SA Power Networks ABN 13 332 330 749

A partnership of:

CKI Utilities Development Limited	(ABN 65 090 718 880)
PAI Utilities Development Limited	(ABN 82 090 718 951)
Spark Infrastructure SA (No 1) Pty Limited	(ABN 54 091 142 380)
Spark Infrastructure SA (No 2) Pty Limited	(ABN 19 091 143 038)
Spark Infrastructure SA (No 3) Pty Limited	(ABN 50 091 142 362)

Financial Report
for the year ended 31 December 2023

SA Power Networks

Empowering South Australia

Contents

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

		Consolidated	
	Note	**December 2023 $'000**	December 2022 $'000
Revenue	4	**1,515,043**	1,396,268
Gain on disposal of property, plant and equipment	5	**1,035**	3,985
Transmission Use of System charges		**(324,598)**	(286,807)
Employee benefits expense	5	**(296,517)**	(255,974)
Raw materials and consumables used		**(57,308)**	(61,307)
Services and other expenses		**(244,621)**	(194,225)
Depreciation and amortisation expense	5	**(326,516)**	(326,349)
Finance costs	5	**(210,402)**	(199,110)
Profit before income tax expense		**56,116**	76,481
Income tax expense	6(a)	**(2,645)**	(2,381)
Profit for the year		**53,471**	74,100
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in the fair value of cash flow hedges	22	**(71,687)**	291,840
Items that will not be subsequently reclassified to profit or loss			
Actuarial (loss) / gain on defined benefit plans	19	**(5,897)**	53,662
Other comprehensive income for the year, net of tax		**(77,584)**	345,502
Total comprehensive (loss)/income for the year		**(24,113)**	419,602

Notes to the financial statements are included on pages 6 to 52

Statement of Financial Position

As at 31 December 2023

		Consolidated	
	Note	**December 2023 $'000**	December 2022 $'000
Current assets			
Cash and cash equivalents	31(a)	**11,506**	68,701
Trade and other receivables	9	**241,074**	186,001
Other financial assets	10	**866**	396
Inventories	11	**28,399**	28,894
Current tax assets	6(c)	**763**	327
Other	12	**17,940**	18,726
Total current assets		**300,548**	303,045
Non-current assets			
Trade and other receivables	9	**5,212**	10,220
Inventories	11	**15,432**	13,512
Other financial assets	10	**218,089**	265,592
Property, plant and equipment	13	**5,213,364**	5,087,177
Intangible assets	14	**1,149,960**	1,166,610
Right-of-use assets	25	**11,710**	13,654
Net deferred tax assets	6(d)	**1,591**	2,664
Other	12	**429,652**	432,853
Total non-current assets		**7,045,010**	6,992,282
Total assets		**7,345,558**	7,295,327
Current liabilities			
Trade and other payables	15	**267,922**	285,364
Borrowings	16	**479,215**	449,093
Other financial liabilities	17	**4,450**	6
Lease liabilities	25	**3,595**	3,262
Provisions	18	**166,543**	158,368
Total current liabilities		**921,725**	896,093
Non-current liabilities			
Borrowings	16	**3,662,946**	3,505,477
Other financial liabilities	17	**67,311**	87,297
Lease liabilities	25	**9,298**	11,515
Provisions	18	**16,148**	18,067
Total non-current liabilities		**3,755,703**	3,622,356
Total liabilities		**4,677,428**	4,518,449
Net assets		**2,668,130**	2,776,878
Equity			
Partners capital accounts	20	**623,300**	623,300
Partners current accounts	21	**1,927,987**	1,965,048
Reserves	22	**116,843**	188,530
Total equity		**2,668,130**	2,776,878

