,901,738**	**2,932,239**

Super defined benefits	**Total**
	30 June 2024
	$A'000
Current provisions - note 21(a)	1,294,687
Non-current provisions - note 21(a)	1,637,552
	2,932,239

	SASS	SANCS	SSS	Total
Financial year 30 June	**2024**	**2024**	**2024**	**2024**
	$A	**$A**	**$A**	**$A**
Fair value of fund assets at beginning of the year	**3,436,530**	**266,240**	**9,245,930**	**12,948,700**
Interest income	135,609	10,189	358,012	503,810
Actual return on fund assets less interest income	97,456	6,143	288,395	391,994
Employer contributions	26,643	7,420	-	34,063
Contributions by participants	24,013	-	-	24,013
Benefits paid	(414,228)	(47,713)	(838,636)	(1,300,577)
Taxes, premiums & expenses paid	(8,259)	(1,605)	72,215	62,351
Fair value of fund assets at end of the year	**3,297,764**	**240,674**	**9,125,916**	**12,664,354**

19. Current / non-current liabilities – provisions (continued)

Financial year 30 June	SASS 2024 $A	SANCS 2024 $A	SSS 2024 $A	Total 2024 $A
Present value of defined benefit obligations at beginning of the year	**2,494,417**	**369,827**	**13,527,608**	**16,391,852**
Current service cost	25,783	11,388	-	37,171
Interest cost	96,764	14,254	532,236	643,254
Contributions by participants	24,013	-	-	24,013
Actuarial (gains)/losses arising from changes in financial assumptions	36,136	9,725	(260,603)	(214,742)
Actuarial (gains)/losses arising from liability experience	(33,877)	(7,684)	(5,167)	(46,728)
Benefits paid	(414,228)	(47,713)	(838,636)	(1,300,577)
Taxes, premiums & expenses paid	(8,259)	(1,605)	72,215	62,351
Present value of defined benefit obligations at end of the year	**2,220,749**	**348,192**	**13,027,653**	**15,596,594**

Financial year 30 June	SASS 2024 $A	SANCS 2024 $A	SSS 2024 $A	Total 2024 $A
Adjustment for effect of asset ceiling at beginning of the year	415,392	-	102,634	518,026
Adjustment for effect of asset ceiling at end of the year	415,392	-	102,634	518,026

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

	As at 30 June 2024			
Asset category	**Total $'000**	**Quoted prices in active markets for identical assets Level 1 $'000**	**Significant observable inputs Level 2 $'000**	**Unobservable inputs Level 3 $'000**
Short Term Securities	2,492,529	2,284,654	207,875	-
Australian fixed interest	91,776	-	91,776	-
International fixed interest	1,026,896	-	1,015,170	11,726
Australian equities	6,036,366	4,491,341	1,545,025	-
International equities	14,849,540	14,704,964	140,680	3,896
Property	2,100,819	-	-	2,100,819
Alternatives	10,459,855	2,865	2,864,176	7,592,814
Total	**37,057,781**	**21,483,824**	**5,864,702**	**9,709,255**

19. Current / non-current liabilities – provisions (continued)

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

Fair value of entity's own financial instruments - Para 143

The disclosures below relate to the total assets of the Pooled Fund.

Of the direct properties owned by the Pooled Fund:

- SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of $285 million (30 June 2023: $338 million).

- Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund. The Corporation vacated this property prior to 30 June 2024.

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-24
Discount rate	4.36% pa
Salary increase rate (excluding promotional increases)	4.56% for 24/25, 3.80% for 25/26, 3.78% for 26/27, 3.80% for 27/28, 3.70% pa thereafter
Rate of CPI increase	4.25% for 23/24; 3.30% for 24/25; 2.75% for 25/26; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those to be used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available from the trustee's website. The report shows the pension mortality rates for each age.

Sensitivity Analysis - Para 145

The entity’s total defined benefit obligation as at 30 June 2024 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2024.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

As at 30 June	**2024**		
	Base case	**Scenario A -0.5% discount rate**	**Scenario B +0.5% discount rate**
Discount rate	as above	as above -0.5% pa	as above +0.5% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	15,596,593	16,324,945	14,921,002

19. Current / non-current liabilities – provisions (continued)

As at 30 June	2024		
	Base case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above +0.5% pa	as above -0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A$)	15,596,593	16,306,868	14,933,923

As at 30 June	2024		
	Base case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above +0.5% pa	as above -0.5% pa
Defined benefit obligation (A$)	15,596,593	15,639,394	15,555,233

As at 30 June	2024		
	Base case	Scenario G Higher mortality*	Scenario H Lower mortality**
Defined benefit obligation (A$)	15,596,593	16,185,607	15,023,074

*Assumes the short-term pensioner mortality improvement factors for years 2023-2026 also apply for years after 2026.

**Assumes the long-term pensioner mortality improvement factors for years post 2026 also apply for the years 2023 to 2026.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies - Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset - liability matching strategy is used by the Trustee.

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually, and funding arrangements may be adjusted as required after each annual review.

Surplus / deficit

The following is a summary of the 30 June 2024 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "*Superannuation Entities*":

Financial period to 30 June	SASS 2024 $A	SANCS 2024 $A	SSS 2024 $A	Total 2024 $A
Accrued benefits*	2,248,529	301,705	10,103,063	12,653,297
Net market value of fund assets	(3,296,766)	(240,673)	(9,126,914)	(12,664,353)
Net (surplus)/deficit	**(1,048,237)**	**61,032**	**976,149**	**(11,056)**

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

19. Current / non-current liabilities – provisions (continued)

Contribution recommendations

Recommended contribution rates for the entity are:

Financial period to 30 June	SASS 30 June 2024	SANCS 30 June 2024	SSS 30 June 2024
Multiple of member contributions			
% member salary	1.9	2.5	0.0

Economic assumptions

The economic assumptions adopted for 30 June 2024 AASB 1056 Accounting Standard "*Superannuation Entities*":

Weighted average assumptions	2024 %
Expected rate of return on fund assets backing current pension liabilities	7% pa
Expected rate of return on fund assets backing other liabilities	6.2% pa
Expected salary increase rate (excluding promotional salary increases)	4.56% for 24/25, 3.80% for 25/26, 3.78% for 26/27, 3.80% for 27/28, 3.70% pa thereafter thereafter
Expected rate of CPI increase	3.70% for 23/24; 2.50% pa thereafter

Financial period to 30 June	SASS 2024 $A	SANCS 2024 $A	SSS 2024 $A	Total 2024 $A
Expected employer contributions	39,450	8,758	-	48,208

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 9.2 years.

Profit or Loss Impact

Financial period to 30 June	SASS 2024 $A	SANCS 2024 $A	SSS 2024 $A	Total 2024 $A
Current service cost	25,783	11,388	-	37,171
Net interest	(38,846)	4,065	174,224	139,443
Profit or loss component of the defined benefit cost	**(13,063)**	**15,453**	**174,224**	**176,614**

Other Comprehensive Income

Financial period to 30 June	SASS 2024 $A	SANCS 2024 $A	SSS 2024 $A	Total 2024 $A
Actuarial (gains) losses on liabilities	2,259	2,042	(265,770)	(261,469)
Actual return on fund assets less interest income	(97,456)	(6,143)	(288,395)	(391,994)
Total remeasurement in other comprehensive income	**(95,197)**	**(4,101)**	**(554,165)**	**(653,463)**

20. Current / non-current liabilities – other

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Current		
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the Department	21,344	21,344
Deferred income*	14,725	14,640
	36,069	**35,984**

*Deferred income includes lease and licence revenue from national parks received in advance.

21. Equity transfers

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Transfer of assets within total state sector agencies	149,423	149,423
Transfer of assets and liabilities as a result of machinery of government changes**	9,036,364	8,162,302
	9,185,787	**8,311,725**

*The above includes transfer of assets upon publication of notice in the NSW Government Gazette.

**Refer to the detailed tables below relating to the 2023-24 financial year.

1 January 2024 to 30 June 2024 financial year

During the 2023-24 financial year, the following Machinery of Government (MoG) changes and transfers between agencies were implemented:

a) Effective from 1 January 2024, under the Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 6) 2023, the following were transferred to the department:

    a. the Environment and Heritage Group and the Water Group of the department were transferred from the Department of Planning, Housing and Infrastructure to the Department of Climate Change, Energy, the Environment and Water.

    b. the Office of Energy and Climate Change was transferred from the Treasury to the Department of Climate Change, Energy, the Environment and Water.

b) Effective 1 January 2024, the Energy Corporation of NSW is provided personnel services by the Department of Climate Change, Energy, the Environment and Water.