Notes to the financial statements are included on pages 6 to 52

Statement of Changes in Equity
For the year ended 31 December 2023

	Partners capital accounts $'000	Partners current accounts $'000	Reserves $'000	Total $'000
Consolidated				
Balance as at 1 January 2022	623,300	1,926,921	(103,310)	2,446,911
Profit for the year	-	74,100	-	74,100
Gain on cash flow hedges	-	-	291,840	291,840
Actuarial gain on defined benefit plans	-	53,662	-	53,662
Total comprehensive income for the year	-	127,762	291,840	419,602
Payment of distributions (note 20(c))	-	(89,635)	-	(89,635)
Balance as at 31 December 2022	**623,300**	**1,965,048**	**188,530**	**2,776,878**
Balance as at 1 January 2023	623,300	1,965,048	188,530	2,776,878
Profit for the year	-	53,471	-	53,471
Loss on cash flow hedges	-	-	(71,687)	(71,687)
Actuarial loss on defined benefit plans	-	(5,897)	-	(5,897)
Total comprehensive income for the year	-	47,574	(71,687)	(24,113)
Payment of distributions (note 20(c))	-	(84,635)	-	(84,635)
Balance as at 31 December 2023	**623,300**	**1,927,987**	**116,843**	**2,668,130**

Notes to the financial statements are included on pages 6 to 52

Statement of Cash Flows

For the year ended 31 December 2023

	Note	Consolidated Year ended December 2023 $'000	Consolidated Year ended December 2022 $'000
Cash flows from operating activities			
Receipts from customers		**1,638,103**	1,583,927
Payments to suppliers and employees		**(1,055,711)**	(938,071)
Interest and other costs of finance paid		**(205,040)**	(194,099)
Income tax paid		**(2,006)**	(1,825)
Net cash provided by operating activities	31(b)	**375,346**	449,932
Cash flows from investing activities			
Interest received		**1,170**	808
Payments for property, plant, equipment and intangibles		**(494,085)**	(433,316)
Proceeds from sale of property, plant and equipment		**6,201**	6,805
Net cash (used in) investing activities		**(486,714)**	(425,703)
Cash flows from financing activities			
Payment for debt issue costs		**(4,152)**	(2,217)
Proceeds from borrowings		**597,065**	380,000
Repayment of borrowings		**(450,000)**	(373,482)
Repayment of lease liabilities		**(4,105)**	(3,327)
Distributions paid		**(84,635)**	(89,635)
Net cash (used in)/from financing activities		**54,173**	(88,661)
Net decrease in cash and cash equivalents		**(57,195)**	(64,432)
Cash and cash equivalents at the beginning of the year		**68,701**	133,133
Cash and cash equivalents at the end of the year	31(a)	**11,506**	68,701

Notes to the financial statements are included on pages 6 to 52

Notes to the Financial Statements
For the year ended 31 December 2023

1. General information

SA Power Networks is a partnership comprising 5 partner entities and is domiciled in Australia. The 5 partner entities and principal place of business is disclosed in note 34.

The principal activities of the SA Power Networks Partnership and its subsidiaries (the Group) is the distribution of electricity in the state of South Australia.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Partnership Agreement, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, SA Power Networks is a for-profit entity.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The financial statements were authorised for issue by the Board of Management on 27 February 2024.

Presentation currency and rounding

These financial statements are presented in Australian Dollars ($) and are rounded to the nearest thousand dollars unless otherwise indicated.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

2. Adoption of new and revised Australian Accounting Standards

2.1 New and amended Australian Accounting Standards that are effective for the current year

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

2.2 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 January 2024
AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	1 January 2024
AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements	1 January 2024
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (as amended)	1 January 2025

Notes to the Financial Statements

For the year ended 31 December 2023
(continued)

3. Material accounting policies

Basis of accounting

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

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are set out below, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting judgements and estimations that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Useful lives of property, plant and equipment

Management judgement is applied to estimate service lives and residual values of our assets and these are reviewed annually. If service lives or residual values need to be modified, the depreciation expense changes as from the date of reassessment until the end of the revised useful life (for both the current and future years). Any reassessment for useful lives in a particular year will affect the deprecation expense. Items of property, plant and equipment are stated at historical cost less depreciation. The cost of contributed assets is their fair value at the date we gain control of the asset.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Sub-transmission and distribution system	20 - 70 years
Buildings	10 - 40 years
Vehicles	3 - 15 years
Plant and tools, office and IT equipment	3 - 12 years

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

3. Material accounting policies (continued)

Fair value of derivative financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Derivative financial instruments are recognised at fair value and are measured using market observable data, and where appropriate, are adjusted for credit risk, liquidity risk and currency basis risk. Therefore, they are deemed level two within the fair value hierarchy as per AASB 13 Fair Value Measurement.