21. Equity transfers (continued)

	DPE Consol	DCCEEW Consol	Total	Total	DPE Parent	DCCEEW Parent (ex ECCS)	Total	Total	Treasury	DCCEEW (ECCS)	Total	Total	DCCEEW Consolidated		DCCEEW Parent	
													Total	Total	Total	Total
	1 Jul'23- 31 Dec'23	1 Jan 24- 30 Jun'24	1 Jul'23 - 30 Jun'24	1 Jul'22 - 30 Jun'23	1 Jul'23 - 31 Dec'23	1 Jan'24 - 30 Jun'24	1 Jul'23 - 30 Jun'24	1 Jul'22 - 30 Jun'23	1 Jul'23 - 31 Dec'23	1 Jan'24 - 30 Jun'24	1 Jul'23 - 30 Jun'24	1 Jul'22 - 30 Jun'23	1 Jul'23 - 30 Jun'24	1 Jul'22 - 30 Jun'23	1 Jul'23 - 30 Jun'24	1 Jul'22 - 30 Jun'23
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expenses excluding losses																
Employee related expenses	373,346	451,293	824,639	658,804	373,346	451,520	824,866	658,804	48,176	61,721	109,897	73,351	934,536	732,155	934,763	732,155
Other operating expenses	274,328	447,873	722,201	512,507	244,551	436,644	681,195	474,610	22,516	161,623	184,139	61,790	906,340	574,297	865,334	536,400
Depreciation and amortisation	82,583	84,391	166,974	143,723	79,846	79,663	159,509	138,455	580	952	1,532	1,355	168,506	145,078	161,041	139,810
Grants and subsidies	224,334	1,454,366	1,678,700	554,084	230,668	1,463,074	1,693,742	554,472	843,586	877,634	1,721,220	811,110	3,399,920	1,365,194	3,414,962	1,365,582
Finance costs	700	757	1,457	1,230	700	757	1,457	1,230	-	-	-	-	1,457	1,230	1,457	1,230
Total expenses excluding losses	**955,291**	**2,438,680**	**3,393,971**	**1,870,348**	**929,111**	**2,431,658**	**3,360,769**	**1,827,571**	**914,858**	**1,101,930**	**2,016,788**	**947,606**	**5,410,759**	**2,817,954**	**5,377,557**	**2,775,177**
Revenue																
Sale of goods and services	143,050	95,927	238,977	145,792	122,705	89,636	212,341	122,825	6,532	6,568	13,100	8,204	252,077	153,996	225,441	131,029
Investment revenue	12,891	27,190	40,081	17,736	12,891	27,190	40,081	17,736	9,312	10,612	19,924	12,882	60,005	30,618	60,005	30,618
Retained taxes, fees and services	6,235	13,824	20,059	18,165	6,235	13,438	19,673	18,165	-	-	-	-	20,059	18,165	19,673	18,165
Personnel services revenue	66,675	72,464	139,139	113,032	66,675	72,464	139,139	113,032	6,724	8,704	15,428	9,029	154,567	122,061	154,567	122,061
Grants and other contributions	116,771	313,217	429,988	288,791	116,771	307,370	424,141	277,903	979,904	1,200,876	2,180,780	829,856	2,610,768	1,118,647	2,604,921	1,107,759
Other revenue	14,376	45,377	59,753	59,221	14,376	42,805	57,181	47,296	405	20,105	20,510	-	80,263	59,221	77,691	47,296
Acceptance by the Crown of employee benefits and other liabilities	16,155	17,259	33,414	16,556	16,155	17,259	33,414	16,556	1,219	1,573	2,792	1,890	36,206	18,446	36,206	18,446
Total revenue	**376,153**	**585,258**	**961,411**	**659,293**	**355,808**	**570,162**	**925,970**	**613,513**	**1,004,096**	**1,248,438**	**2,252,534**	**861,861**	**3,213,945**	**1,521,154**	**3,178,504**	**1,475,374**
Gain / (loss) on disposal	(10,943)	(18,316)	(29,259)	(12,124)	(10,943)	(18,315)	(29,258)	(12,124)	(30)	(122)	(152)	-	(29,411)	(12,124)	(29,410)	(12,124)
Other gains/(losses)	(483)	(278)	(761)	2,442	(483)	(270)	(753)	2,442	-	(300)	(300)	-	(1,061)	2,442	(1,053)	2,442
Net result	**(590,564)**	**(1,872,016)**	**(2,462,580)**	**(1,220,737)**	**(584,729)**	**(1,880,081)**	**(2,464,810)**	**(1,223,740)**	**89,208**	**146,086**	**235,294**	**(85,745)**	**(2,227,286)**	**(1,306,482)**	**(2,229,516)**	**(1,309,485)**

21. Equity transfers (continued)

Below is the summary of equity transferred to DCCEEW

Table 2:

	DPE Consolidated	DPE Parent	Treasury	CONSOLIDATED 2024	PARENT 2024
	$'000	$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	313,933	306,449	567,757	881,690	874,206
Receivables	171,097	178,581	43,246	214,343	221,827
Inventories	70,071	70,071	-	70,071	70,071
Contract assets	3,102	3,102	-	3,102	3,102
Total current assets	**558,203**	**558,203**	**611,003**	**1,169,206**	**1,169,206**
Non-current assets					
Receivables	688	688	-	688	688
Inventories	15,098	15,098	-	15,098	15,098
Other financial assets	-	-	63,038	63,038	63,038
Property, plant and equipment	7,977,147	7,102,420	129	7,977,276	7,102,549
Right-of-use assets	12,139	12,139	-	12,139	12,139
Intangibles	408,745	406,310	6,982	415,727	413,292
Total non-current assets	**8,413,817**	**7,536,655**	**70,149**	**8,483,966**	**7,606,804**
Total assets	**8,972,020**	**8,094,858**	**681,152**	**9,653,172**	**8,776,010**
LIABILITIES					
Current liabilities					
Contract liabilities	8,898	8,898	-	8,898	8,898
Payables	166,933	163,833	274,350	441,283	438,183
Borrowings	5,474	5,474	-	5,474	5,474
Provisions	100,810	100,810	9,748	110,558	110,558
Other liabilities	19,284	19,284	-	19,284	19,284
Total current liabilities	**301,399**	**298,299**	**284,098**	**585,497**	**582,397**
Non-current liabilities					
Borrowings	25,500	25,500	-	25,500	25,500
Provisions	5,708	5,708	103	5,811	5,811
Total non-current liabilities	**31,208**	**31,208**	**103**	**31,311**	**31,311**
Total liabilities	**332,607**	**329,507**	**284,201**	**616,808**	**613,708**
Net assets	**8,639,413**	**7,765,351**	**396,951**	**9,036,364**	**8,162,302**

21. Equity transfers (continued)

Recognition and measurement

Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the consolidated entity’s policy on the revaluation of property, plant and equipment as discussed in note 12.

Accumulated funds

The category 'accumulated funds' includes all current and prior period retained funds.

Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus).

Increase / decrease in net assets from equity transfers

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector agencies and ‘equity appropriations’ are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to “Accumulated Funds”. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Transfers arising from an administrative restructure including not-for-profit and for-profit government entity are recognised by the transferor immediately prior to the restructure, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the consolidated entity recognises the asset at the transferor’s carrying amount. Where the transferor is prohibited from recognising an internally generated intangible the consolidated entity does not recognise that asset.

Land transfers are recognised at fair value through consolidated equity, where it is within state sector and the transfer is in accordance with the requirements of TPP 21-08 *Accounting Policy: Contributions by owners made to wholly owned Public Sector Entities.* Transfers are recognised upon publication of notice in the NSW Government Gazette or transfer of control and are included as ‘transfer of assets within total state sector agencies.

22. Commitments for expenditure

Capital Commitments

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for year end and not provided:		
Within one year	67,609	61,069
Later than one year but not later than five years	-	-
Later than five years	-	-
Total (including GST)	**67,609**	**61,069**

23. Contingent liabilities and contingent assets

(a) Contingent liabilities

Other

There are a number of claims against the consolidated entity. As at 30 June 2024, these included:

- There is potential for claims for damages from the department for injuries and/or damage to their personal property. Civil claims against the consolidated entity are managed by TMF in relation to issues, such as negligence and public liability. It is not practicable to estimate the financial effect of this claim.
- Potential liability for costs in connection with pausing a project to further consider the need, timing and options for water supply augmentation. It is not practicable to estimate the financial effect of this.

(b) Contingent assets

The consolidated entity may be entitled to receive fines and penalties from prosecutions under the *National Parks and Wildlife Act 1974*. It is not practical to estimate the financial amounts of this contingent asset.

The consolidated entity will be entitled to reimbursements from TMF that manages civil claims, which are disclosed as contingent liabilities above. It is not practicable to estimate the financial effect of this contingent asset.

24. Budget

The department was created on 1 January 2024 after the presentation of 2023-24 State Budget to the Parliament. In preparing these financial statements, budget information, including budget review is not presented because AASB1055 Budgetary Reporting is not applicable to the department for the financial year 2024.

25. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to net result as reported in the Statement of Comprehensive Income as follows:

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Net cash used on operating activities	664,692	654,107
Depreciation and amortisation	(84,391)	(79,663)
Finance costs	(175)	(175)
Non-cash grants	42,547	40,510
Gain/(loss) on disposal of property, plant and equipment	(18,316)	(18,315)
Other gain/(losses)	(330)	(330)
Increase / (decrease) in receivables	297	(18,502)
Increase / (decrease) in inventories	44,403	44,403
Increase / (decrease) in contract assets	(5)	(5)
Decrease / (increase) in payables	(81,956)	(63,421)
Decrease / (increase) in contract liabilities	(604)	(604)
Decrease / (increase) in provisions	(10,396)	(10,396)
Decrease / (increase) in other liabilities	(16,783)	(16,700)
Net result	**538,983**	**530,909**

26. Non-cash financing and investing activities

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Non-cash investing activities		
Assets recognised for the first time	112	112
Written down value of assets disposed	(18,621)	(18,621)
Equity transfers	171,208	171,208
Total non-cash investing activities	**152,699**	**152,699**

27. Financial instruments

The consolidated entity's principal financial instruments are outlined below. These financial instruments arise directly from the consolidated entity's operations or are required to finance the consolidated entity's operations. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The consolidated entity's main risks arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary has an overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse risks faced by the consolidated entity, to set risk limits and controls and to monitor risks.

(a) Financial instrument categories

	Note	Category	CONSOLIDATED	PARENT
			2024	**2024**
Class:			**$'000**	**$'000**
Financial Assets			**Carrying Amount**	**Carrying Amount**
Cash and cash equivalents	7	Amortised cost	1,296,889	1,287,411
Receivables[1]	8	Amortised cost	160,421	149,121
Contract assets[3]	9		3,097	3,097
Other financial assets	11	Amortised cost	64,547	64,547
			1,524,954	**1,504,176**
Class:				
Financial Liabilities			**Carrying Amount**	**Carrying Amount**
Payables[2]	17	Financial liabilities measured at amortised cost	521,965	500,330
Borrowings	18	Financial liabilities measured at amortised cost	30,016	30,016
			551,981	**530,346**

[1] Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
[2] Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).
[3] While contract assets are also not formalised, they are explicitly included in the scope of AASB 7 for the purpose of the credit risk disclosure.

The consolidated entity determines the classification of its financial assets and liabilities after initial recognition and when allowed and appropriate, re-evaluates this at each financial year end.

(b) De-recognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the consolidated entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

27. Financial instruments (continued)

- the consolidated entity has transferred substantially all the risks and rewards of the asset; or
- the consolidated entity has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the consolidated entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the consolidated entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the consolidated entity's continuing involvement in the asset. In that case, the consolidated entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the consolidated entity has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the consolidated entity could be required to repay.

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

(c) Offsetting financial instruments

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

(d) Financial risks

(i) Credit Risk

Credit risk arises when there is the possibility of the counter party defaulting on their contractual obligations, resulting in a financial loss to the consolidated entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance credit losses or allowance for impairment).

Credit risk arises from the financial assets of the consolidated entity, including cash, receivables, authority deposits and advances receivable. No collateral is held by the consolidated entity. The consolidated entity has not granted any financial guarantees.

Credit risk associated with the consolidated entity's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorpIM) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

27. Financial instruments (continued)

(d) Financial risks (continued)

(i) Credit Risk (continued)

Receivables – trade receivables

Accounting policy for impairment of trade receivables and other financial assets

Collectability of trade receivables are reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand where necessary.

The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery.

The loss allowance for trade receivables as at 30 June 2024, was determined as follows:

			2024 $'000			
CONSOLIDATED	**Current**	**<30 days**	**30 - 60 days**	**61 - 90 days**	**>91 days**	**Total**
Expected credit loss rate	0%	0%	0%	0%	49%	
Estimated total gross carrying amount	12,249	1,522	600	623	7,606	22,600
Expected credit loss	-	-	-	-	3,692	3,692

			2024 $'000			
PARENT	**Current**	**<30 days**	**30 - 60 days**	**61 - 90 days**	**>91 days**	**Total**
Expected credit loss rate	0%	0%	0%	0%	49%	
Estimated total gross carrying amount	12,249	1,522	600	623	7,606	22,600
Expected credit loss	-	-	-	-	3,692	3,692

Note: The analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in note 8.

The consolidated entity is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2024.

27. Financial instruments (continued)

(d) Financial risks (continued)

(ii) Liquidity Risk

Liquidity risk is the risk that the consolidated entity will be unable to meet its payment obligations when they fall due. The consolidated entity continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

During the current year there were no defaults or breaches of borrowings. No assets have been pledged as collateral. The consolidated entity's exposure to liquidity risk is deemed insignificant based on prior years' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. No interest was paid for the period ended 30 June 2024. The consolidated entity is not materially exposed to concentration of credit risk to a single debtor or group of debtors as at 30 June 2024.

The table below summarises the maturity profile of the consolidated entity's financial liabilities, based on contractual undiscounted payments together with the interest rate exposure.

30 June 2024	Nominal Amount[1] $'000	Fixed Interest Rate $'000	Non-Interest Bearing $'000	< 1 year $'000	1-5 years $'000	> 5 years $'000
CONSOLIDATED						
Payables	521,965	-	521,965	521,965	-	1,565,895
Borrowings:						
Advance repayable	17,449	-	17,449	1,800	9,832	46,530
Lease liabilities	243	12,567	-	4,527	7,547	24,641
	539,414	**12,567**	**539,414**	**528,292**	**17,379**	**1,637,066**
PARENT						
Payables	500,330	-	500,330	500,330	-	-
Borrowings:			-	-	-	-
Advance repayable	17,449	-	17,449	1,800	9,832	5,817
Lease liabilities	-	12,567	-	4,527	7,547	493
	517,779	**12,567**	**517,779**	**506,657**	**17,379**	**6,310**

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. These amounts include both interest and principal cashflows and therefore will not reconcile to the amounts disclosed in the statement of financial position.

27. Financial instruments (continued)

(d) Financial risks (continued)

(iii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The consolidated entity's exposures to market risk are primarily through interest rate risk on the consolidated entity's borrowings.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the consolidated entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting year). The sensitivity analysis is based on risk exposure in existence at the financial position date. The analysis assumes that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the consolidated entity's interest-bearing liabilities. The consolidated entity does not account for any fixed rate financial instruments at fair value through profit or loss or as at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The consolidated entity's exposure to interest rate risk is set out below.

		$'000			
	Carrying amount	Profit	Equity	Profit	Equity
30 June 2024		-1%		+1%	
CONSOLIDATED					
Financial Assets					
Cash and cash equivalents	1,296,889	(12,969)	(12,969)	12,969	12,969
Receivables	160,421	(1,604)	(1,604)	1,604	1,604
Other financial assets	64,547	(645)	(645)	645	645
Financial Liabilities					
Payables	521,965	5,220	5,220	(5,220)	(5,220)
Borrowings	30,016	300	300	(300)	(300)

	Carrying amount	Profit	Equity	Profit	Equity
30 June 2024		-1%		+1%	
PARENT					
Financial Assets					
Cash and cash equivalents	1,287,411	(12,874)	(12,874)	12,874	12,874
Receivables	149,121	(1,491)	(1,491)	1,491	1,491
Other financial assets	64,547	(645)	(645)	645	645
Financial Liabilities					
Payables	500,330	5,003	5,003	(5,003)	(5,003)
Borrowings	30,016	300	300	(300)	(300)

27. Financial instruments (continued)

(d) Financial risks (continued)

(iii) Market Risk (continued)

Foreign exchange risk

Exposure to foreign exchange risk arises primarily through the contractual commercial transactions denominated in a foreign currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity manages its foreign exchange risk by entering into forward exchange contracts in accordance with NSW Treasury policy TPP 18-03 *NSW Government foreign exchange risk policy*.

Foreign exchange risk related to the principal amount of overseas purchase commitments made are fully hedged using forward contracts that mature on the same dates as the forecast purchase are due for payment. These contracts are designated as cash flow hedges.

For the period ended 30 June 2024, the consolidated entity did not enter into any foreign exchange transactions that required use of derivates for hedging purposes.

(iv) Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. There is no material difference between the fair value and the carrying amount.

28. Joint arrangements

The consolidated entity is engaged with several joint arrangements.

As at 30 June 2024, the consolidated entity had an interest in the following joint arrangements:

- 26.67% share in the joint arrangement entities - Living Murray Initiative and the River Murray Operations. These assets are administered by the Murray-Darling Basin Authority.
- 50% share in the joint arrangement entity - Dumaresq-Barwon Border Rivers Commission.

An assessment of AASB 11 *Joint Arrangements* has determined that River Murray Operations, Living Murray Operations and Dumaresq-Barwon Borders Rivers Commission are all joint operations that require recognition of a share of assets and liabilities.

The numbers represented below are the reported amounts from the audited joint arrangement financial statements (right hand column) and the consolidated entity’s share (left hand column).

(a) Murray-Darling Basin Authority - Living Murray and River Murray Operations

Upon transition of the former Murray-Darling Basin Commission (MDBC) to the Murray-Darling Basin Authority, two joint arrangements were established to hold the jurisdictional assets previously held by the MDBC on behalf of the jurisdictions. The joint arrangements were established through agreements called "asset agreement for River Murray operations assets" (River Murray Operations joint arrangement) and the "further agreement on addressing water over allocation and achieving environmental objectives in the Murray-Darling Basin - control and management of Living Murray assets" (Living Murray joint arrangement).

Refer to the table below.