The fair value of derivative financial instruments is determined using valuation techniques and available market observable data. These include industry standard interest rates, foreign exchange and currency basis yield curves.

Assessment of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose.

In evaluating value in use, the SA Power Networks Group is considered the lowest cash-generating unit as all the assets are dependent on generating cash inflows. Key estimates and judgements have been applied in the discount rate and terminal value multiples used. The terminal value multiple, which is applied to the estimated future Regulatory Asset Base (RAB) of the Group, is a key driver of value in use and therefore an assessment of recoverable amount is undertaken when there is an indication that the terminal value multiple used is not supportable.

Valuation of defined benefit assets and obligations

A number of estimates and assumptions are used in determining defined benefit assets, obligations and expenses. These estimates include salary increases, future earnings and rates of return. Any difference in estimates will be recognised in other comprehensive income and not through the income statement.

The net liability from defined benefit obligations recognised in the consolidated statement of financial position will be affected by any significant movement in investment returns and/or interest rates.

The principal accounting policies adopted are set out below.

Going concern

The Board of Management has, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

At the balance date, the Group has a net working capital deficiency of $621 million (2022: deficiency of $593 million). The Board of Management, after reviewing the cash flow forecasts, the Group's existing financial facilities and the results of operations to the date of this report, has determined that the Group is able to pay its debts as and when they fall due and is satisfied that it is appropriate for the financial statements to be prepared on the going concern basis.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

3. Material accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Partnership and entities controlled by the Partnership (its subsidiaries) made up to 31 December each year. Control is achieved when the Partnership:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Partnership reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Partnership obtains control over the subsidiary and ceases when the Partnership loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Partnership gains control until the date when the Partnership ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Revenue recognition

The Group recognises revenue from the following major sources:

- distribution of electricity;
- contributed assets and contributions for capital works; and
- rendering of services.

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

Network revenue

Network revenue represents revenue earned from the distribution of electricity and recognised when electricity is provided. Network revenue is comprised of both distribution use of system and transmission use of system.

Unbilled network revenue is an estimate of the revenue relating to electricity supplied to customers between the date of the last meter reading and year end and is included in the statement of financial position as a receivable and in profit or loss as operating revenue. This estimate is determined having regard to customers' actual usage as well as previous consumption patterns.

As network revenue billing periods range from one month to three months, the estimated receivable from unbilled sales averages from fifteen days to one and a half month's revenue.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

3. Material accounting policies (continued)

Revenue recognition (continued)

Contributed assets and contributions for capital works

Non-refundable contributions received from customers towards the cost of extending or modifying the network are recognised as revenue and an asset respectively once control is gained of the cash contribution or asset and the customer is connected to the network. Customer contributions of cash and customer contributions of assets are measured at fair value at the date that the consolidated entity gains control of the cash contribution or asset. Fair value is based on the regulatory return expected to be derived from the Regulatory Asset Base (RAB) as a result of the specific extension or modification to the network.

Rendering of services

Revenue from a contract to provide services is recognised when (or as) each performance obligation is satisfied by transferring control of a promised service to the customer. Whether control of the service transfers to the customer over time or at a point in time is determined at contract inception.

The input method or output method of revenue recognition is selected that best depicts the pattern of transfer of the service to the customer.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

4. Revenue

The Group's revenue from continuing operations comprises the following items:

	Consolidated	
	Year ended December 2023 $'000	Year ended December 2022 $'000
Network revenue	**1,152,210**	1,092,903
Contributed assets and contributions for capital works	**24,123**	16,956
Other distribution services	**108,571**	106,611
Non-distribution services	**229,072**	178,891
	1,513,976	1,395,361
Interest income:		
Cash at bank and term deposits	**1,067**	907
	1,515,043	1,396,268

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

5. Profit for the year

Profit before income tax has been arrived at after charging/(crediting):

	Consolidated	
	Year ended December 2023 $'000	Year ended December 2022 $'000
Gain on disposal of property, plant and equipment	**1,035**	3,985
Asset rebates	**(20,579)**	(12,793)
Employee benefits expense		
Post employment benefits:		
Defined contribution plans	**(8,664)**	(7,397)
Defined benefit plans (note 19)	**(23,229)**	(25,538)
	(31,893)	(32,935)
Termination benefits	**(1,952)**	(1,473)
Other employee benefits	**(262,672)**	(221,566)
	(296,517)	(255,974)
Depreciation and amortisation expense		
Depreciation of non-current assets	**(251,470)**	(257,115)
Depreciation of right-of-use assets	**(3,494)**	(2,815)
	(254,964)	(259,930)
Amortisation of intangibles	**(69,440)**	(64,307)
Amortisation of prepaid land lease	**(2,112)**	(2,112)
	(326,516)	(326,349)
Finance costs		
Interest on loans:		
Other related parties – Cheung Kong Infrastructure Finance (Australia) Pty Ltd	**(32,792)**	(32,792)
Other related parties – Hong Kong Electric International Finance (Australia) Pty Ltd	**(39,686)**	(39,686)
Other entities	**(135,242)**	(123,165)
	(207,720)	(195,643)
Net interest expense on defined benefit superannuation plans (note 19)	**3,378**	508
Interest expense on lease liabilities	**(672)**	(622)
Total interest expense	**(205,014)**	(195,757)
Gain / (loss) on hedging (note 32(c)(iii))	**(355)**	(17)
Other finance costs	**(5,033)**	(3,336)
	(210,402)	(199,110)

Notes to the Financial Statements

For the year ended 31 December 2023
(continued)

6. Income tax

(a) Income tax expense

	Consolidated	
	Year ended December 2023 $'000	Year ended December 2022 $'000
Tax expense comprises:		
Current tax expense	**1,672**	2,266
Adjustments recognised in the current period in relation to the current tax of prior periods	**880**	82
Deferred tax benefit resulting from the origination and reversal of permanent differences	**93**	33
	2,645	2,381

	Consolidated	
	Year ended December 2023 $'000	Year ended December 2022 $'000
Profit from continuing operations	**56,116**	76,481
Non-assessable Partnership income	**(50,233)**	(68,818)
Profit before income tax	**5,883**	7,663
Income tax expense using the Australian corporate tax rate of 30%	**1,765**	2,299
Deferred tax benefit and adjustments from previous periods	**880**	82
Income tax expense	**2,645**	2,381

The majority of taxable income is derived from the SA Power Networks partnership and as such, is taxed at the individual partner level. The amounts subject to taxation are derived from the wholly owned subsidiaries of the SA Power Networks partnership.

(b) Income tax recognised directly in equity

No amounts were credited directly to equity during the current or prior period.

Notes to the Financial Statements

For the year ended 31 December 2023
(continued)

6. Income tax (continued)

(c) Current tax asset / liability

At 31 December 2023 the Group recognised a current tax asset of $763,000 (2022: $327,000 current tax asset).

(d) Deferred tax balances

	Consolidated	
	December 2023 $'000	December 2022 $'000
Deferred tax assets comprise:		
Provisions	**2,442**	3,160
Lease liabilities	**1,587**	791
	4,029	3,951
Deferred tax liabilities comprise:		
Property, plant and equipment	**935**	541
Right-of-use assets	**1,503**	746
	2,438	1,287

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Deferred tax balances:		
Deferred tax assets	**4,029**	3,951
Deferred tax liabilities	**2,438**	1,287
Net deferred tax assets	**1,591**	2,664

(e) Tax consolidation

Relevance of tax consolidation to the Group

Certain subsidiaries of the Partnership have formed tax-consolidated groups, and those subsidiaries are taxed as single entities from that date. The head entities in the tax-consolidated groups are Utilities Management Pty Ltd (with effect from 1 January 2003) and Enerven Energy Infrastructure Pty Ltd (with effect from 17 August 2018). The members of the tax-consolidated groups are identified at note 26. The SA Power Networks partnership is not part of a tax-consolidated Group.