28. Joint arrangements (continued)

(a) Murray-Darling Basin Authority - Living Murray and River Murray Operations (continued)

	2024 $'000 26.67%	2024 $'000 100%
Reporting date	30 June	30 June
Summarised financial information		
	$'000	**$'000**
Statement of financial position		
Assets		
Non-current assets		
Infrastructure assets	875,350	3,282,153
Property, plant and equipment	2,877	10,788
Intangibles	183,712	688,833
Other	9,979	37,417
Net assets	**1,071,918**	**4,019,191**
Statement of comprehensive income		
Revenues	3,165	11,869
Expenses	(6,177)	(23,161)
Surplus / (deficit) for the year	**(3,012)**	**(11,292)**
Aggregate asset revaluation increment/(decrement) for the financial year	38,946	146,030

(b) Dumaresq-Barwon Border Rivers Commission

	2024 $'000 50%	2024 $'000 100%
Reporting date	30 June	30 June
Summarised financial information		
	$'000	**$'000**
Statement of financial position		
Assets		
Current assets		
Cash and cash equivalents	1,931	3,862
Receivables	6	12
Non-current assets		
Property, plant and equipment	87,908	175,816
Total assets	**89,845**	**179,690**
Liabilities		
Current liabilities		
Payables	620	1,240
Total liabilities	**620**	**1,240**
Net assets	**89,225**	**178,450**
Statement of comprehensive income		
Revenues	2,031	4,062
Expenses	(2,039)	(4,078)
Surplus / (deficit) for the year	**(8)**	**(16)**
Aggregate asset revaluation increment/(decrement) for the financial year	231	462

29. Related party disclosures

(a) Key management personnel compensation

The consolidated entity's key management personnel includes the following positions:

- Secretary, DCCEEW
- Chief Operating Officer, DCCEEW
- Deputy Secretary, Water Group
- A/Deputy Secretary, Energy, Climate Change and Sustainability
- Executive Director, Heritage
- Deputy Secretary, National Parks and Wildlife Services
- Deputy Secretary, Biodiversity Conservation & Science
- Deputy Secretary, Energy, Climate Change and Sustainability

The combined compensation for the key management personnel for the period from 1 January 2024 to 30 June 2024 is as follows:

	CONSOLIDATED	PARENT
	2024	**2024**
	$'000	**$'000**
Salaries	1,386	1,386
Other long-term employee benefits	184	184
Post-employment benefits	85	85
Total remuneration	**1,655**	**1,655**

(b) Transactions with Government related entities

For the period from 1 January 2024 to 30 June 2024, the consolidated entity entered into the following individually significant arms' length transactions with other entities that are controlled by the NSW Government:

- Appropriation of $3,658 million received by the department (principal department in the Climate Change, Energy, the Environment and Water portfolio of agencies from the Consolidated Fund (note 3(a)).
- Grants of $371 million were paid to agencies within the Climate Change, Energy, the Environment and Water portfolio of agencies. A further $82 million were paid to NSW government entities under a number of department's grants programs. (note 2(d)).

(c) Transactions with Government related entities

The department also entered into transactions with other entities that are controlled or jointly controlled or significantly influenced by NSW Government. These transactions are conducted at arms-length. This includes accommodation arrangements with Property NSW, insurance arrangement with the NSW Self Insurance Corporation, corporate shared services and personnel services arrangements, transfer of IPART revenues (on behalf of Water Administration Ministerial Corporation), financing arrangement with NSW Treasury and certain employee benefits assumed by the Crown. Refer notes 2(a), 2(b), 2(d), 2(e), 3(e), 3(f), and 3(g).

Further, the department receives land from NSW government agencies free of cost for additions to its national parks and operations. The department transfers land and other infrastructure assets when there is a government mandated change in the use of assets or if assets are surplus to its business/ operational requirements. These transactions are reflected as equity adjustments or as grant revenue/expense, subject to their nature. Refer note 2(d), note 3(f) and note 21.

30. Events after reporting period

Effective from 1 July 2024, as per the *Administrative Arrangements (Administrative Changes—Miscellaneous) Order (No 2) 2024 [NSW] Schedule 1 Amendment of Administrative Arrangements (58th Parliament) Order 2023, Part 9.34* the Energy Corporation of NSW Group is transferred from the Department of Climate Change, Energy, the Environment and Water to the Energy Corporation of New South Wales Staff Agency. The parts of the department that enable EnergyCo's functions will transfer to EnergyCo Staff Agency on this date. There is no impact on the current year financial statements of the Department as a result of this change.

There are no other known events that would impact on the state of the consolidated entity or have a material impact on the financial statements.

End of financial statements

Water Administration Ministerial Corporation

INDEPENDENT AUDITOR'S REPORT

Water Administration Ministerial Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Water Administration Ministerial Corporation (the Corporation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Secretary’s Responsibilities for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Secretary's responsibility also includes such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor’s Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor’s report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Caroline Karakatsanis
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 October 2024
SYDNEY

Water Administration Ministerial Corporation

Financial Statements
for the year ended 30 June 2024

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Water Administration Ministerial Corporation

Statement by the accountable authority

For the year ended 30 June 2024

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018 ("the Act")*, I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2024* and the Treasurer's directions, and
- present fairly the Water Administration Ministerial Corporation's financial position, financial performance and cash flows.

……………………………………………..

Anthony Lean
Secretary, Department of Climate Change, Energy, the Environment and Water

Date 18/10/2024

Water Administration Ministerial Corporation
Statement of comprehensive income for the year ended 30 June 2024

	Notes	Actual 2024 $'000	Budget 2024 $'000	Actual 2023 $'000
Expenses excluding losses				
Operating expenses				
Personnel services expenses	2(a)	2,135	1,097	2,422
Other operating expenses	2(b)	71,140	61,020	64,177
Depreciation and amortisation	2(c)	7,464	4,224	5,268
Total expenses excluding losses		**80,739**	**66,341**	**71,867**
Revenue				
Sale of goods and services from contracts with customers	3(a)	57,165	51,303	51,671
Grants and contributions	3(b)	22,032	31,518	11,275
Other revenue	3(c)	3,789	-	11,925
Total revenue		**82,986**	**82,821**	**74,871**
Operating result		**2,247**	**16,480**	**3,004**
Gain/(loss) on disposal	4	(1)	-	-
Other gains/(losses)	5	(8)	-	-
Net result		**2,238**	**16,480**	**3,004**
Other comprehensive income				
Items that will not be reclassified to net result in subsequent year				
Net increase / (decrease) in property, plant and equipment revaluation surplus	8	(173,033)	-	44,573
Total other comprehensive income		**(173,033)**	**-**	**44,573**
Total comprehensive income		**(170,795)**	**16,480**	**47,577**

The accompanying notes form part of these financial statements.

Water Administration Ministerial Corporation
Statement of financial position as at 30 June 2024

	Notes	Actual 2024 $'000	Budget 2024 $'000	Actual 2023 $'000
ASSETS				
Current assets				
Cash	6	9,478	-	-
Receivables	7	42,834	705	-
Total current assets		**52,312**	**705**	**-**
Non-current assets				
Property, plant and equipment	8			
- Buildings		133	-	139
- Land		16,446	15,707	15,711
- Infrastructure		691,014	895,723	861,613
Total property, plant and equipment		**707,593**	**911,430**	**877,463**
Intangible assets	9	2,435	2,351	2,435
Total non-current assets		**710,028**	**913,781**	**879,898**
Total assets		**762,340**	**914,486**	**879,898**
LIABILITIES				
Current liabilities				
Payables	12	53,152	-	-
Other	13	85	-	-
Total current liabilities		**53,237**	**-**	**-**
Total liabilities		**53,237**	**-**	**-**
Net assets		**709,103**	**914,486**	**879,898**
EQUITY				
Reserves		22,605	213,746	195,638
Accumulated funds		686,498	700,740	684,260
Total equity		**709,103**	**914,486**	**879,898**

The accompanying notes form part of these financial statements.

Water Administration Ministerial Corporation
Statement of changes in equity for the year ended 30 June 2024

	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total Equity $'000
Balance at 1 July 2023		684,260	195,638	879,898
Net result for the year		2,238	-	2,238
Other comprehensive income:				
Net increase / (decrease) in revaluation surplus of property, plant and equipment	8	-	(173,033)	(173,033)
Total other comprehensive income		**-**	**(173,033)**	**(173,033)**
Total comprehensive income for the year		**2,238**	**(173,033)**	**(170,795)**
Balance at 30 June 2024		**686,498**	**22,605**	**709,103**
Balance at 1 July 2022		681,256	151,065	832,321
Net result for the year		3,004	**-**	3,004
Other comprehensive income				
Net increase / (decrease) in revaluation surplus of property, plant and equipment	8	-	44,573	44,573
Total other comprehensive income		**-**	**44,573**	**44,573**
Total comprehensive income for the year		**3,004**	**44,573**	**47,577**
Balance at 30 June 2023		**684,260**	**195,638**	**879,898**

The accompanying notes form part of these financial statements.