The Consolidated Entity is expected to be within the scope of the Pillar Two top up tax for income years beginning on or after 1 January 2024, on the basis that the Consolidated Entity's Ultimate Parent Entity is expected to be a tax resident in a jurisdiction that has substantively enacted Pillar Two enabling legislation. The first period for which a Pillar Two return will be required is the income year ending on 31 December 2024. The Consolidated Entity has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Consolidated Entity is in the process of the necessary analysis in preparation for complying with the Pillar Two model rules for the income year ending on 31 December 2024. The potential exposure to Pillar Two top up tax is not currently known or reasonably estimable. The Consolidated Entity continues to progress its implementation program, which is expected to be completed upon finalisation of the year ending 2024 financial statements subject to parliament enacting Pillar Two tax legislation.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

7. Remuneration of key management personnel

The aggregate remuneration made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	Year ended December 2023 $	Year ended December 2022 $
Short-term employee benefits	**6,197,401**	7,217,552
Post-employment benefits	**263,184**	304,443
Other long-term employee benefits	**1,105,469**	1,609,870
	7,566,054	9,131,865

8. Remuneration of auditors

	Consolidated	
	Year ended December 2023 $	Year ended December 2022 $
Deloitte and related network firms*		
Audit or review of financial reports:		
- Group	**500,220**	450,090
- Subsidiaries and joint operations	**82,400**	70,465
	582,620	520,555
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**522,652**	389,352
Other services:		
- Taxation services	**444,392**	23,500
- Other services	**-**	40,000
	444,392	63,500
	1,549,664	973,407

* The auditor of SA Power Networks is Deloitte Touche Tohmatsu.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

9. Trade and other receivables

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current		
Network revenue trade receivables (i)	**59,096**	54,449
Allowance for doubtful debts	**-**	-
	59,096	54,449
Other trade receivables (i)	**61,260**	33,417
Allowance for doubtful debts (ii)	**(4,059)**	(4,059)
	116,297	83,807
Estimated revenue from unbilled sales	**111,110**	82,965
Amounts due from customers under construction contracts (note 28)	**13,667**	19,126
Interest receivable	**-**	103
	241,074	186,001
Non-current		
Other miscellaneous receivables	**5,212**	10,220
	5,212	10,220

(i) The average credit period on network revenue is 14 days (2022: 14 days). No interest is charged on network revenue trade receivables.

The average credit period on other trade receivables is 30 days (2022: 30 days). No interest is charged on other trade receivables. Trade receivables over 30 days are provided for based on estimated irrecoverable amounts from sales, determined by reference to past default experience.

Included in the Group's network revenue trade receivable balance are debtors with a carrying amount of $7,058,522 (2022: $162,368) which are past due at reporting date and which have not been provided as there has not been a significant change in credit quality and it is considered that the amounts are still recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 31 days (2022: 26 days).

Included in the Group's other trade receivable balance are debtors with a carrying amount of $639,272 (2022: $1,385,040) which are past due at reporting date and which have not been provided as there has not been a significant change in credit quality and it is considered that the amounts are still recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 79 days (2022: 64 days).

(ii) Movement in the allowance for doubtful debts - other trade receivables

Balance at the beginning of the year	**4,059**	4,096
Decrease in allowance recognised in profit and loss	**-**	(37)
Balance at the end of the year	**4,059**	4,059

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. There is a concentration of credit risk with respect to network trade receivables to a small number of electricity retailers. The concentration of credit risk on other trade receivables is limited due to the customer base being large, unrelated and viewed as low credit risk. The Group believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

10. Other financial assets

Derivatives at fair value that are designated and effective as hedging instruments:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current		
Interest rate swaps	**800**	23
Cross currency swaps	**-**	-
Foreign exchange forward contracts	**66**	373
	866	396
Non-current		
Interest rate swaps	**137,944**	198,713
Cross currency swaps	**80,077**	66,754
Foreign exchange forward contracts	**68**	125
	218,089	265,592
Current and non-current financial assets (i)		
Interest rate swaps	**138,744**	198,736
Cross currency swaps	**80,077**	66,754
Foreign exchange forward contracts	**134**	498
	218,955	265,988

(i) Further details of derivative financial instruments are provided in note 32.