Water Administration Ministerial Corporation
Statement of cash flows for the year ended 30 June 2024

	Notes	Actual 2024 $'000	Budget 2024 $'000	Actual 2023 $'000
Net cash flows from operating activities				
Payments				
Payments to suppliers		-	-	-
Personnel services		-	(1,097)	-
Other		(37,634)	(61,020)	-
Total payments		**(37,634)**	**(62,117)**	**-**
Receipts				
Sale of goods and services		33,269	51,303	-
Grants and contributions		12,592	31,518	-
Other receipts		1,251	(704)	-
Total receipts		**47,112**	**82,117**	**-**
Net cash flows from operating activities	16	**9,478**	**20,000**	**-**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment		-	(20,000)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**-**	**(20,000)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings and advances		-	-	-
Repayment of borrowings and advances		-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**-**	**-**
Net increase/(decrease) in cash		**9,478**	**-**	**-**
Opening cash and cash equivalents		-	-	-
Closing cash and cash equivalents		**9,478**	**-**	**-**

WAMC has started using its own bank account for new purchases and revenue transactions from September 2023. In 2022-23, cash transactions were processed through the Department of Planning and Environment (DPE). Revenues and expenses for WAMC were transferred in kind from DPE. Refer to note 3(b) .

From 1 January 2024, the newly formed Department of Climate Change, Energy, the Environment and Water (the department) became WAMC's parent entity. Expenditure on capital upgrades, maintenance, administration, management of Hunter Valley Flood Mitigation Scheme assets (levee banks) and personnel services continue to be processed through the department's bank account and are being reimbursed by WAMC.

The accompanying notes form part of these financial statements.

1. Statement of material accounting policy information

(a) Reporting entity

The Water Administration Ministerial Corporation (WAMC) is a NSW government entity constituted under the *Water Management Act 2000* and the affairs of WAMC are controlled by the Minister.

From 1 January 2024, the newly created Department of Climate Change, Energy, the Environment and Water (the department) is WAMC's parent entity as a result of the machinery of government changes. The responsible Minister has delegated management functions to the Secretary of the department and the Water Management Act 2000 enables staff of the department to perform certain activities under delegation.

WAMC is a NSW Government agency and a separate reporting entity. There are no other entities under its control. WAMC is a not-for-profit entity as profit is not its principal objective.

WAMC is controlled by the state of New South Wales which is the ultimate parent and is consolidated as part of the department's financial statements and the NSW Total State Sector Accounts.

WAMC contributes towards maximising community benefits through management of sustainable, secure and healthy water resources and services for the State.

These financial statements for the year ended 30 June 2024 are authorised for issue by the Accountable Authority on the date the accompanying statement was signed.

(b) Basis of preparation

WAMC's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards, which include Australian Accounting Interpretations,
- the requirements of the *Government Sector Finance Act 2018* (the GSF Act), and
- Treasurer's Directions issued under the GSF Act.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

Property, plant and equipment and certain financial assets and liabilities are measured at fair value. Other financial statement items are measured in accordance with the historical cost convention except where specified otherwise.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is WAMC's presentation and functional currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by WAMC as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense, and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

1. Statement of material accounting policy information (cont'd)

(e) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous year for all amounts reported in the financial statements.

(f) Changes in accounting policies, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2023-24

The following policies, amendments and interpretations apply for the first time in the 2023-24 financial year. WAMC has assessed their financial impact and considered the impact to be not material. As part of the implementation of AASB 2021-2, the presentation of accounting policies in the financial statements has changed from "significant accounting policies" to "material accounting policy information".

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023)
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1 January 2023)
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (effective from 1 January 2023)
- AASB 2021-7b *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2023)
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (effective from 1 January 2023)
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards* (effective from 1 January 2023)
- AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* (effective from 1 January 2023)

(ii) Issued but not yet effective

NSW public sector entities do not early adopt new Australian Accounting Standards, unless Treasury determines otherwise. The following new Australian Accounting standards have not been applied and are not yet effective (NSW Treasury mandate TPG 24-06 *'Mandates of Options and Major Policy Decisions under Australian Accounting Standards'*):

- AASB 17 *Insurance Contracts (effective from 1 January 2026)*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current (effective from 1 January 2024)*
- AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2025)
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (effective from 1 January 2024)*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (effective from 1 January 2024)*
- AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* (effective from 1 July 2026)
- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (effective from 1 January 2024)*

WAMC has assessed the impact of the new standards and interpretations issued but not yet effective and considers the impact to be not material.

1. Statement of material accounting policy information (cont'd)

(g) Going concern

The 2023-24 financial statements have been prepared on a going concern basis. WAMC receives financial support from the department. At the date of this report there is no reason to expect that this support will not continue.

2. Expenses excluding losses

(a) Personnel services expenses

	2024 $'000	2023 $'000
Personnel services expenses - department	2,135	2,422
	2,135	**2,422**

WAMC does not employ staff and receives corporate support and operational services from the staff of the department. WAMC reimburses the department for agreed projects and recognises grant income for services that it receives free of charge. Refer to note 3(b).

(b) Other operating expenses

	2024 $'000	2023 $'000
Auditor's remuneration - audit of financial statements	70	111
Contractors and other fees*	7,190	7,207
Insurance	6,199	4,040
Water licence expenses	885	1,055
Maintenance	1	-
Motor vehicle expenses	4	12
Travel	43	27
Other operating expense	48	46
Valuation fee	85	92
Water operating expenses		
Water NSW	26,471	23,525
Department	30,144	28,062
	71,140	**64,177**

* Expenses relate to the maintenance of Hunter Valley Flood Mitigation Scheme assets by contractors.

2. Expenses excluding losses (continued)

Recognition and measurement – key ‘other operating expenses’

Insurance

WAMC’s insurance activities are conducted via the department through the NSW Treasury Managed Fund Scheme (TMF) of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Water licence expense

This relates to expenses associated with water licences owned and controlled by WAMC except for the snowy water licence. The cost of administering snowy water licence is included in the respective expense categories in the financial statements.

Costs relating to water licences are incurred by the department on behalf of WAMC. Refer to note 3(a) and note 9.

Water operating expenses

WaterNSW, the department and Natural Resources Access Regulator (NRAR) have agreed to a user share of the revenue based on the price determination by Independent Pricing and Regulatory Tribunal (IPART) to fund regulated activities undertaken by each entity. WaterNSW manages the collection of revenue and following invoicing to customers and receipting, remits the determined shares of the department and NRAR to WAMC and retains its share. WAMC recognises these shares as operating expenses. Refer to note 3(a) for further information.

Further, WaterNSW, the department and NRAR incur expenses relating to the IPART regulated water activities in excess of the above IPART mandated water user charges, for which they receive additional Government funding. The IPART assess the efficient level of cost for each activity and then determines the proportion to be fairly recovered from users and that to be funded by Government as a broader community service obligation.

(c) Depreciation and amortisation expense

	2024 $'000	2023 $'000
Depreciation		
Buildings	13	12
Infrastructure	7,451	5,256
	7,464	**5,268**

Refer to notes 8 and 9 for recognition and measurement policies on depreciation and amortisation.

3. Revenues

Revenue is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* (AASB 15) or AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058), dependent on whether there is a contract with a customer defined by AASB 15.

(a) Revenue from contracts with customers/sale of goods and services

	2024 $'000	2023 $'000
Rendering of services		
Water Management Act 2000		
- Water usage charges	51,133	47,463
- Consent revenue	5,481	4,125
	56,614	51,588
Snowy water license fees	551	83
	57,165	**51,671**

Recognition and measurement

Rendering of services

Revenue from rendering of services is recognised when WAMC satisfies the performance obligation by transferring the promised services.

The revenue is measured at the transaction price agreed under the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as payments are due with a short credit term.

Water usage charges: The Independent Pricing and Regulatory Tribunal (IPART) was established under the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act) and determines pricing in relation to water charges. In accordance with section 4 of the IPART Act, WAMC is deemed to be the provider of the services and thus the legal recipient of the water revenue.

The water revenue is then shared between DCCEEW, Natural Resources Access Regulator (NRAR) and WaterNSW to support the regulated activities undertaken by each entity. The distribution of the water revenue between parties is in accordance with the revenue sharing requirements made under the Roles and Responsibilities Agreement.

WAMC recognises this revenue sharing arrangement as water operating expenses. Refer to note 2(b).

WaterNSW manages the collection of revenue, including invoicing and receipting, and remits the determined shares of DCCEEW and NRAR to WAMC. WaterNSW retains its share of the revenue and does not remit it to WAMC.

Consent revenue: Water consent transaction charges recoup the efficient costs of issuing and amending water access licences, performing water allocation assignments and works approvals.

Snowy water licence fee: WAMC administers this licence and receives an annual fee, which is calculated on a cost recovery basis, being the reasonable cost of administering this particular licence and monitoring compliance by Snowy Hydro Corporation (licensee) with its terms and conditions for the relevant water year. The cost of administering the licence is incurred by the department on behalf of WAMC, which receives the licence fee revenue as a reimbursement for its cost. Refer to note 2(b) and note 9.

3. Revenues (continued)

(b) Grants and contributions

	2024 $'000	2023 $'000
Grants - without specific performance obligations[1]	19,995	
Non-cash grants – without any specific performance obligations		
Personnel services contribution - DPE	-	2,422
Operating and capital contribution - DPE	-	2,586
Other grants	-	6,267
Grants - assets (non-cash)	2,037	-
	22,032	**11,275**

[1] This includes transfer of NSW Treasury appropriated consolidated funding from the department to WAMC to deliver Hunter Valley Flood Mitigation Scheme and Nimmie-Caira operations $10.3 million.

Recognition and measurement

Non-cash grants

In prior years, expenditure towards capital upgrade, maintenance, administration and management of Hunter Valley Flood Mitigation Scheme assets (levee banks) were provided to WAMC free of charge by Department of Planning and Environment (DPE). DPE also provides personnel services for employees' administration and management of the snowy water licences, finance and corporate governance activities. This contribution was recognised in the statement of comprehensive income as non-cash grants when provided to WAMC. The 'other' grants category includes contributions paid to DPE by the Local Land Services and local councils towards maintenance of levee banks, under the requirements of the *Water Management Act 2000*.

In 2023-24, WAMC has started operating its own bank account. Expenditure for capital upgrades, maintenance, administration, and management of Hunter Valley Flood Mitigation Scheme assets (levee banks), as well as personnel services provided by DPE between 1 July 2023 and 31 December 2023 were reimbursed by WAMC and are no longer recognised as non-cash grants.

Starting 1 January 2024, the newly formed Department of Climate Change, Energy, the Environment and Water (the department) became WAMC's parent entity as a result of the machinery of government changes. Expenditure for capital upgrades, maintenance, administration, and management of Hunter Valley Flood Mitigation Scheme assets (levee banks), as well as personnel services provided by the department, are being reimbursed by WAMC and are no longer recognised as non-cash grants.

Grants and contributions

Income from grants without sufficiently specific performance obligations is recognised when WAMC obtains control over the granted assets.

Receipt of volunteer services is recognised when and only when a fair value of those services could be reliably determined, and the services would be purchased if not donated. During 2023-24, WAMC did not use any volunteer services (2023: nil).

3. Revenues (continued)

(c) Other revenue

	2024	2023
	$'000	**$'000**
Insurance recoveries	3,786	11,925
Other miscellaneous income	3	-
	3,789	**11,925**

Recognition and measurement

Insurance recoveries

Insurance recoveries are recognised as revenue on receipt of funds or when payment on claims is approved by the insurer. The insurance recoveries relate to prior years' flood events.

(d) Summary of compliance

Department of Planning and Environment (DPE) was administratively responsible for WAMC up to 31 December 2023. From 1 January 2024, Department of Climate Change, Energy, the Environment and Water (the department) is administratively responsible for WAMC as a result of a Machinery of Government (MoG) change.

The *Appropriation Act 2023* (*Appropriations Act*) and the subsequent variations appropriates the sum of $5.2 billion to the Minister for Planning and Public Spaces out of the Consolidated Fund for the services of DPE for the year 2023-24, and $3.7 billion to the Minister for Climate Change, Minister for Energy, Minister for the Environment and Minister for Heritage out of the Consolidated Fund for the services of the department for the year ended 30 June 2024. The spending authority of the Ministers from the *Appropriations Act* has been delegated or subdelegated to officers of DPE, the department and entities that they are administratively responsible for, including WAMC.

A summary of compliance is disclosed in the financial statements of the Annual Report of Department of Planning, Housing and Infrastructure (DPHI) and the department. It has been prepared by calculating the separate spending authorities of the Minister for Planning and Public Spaces and the Minister for Climate Change, Minister for Energy, Minister for the Environment and Minister for Heritage for the services of each respective lead department. It reflects the status at the point in time this disclosure statement is being made. WAMC's spending authority and expenditure prior to the MoG change is included in the summary of compliance of DPHI, and after the MoG change in the summary of compliance of the department.

The delegation/sub-delegations for 2023-24 and 2022-23, authorising officers of the WAMC to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but not the overall expenditure of the WAMC. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the department to spend monies appropriated under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the limit from the *Appropriations Act* and other sources is disclosed in the summary of compliance tables included in the financial statements of the Annual Report of the then DPE (now Department of Planning, Housing and Infrastructure) and the department.

4. Gain / (loss) on disposal

	2024 $'000	2023 $'000
Gain/(Loss) on disposal of property, plant and equipment:		
Proceeds on sale	-	-
Written down value of assets disposed	(1)	-
Net gain/(loss) on disposal of property, plant and equipment	**(1)**	**-**

5. Other gains / (losses)

	2024 $'000	2023 $'000
Gain / (impairment) of receivables	(8)	-
	(8)	**-**

6. Current assets – Cash

	2024 $'000	2023 $'000
Cash at bank and on hand	9,478	-
	9,478	**-**

For the purpose of statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

WAMC has started using its own bank account for new purchases and revenue transactions from September 2023.

Prior to this, cash transactions were conducted through the Department of Planning and Environment (DPE).

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the year to the statement of cash flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	9,478	-
Closing cash and cash equivalents (per Statement of Cash Flows)	**9,478**	**-**

Refer to note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Current assets – Receivables

	2024 $'000	2023 $'000
Current		
Trade receivables	279	-
Allowance for expected credit losses*	(8)	-
	271	**-**
Net GST receivable	15	-
Water usage charges receivable	39,191	-
Insurance receivables	3,357	-
	42,834	**-**
Movements in the allowance for credit losses		
Balance at beginning of the year	-	-
Increase / (decrease) in allowance recognised in net results	8	-
Balance at end of the year	**8**	**-**

Details regarding credit risk of trade receivables, that are either past due or impaired, are disclosed in note 18.

Recognition and Measurement

WAMC recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when WAMC becomes a party to the contractual provisions of the instrument, WAMC considers:

- Whether WAMC has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

All ‘regular way’ purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Water usage charges

In accordance with section 4 of the IPART Act, WAMC is deemed to be the supplier of the water services and thus the legal recipient of the water charges revenue. However, WaterNSW manages the collection of this revenue, including invoicing and receipting, and remits the determined shares of DCCEEW and NRAR to WAMC. WaterNSW retains its share of the revenue and does not remit it to WAMC. Refer to note 3(a) for further information.

As WaterNSW only manages the collection of this revenue, all the risks and rewards are recognised by WAMC and then transition to the service delivery agencies (including the department and WaterNSW) in line with the sharing arrangement. Therefore, in accordance with AASB 9 *Financial Instruments*, WAMC recognises the full outstanding amount as a receivable.

7. Current assets - Receivables (continued)

Subsequent Measurement

WAMC holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

WAMC recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that WAMC expects to receive, discounted at the original effective interest rate.

For trade receivables, WAMC applies a simplified approach in calculating ECL’s. WAMC recognises a loss allowance based on lifetime ECL’s at each reporting date. WAMC has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward looking factors specific to the receivable.

8. Non-current assets – property, plant and equipment

Reconciliation - Property, plant and equipment

	Buildings $'000	Land $'000	Infrastructure $'000	Total $'000
At 1 July 2022				
Gross carrying amount	499	14,087	926,394	940,980
Accumulated depreciation and impairment	(348)	-	(110,746)	(111,094)
Net carrying amount	**151**	**14,087**	**815,648**	**829,886**
Year ended 30 June 2023				
Net carrying amount at start of year	151	14,087	815,648	829,886
Additions	-	-	8,272	8,272
Net revaluation increments/(decrements) recognised in reserves	-	1,624	46,567	48,191
Impairment recognised in reserves*	-	-	(3,618)	(3,618)
Depreciation expense	(12)	-	(5,256)	(5,268)
Net carrying amount at end of the year	**139**	**15,711**	**861,613**	**877,463**
At 1 July 2023				
Gross carrying amount	516	15,711	988,064	1,004,291
Accumulated depreciation and impairment	(377)	-	(126,451)	(126,828)
Net carrying amount	**139**	**15,711**	**861,613**	**877,463**
Year ended 30 June 2024				
Net carrying amount at start of year	139	15,711	861,613	877,463
Additions	-	-	10,628	10,628
Disposals	-	(1)	-	(1)
Net revaluation increments/(decrements) recognised in reserves	7	736	(179,812)	(179,069)
Impairment recognised in reserves*	-	-	6,036	6,036
Depreciation expense	(13)	-	(7,451)	(7,464)
Net carrying amount at end of the year	**133**	**16,446**	**691,014**	**707,593**
At 30 June 2024				
Gross carrying amount	541	16,446	1,190,436	1,207,423
Accumulated depreciation and impairment	(408)	-	(499,422)	(499,830)
Net carrying amount	**133**	**16,446**	**691,014**	**707,593**

* Impairment of infrastructure recognises the loss of service potential of the Hunter Valley Flood Mitigation Scheme resulting from recent floods.

All assets are for use by WAMC and are not leased out.

8. Non-current assets – property, plant and equipment (continued)

Recognition and measurement

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Capitalisation thresholds

Property, plant and equipment and intangible assets costing $5,000 and above individually (or forming part of a network costing more than $5,000) are capitalised.

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Hunter Valley Flood Mitigation Scheme Asset (Infrastructure – levee bank)

The *Hunter Valley Flood Mitigation Scheme (HVFM*S) provides for the coordinated construction of flood mitigation works in the Hunter Valley area. Under the *Water Management Act 2000* the Minister for Water has powers to carry out flood mitigation/protection measures, maintenance, operation of existing works and apply specific controls on development on and around the works. From 1 January 2024, the statutory powers of the Minister, who manages WAMC, may be delegated and at this time the operation of the HVFMS is currently delegated to the Department of Climate Change, Energy, the Environment and Water (the department)

In 2023-24, the effective life span of HVFMS capital levee bank components were reassessed during a comprehensive independent revaluation, leading to a change in useful life from indefinite to a specified duration. These capital levee bank components include canals, riverbank levees, and control banks. The independent revaluation indicated that recent floods have demonstrated these assets' vulnerability to flood damage, a risk expected to increase due to climate change. Consequently, design lives were assigned to these assets beginning this financial year.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to WAMC.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

Land is not a depreciable asset.

Estimated useful lives by asset classes are:

Buildings	40 - 80 years

8. Non-current assets – property, plant and equipment (continued)

Recognition and measurement (continued)

Depreciation of property, plant and equipment (continued)

Infrastructure comprises three components in the levee bank- earthworks; civil works; mechanical works and Nimmie-Caira environmental water. WAMC sold the Nimmie-Caira property in 2019-2020, however it retained the control and management of the environmental water infrastructure on the site. Each component within the infrastructure asset class has a different useful life for depreciation purposes. Details of each component are as follows:

Capital levee bank components:	Useful Life
Earthworks component[1]	100 Years
Civil component	50 - 100 Years
Mechanical component	20 Years
Environmental water	20 Years

[1] In 2023-24, the useful life of earthworks component which includes canals, riverbank levees, and control banks was changed to 100 years from indefinite as a result of reassessment of its service conditions during independent comprehensive revaluation. The useful life assigned is consistent with that followed by local councils and agencies managing mitigation levees. As a result of the change in useful life, the value of the earthwork component decreased by $169.6 million, and future annual depreciation is estimated to be $5.7 million.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the TPP 21-09 *'Valuation of Physical Non-Current Assets at Fair Value*' Policy and Guidelines Paper (TPP 21-09) and the Treasurer's direction *'Valuation of the Physical Non-Current Assets at Fair Value'* (TD 21-05). TD 21-05 and TPP 21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to note 11 for further information regarding fair value. WAMC reviews valuation of its infrastructure assets with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Independent comprehensive valuations are performed at least every three years for land and buildings and at least every five years for infrastructure and all other assets. The last comprehensive revaluations land and buildings were at 31 March 2023, which were completed by Australis Asset Advisory Group and CBRE Valuations Pty Ltd. A comprehensive independent revaluation of infrastructures at 31 March 2024 was completed by Sheldon Consulting. The comprehensive valuations of infrastructures were updated for 30 June 2024.

Interim revaluations are conducted on 31 March 2024 between comprehensive revaluations to ensure that cumulative changes to indicators and hence fair value do not differ materially from assets' carrying values. The interim indexation of land and buildings were conducted by Australis Asset Advisory Group and was updated for 30 June 2024.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. WAMC has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

8. Non-current assets – property, plant and equipment (continued)

Recognition and measurement (continued)

Revaluation of property, plant and equipment (continued)

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment are carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

WAMC assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, WAMC estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in other comprehensive income and is treated as a revaluation increase except to the extent that an impairment loss on the same class of asset was previously recognised in net result, then the reversal is also recognised in net result.

9. Intangible assets

	2024 $'000	2023 $'000
Fair value		
Cost (gross carrying amount)	2,435	2,435
Net carrying amount	**2,435**	**2,435**

	2024 $'000	2023 $'000
Net carrying amount at beginning of year	2,435	2,435
Net carrying amount at end of the year	**2,435**	**2,435**

Recognition and measurement

Water licences

Water licences are measured at cost as there is no active market and are subject to annual impairment testing as they hold a value and have indefinite useful lives. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Water licences are those controlled and held in the name of WAMC. These include Snowy Water licence (life of 75 years), Hawkesbury Nepean licences (indefinite life) and Snowy Savings Initiative licence (indefinite life). Refer to note 2(b) and note 3(a).

Snowy Water licence is a regulatory licence authorising Snowy Hydro to access water from rivers impacted by the scheme under certain conditions which took effect from the date of Snowy Hydro corporatisation (28 June 2002) and expires 75 years after this date. This asset is recognised by WAMC at the nominal value of $1.

10. Equity

Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with WAMC's policy on the revaluation of property, plant and equipment as discussed in note 8.

Accumulated funds

The category 'accumulated funds' includes all current and prior year retained funds.

Reserves

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus).

11. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, WAMC categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that WAMC can access at the measurement date.
- Level 2 – inputs other than quoted prices included within level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

WAMC recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

(a) Fair value hierarchy

At 30 June 2024 Property, plant and equipment (Note 8)	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Infrastructure	-	-	691,014	691,014
Buildings	-	-	133	133
Land	-	16,446	-	16,446
Total	**-**	**16,446**	**691,147**	**707,593**

At 30 June 2023 Property, plant and equipment (Note 8)	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Infrastructure	-	-	861,613	861,613
Buildings	-	-	139	139
Land	-	15,711	-	15,711
Total	**-**	**15,711**	**861,752**	**877,463**

Land is valued using market evidence taking into account existing and permissible use, location and comparability and is therefore categorised as level 2. Buildings and Infrastructure values are categorised as level 3 as their fair values are assessed on the basis of costs derived from estimates based on Rawlinson's Handbook, from actual costs for recent capital works and estimates of remaining useful life.

11. Fair value measurement of non-financial assets (continued)

(b) Valuation techniques, inputs and processes

Non-financial assets	Level	Valuation techniques	Inputs used
Infrastructure	Level 3	Current replacement cost	Valuation technique uses the following inputs: • Current construction cost estimates as published in Rawlinson’s Handbook, adjusted by regional indices; • Actual comparable construction costs; • Total and remaining useful life. Management assessed that the above appropriately reflected the movement in the fair value of the assets.
Land	Level 2	Market approach	Land assets have been assessed using the market approach, specifically the direct comparison approach. This valuation technique uses the following inputs: • Sales price of comparable land; • Land attributes including size, location, restrictions on use and zoning. Interim revaluation used the quarterly median price data in each local government area and projected to 31 March 2024. The movement during the current year was then calculated and applied to the gross replacement cost and fair value of the asset group. Management assessed that the above appropriately reflected the movement in the fair value of land assets.

11. Fair value measurement of non-financial assets (continued)

(b) Valuation techniques, inputs and processes (continued)

Non-financial assets	Level	Valuation techniques	Inputs used
Buildings	Level 3	Current replacement cost	The building assets have been assessed by the current replacement cost approach. Under this approach, the current replacement cost of each building asset was assessed, and the asset was depreciated based on the condition and age of each asset to arrive at the fair value. This valuation technique uses the following inputs: • Current construction cost estimates as published in Rawlinson's Construction Handbook; • Actual comparable construction costs; • Characteristic of the building using location and condition; • Total and remaining useful life; • Gross floor area; • For heritage buildings, the replacement cost is determined by considering modern day equivalent materials and assets with the same size, design and function as the existing buildings, after taking obsolescence into consideration. • Current year cost indices were developed by building type through analysis of industry indices including ABS producer price index, construction material index, wage index, architectural, engineering, and technical services index, engineering design and consultation services index, Australian Institute of Quantity Surveyors (AIQS) and Rawlinsons construction indices. Management assessed that the above appropriately reflected the movement in the fair value of building assets.

11. Fair value measurement of non-financial assets (continued)

(c) Reconciliation of recurring level 3 fair value measurements

2024	Buildings $'000	Infrastructure $'000	Total Fair value $'000
Fair value as at 1 July 2023	139	861,613	861,752
Additions	-	10,628	10,628
Revaluation increments/decrements recognised in reserves	7	(179,812)	(179,805)
Impairment recognised in reserves	-	6,036	6,036
Depreciation	(13)	(7,451)	(7,464)
Fair value as at 30 June 2024	**133**	**691,014**	**691,147**

2023	Buildings $'000	Infrastructure $'000	Total Fair Value $'000
Fair value as at 1 July 2022	151	815,648	815,799
Additions	-	8,272	8,272
Revaluation increments/decrements recognised in reserves	-	46,567	46,567
Impairment recognised in reserves	-	(3,618)	(3,618)
Depreciation	(12)	(5,256)	(5,268)
Fair value as at 30 June 2023	**139**	**861,613**	**861,752**

12. Current liabilities – Payables

	2024 $'000	2023 $'000
Current		
Water usage charges payable[1]	39,191	-
Creditors[2]	13,961	-
	53,152	**-**

[1] The 2023-24 balance represents payables relating to the distribution of IPART water usage charges to WaterNSW, the department and NRAR. Refer to notes 3(a) and 7 for further information.

[2] The 2023-24 balance represents payables to the department for Snowy Hydro, personnel services and other costs transfer.

Details regarding liquidity risk, including maturity analysis of the above payables are disclosed in note 18.

Recognition and measurement

Payables represent liabilities for goods and services provided to WAMC and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Water usage charges

In accordance with section 4 of the IPART Act, WAMC is deemed to be the supplier of the water services and thus the legal recipient of the water charges revenue. However, WaterNSW manages the collection of this revenue, including invoicing and receipting, and remits the determined shares of DCCEEW and NRAR to WAMC. WaterNSW retains its share of the revenue and does not remit it to WAMC. Refer to note 3(a) for further information.

As WaterNSW only manages the collection of this revenue, all the risks and rewards are recognised by WAMC and then transition to the service delivery agencies (including the department and WaterNSW) in line with the sharing arrangement. Therefore, in accordance with AASB 9 *Financial Instruments*, WAMC recognises the full outstanding amount as a receivable. As this receivable balance will need to be distributed out to the recipients, it is recognised as a payable for WAMC.

13. Other current liabilities

	2024 $'000	2023 $'000
Current		
Unearned income	85	-
	85	**-**

14. Commitments

	2024 $'000	2023 $'000
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for year end and not provided:		
Within one year		
Later than one year and not later than five years	6,540	-
Later than five years	-	-
Total (including GST)	**6,540**	**-**

15. Contingent liabilities and assets

(a) Contingent liabilities

WAMC is not aware of any contingent liability as at 30 June 2024 (2023: nil).

(b) Contingent assets

WAMC is unaware of the existence of any contingent assets at balance date.

16. Reconciliation of cash flows from operating activities to net result

	2024 $'000	2023 $'000
Net cash used on operating activities	**9,478**	**-**
Depreciation and amortisation	(7,464)	(5,268)
Net non-cash grants	2,037	8,272
Decrease / (increase) in provisions	(85)	-
Decrease / (increase) in creditors	(44,561)	-
Increase / (decrease) in receivables	42,834	-
Net gain/(loss) on sale of plant and equipment	(1)	-
Net result	**2,238**	**3,004**

17. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting year. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders or approved budget proposals) are not reflected in the budgeted amounts.

The budget process is finalised prior to the beginning of each financial year. Events can arise after the budget is approved that necessitate variations to the planned activities of the Corporation for that year. This in turn may cause variations to the financial activities.

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained below:

Net result

The net result was a profit of $2.2 million compared to a budgeted profit of $16.4 million, resulting in unfavourable variance of $14.2 million. This variance was made up of the following:

- Insurance recoveries of $3.8 million, a $11.3 million unfavourable variance to budget for which the original budget is disclosed under grants and subsidies;
- Higher than budgeted water usage revenue by $5.9 million in line with the IPART determination for WAMC services; and
- Higher than budgeted depreciation expenditure by $3.2 million; mainly due the asset revaluation and the change in the effective life of earthwork components from indefinite to 100 years, which were not budgeted;

The above was partly offset by:

- Higher than budgeted water usage expense by $5.9 million in line with the IPART determination for WAMC services.

Assets and liabilities

Net assets of $709 million were $205.4 million lower than the budget of $914.4 million. This was mainly due to the following:

- Revaluation decrements (net of impairment) of $173 million, which resulted in a $191.1 million unfavourable variance to the budget of an expected increase of $18.1 million;
- Lower than budgeted capital expenditure by $11.4 million; and
- Lower than budgeted cash, receivables, and payables with a net position of $0.9 million, which were not included in the budget. The bank account began operation in 2023-24, in previous years all receivables and payables were held in DPE.

Cash Flow

The cash flow budget in the State budget papers assumes that Water Administration Ministerial Corporation (WAMC) has a separate operational bank account.

WAMC has started using its own bank account for new purchases and revenue transactions from September 2023. Therefore, the variances compared to budget do not reflect the true operations of WAMC during financial year 2023-24.

18. Financial instruments

WAMC's principal financial instruments are outlined below. These financial instruments arise directly from WAMC's operations or are required to finance WAMC's operations. WAMC does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

WAMC's main risks arising from financial instruments are outlined below, together with WAMC's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary of the department has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse risks faced by WAMC, to set risk limits and controls and to monitor risks.

(a) Financial instrument categories

WAMC determines the classification of its financial assets and liabilities after initial recognition and re-evaluates this at each financial year end.

Class:	Note	Category	Carrying amount 2024 $'000	Carrying amount 2023 $'000
Financial Assets				
Cash and cash equivalents	6	Amortised cost	9,478	-
Receivables[1]	7	Amortised cost	42,827	-
Financial Liabilities				
Payables[2]	12	Financial liabilities measured at amortised cost	53,152	-

Notes

[1]Excludes statutory receivables and prepayments (not within scope of AASB 7).

[2]Excludes statutory payables and unearned revenue (not within scope of AASB 7).

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset, or a part of a group of single financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if WAMC transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either:

- where substantially all the risks and rewards have been transferred; or
- where WAMC has not transferred substantially all the risks and rewards, if WAMC has not retained control.

Where WAMC has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of WAMC's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

18. Financial Instruments (continued)

(c) Financial risks

(i) Credit risk

Credit risk arises when there is the possibility of WAMC's debtors defaulting on their contractual obligations, resulting in a financial loss to WAMC. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of WAMC, including mainly receivables. No collateral is held by WAMC. WAMC has not granted any financial guarantees.

Cash and cash equivalents

Cash comprises cash on hand, bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade receivables and other financial assets

Receivables – trade receivables

Collectability of trade receivables is reviewed on an ongoing basis.

WAMC applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. WAMC adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade receivables as at 30 June 2024 and 30 June 2023 was determined as follows:

			30 June 2024			
	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	0.00%	1.00%	3.00%	5.00%	25.00%	
Estimated total gross carrying amount at default	4,929	37,619	279	-	-	42,827
Expected credit loss[1]	-	-	8	-	-	8
			30 June 2023			
	Current $'000	<30 days $'000	30-60 days $'000	61-90 days $'000	>91 days $'000	Total $'000
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss[1]	-	-	-	-	-	-

[1]There is no ECL recognised for debtors whom are government agencies.

18. Financial instruments (continued)

(c) Financial risks (continued)

(ii) Liquidity risk

Liquidity risk is the risk that WAMC will be unable to meet its payment obligations when they fall due. WAMC receives IPART funding and provides this funding to the department and WaterNSW in accordance with agreed allocation for undertaking water management activities on its behalf. WAMC does not have any legal obligation to reimburse these agencies for funding shortfalls or to claim funding excess in any given year. During the current year and prior year, there were no defaults or breaches on any payable. No assets have been pledged as collateral. The exposure of WAMC to liquidity risk is deemed insignificant based on prior years' data and current assessment of risk.

Liabilities are recognised for amounts due to be paid in the future for goods and services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Secretary (or a person appointed by the Secretary) may automatically pay the supplier simple interest. The applicable rate of interest during the year was 12.19% (2023: 10.46%). No interest was paid during the year (2023: nil).

The tables below summarise the maturity profile of the Corporation's financial liabilities, together with the interest rate exposure.

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 year	1 -5 years	> 5 years
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2024								
Payables	N/A	53,152	-	-	53,152	53,152	-	-
2023								
Payables	N/A	-	-	-	-	-	-	-

(iii) Market risk

Market risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in market prices. WAMC's exposure to market risk is primarily through interest rate risk on WAMC's cash held. WAMC has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which WAMC operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2023. The analysis assumes that all other variables remain constant.

18. Financial instruments (continued)

(c) Financial risks (continued)

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through an entity's interest-bearing assets and liabilities.

	Carrying Amount $'000	-1% Profit $'000	Equity $'000	+1% Profit $'000	Equity $'000
2024					
Financial assets					
Cash and cash equivalents	9,478	95	95	(95)	(95)
Financial liabilities					
Payables	53,152	(532)	(532)	532	532
2023					
Financial assets					
Cash and cash equivalents	-	-	-	-	-
Receivables	-	-	-	-	-
Financial liabilities					
Payables	-	-	-	-	-

(d) Fair value measurements

Financial instruments of WAMC are generally recognised at cost in the statement of financial position which approximates the fair value, because of the short-term nature of many of the financial instruments.

19. Related party disclosure

During the year, WAMC incurred nil cost (2023: nil) in respect of the key management personnel services that are provided by the department.

During the year, WAMC did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof. During the year, WAMC entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in the normal course of business) in aggregate are a significant portion of WAMC's revenue and expenses, and the nature of these significant transactions are detailed below:

Name of related party	Nature of transaction
Department of Planning, Housing, and Infrastructure/ Department of Climate Change, Energy, the Environment and Water	Provides management, administrative and personnel services and grants to fund operational activities. Provision of operations under the *Water Management Act 2000* on behalf of WAMC. Carry out flood mitigation/protection measures and maintenance of the Hunter Valley Flood Mitigation Scheme on behalf of WAMC. Refer to notes 2 and 3. Receives funding as part of the Revenue Sharing of the Roles and Responsibilities Agreement. Provide funding for a portion of the Hunter Valley Flood Mitigation Scheme expenses, through the Climate Change Fund.
WaterNSW	Provision of operations under the *Water Management Act 2000* on behalf of WAMC. Refer to notes 2 and 3.
Local Land Services	Provide funding for a portion of the Hunter Valley Flood Mitigation Scheme expenses. Refer to note 3.
Natural Resources Access Regulator	Receives funding as part of the Revenue Sharing of the Roles and Responsibilities Agreement.

20. Events after reporting period

There are no other known events that would impact on the state of WAMC or have a material impact on the financial statements.

End of audited financial statements.