11. Inventories

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current		
Raw materials - at cost	**19**	279
Work in progress - at cost	**142**	213
Finished goods / stock on hand - at cost	**28,238**	28,402
	28,399	28,894
Non-current		
Finished goods / stock on hand - at cost	**15,432**	13,512

Notes to the Financial Statements

For the year ended 31 December 2023
(continued)

12. Other assets

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current		
Prepayments	**17,940**	18,726
Non-current		
Prepaid land lease (note 25(a))	**371,534**	373,645
Net defined benefit superannuation asset (note 19)	**58,118**	59,208
	429,652	432,853

Notes to the Financial Statements

For the year ended 31 December 2023
(continued)

13. Property, plant and equipment

Consolidated Gross carrying amount	Freehold land at cost $'000	Easements at cost $'000	Buildings at cost $'000	Distribution network system assets at cost $'000	Vehicles at cost $'000	Plant, tools, office and IT equipment at cost $'000	Capital works in progress $'000	Distribution network system assets under finance lease at cost $'000	Total $'000
Balance at 1 January 2022	59,859	14,197	58,191	1,439,197	162,111	649,600	217,467	5,361,145	7,961,767
Additions	-	-	-	-	-	-	292,539	-	292,539
Transfers	-	542	6,423	74,242	11,363	27,015	(330,507)	210,922	-
Disposals	(844)	-	(85)	-	(6,952)	(2,784)	-	-	(10,665)
Balance at 31 December 2022	59,015	14,739	64,529	1,513,439	166,522	673,831	179,499	5,572,067	8,243,641
Additions	7,273	-	-	-	-	-	375,550	-	382,823
Transfers	-	537	10,677	16,171	30,023	37,489	(280,587)	185,690	-
Disposals	-	-	-	-	(16,665)	(2,866)	-	-	(19,531)
Balance at 31 December 2023	66,288	15,276	75,206	1,529,610	179,880	708,454	274,462	5,757,757	8,606,933

Accumulated depreciation	Freehold land at cost $'000	Easements at cost $'000	Buildings at cost $'000	Distribution network system assets at cost $'000	Vehicles at cost $'000	Plant, tools, office and IT equipment at cost $'000	Capital works in progress $'000	Distribution network system assets under finance lease at cost $'000	Total $'000
Balance at 1 January 2022	-	-	(17,595)	(244,635)	(73,493)	(491,991)	-	(2,079,416)	(2,907,130)
Disposals	-	-	63	-	5,263	2,455	-	-	7,781
Depreciation expense	-	-	(3,066)	(29,258)	(12,934)	(33,167)	-	(178,690)	(257,115)
Balance at 31 December 2022	-	-	(20,598)	(273,893)	(81,164)	(522,703)	-	(2,258,106)	(3,156,464)
Disposals	-	-	-	-	11,628	2,737	-	-	14,365
Depreciation expense	-	-	(3,453)	(30,611)	(13,388)	(32,200)	-	(171,818)	(251,470)
Balance at 31 December 2023	**-**	**-**	**(24,051)**	**(304,504)**	**(82,924)**	**(552,166)**	**-**	**(2,429,924)**	**(3,393,569)**
Carrying amount									
As at 31 December 2022	59,015	14,739	43,931	1,239,546	85,358	151,128	179,499	3,313,961	5,087,177
As at 31 December 2023	**66,288**	**15,276**	**51,155**	**1,225,106**	**96,956**	**156,288**	**274,462**	**3,327,833**	**5,213,364**

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For the year ended 31 December 2023
(continued)

13. Property, plant and equipment (continued)

	Consolidated	
	December 2023 $'000	December 2022 $'000
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the period:		
Buildings	(3,453)	(3,066)
Distribution network system assets	(30,611)	(29,258)
Vehicles	(13,388)	(12,934)
Plant, tools, office and IT equipment	(32,200)	(33,167)
Distribution network system assets under finance lease	(171,818)	(178,690)
	(251,470)	(257,115)

14. Intangibles

Consolidated	**Lease premium at cost**	**Other at cost**	**Total**
Gross carrying amount	**$'000**	**$'000**	**$'000**
Balance at 1 January 2022	944,494	500,992	1,445,486
Additions	-	92,636	92,636
Balance at 31 December 2022	944,494	593,628	1,538,122
Additions	-	52,790	52,790
Balance at 31 December 2023	**944,494**	**646,418**	**1,590,912**

	Lease premium at cost	**Other at cost**	**Total**
Accumulated amortisation	**$'000**	**$'000**	**$'000**
Balance at 1 January 2022	(43,479)	(263,726)	(307,205)
Amortisation expense	(5,063)	(59,244)	(64,307)
Balance at 31 December 2022	(48,542)	(322,970)	(371,512)
Amortisation expense	(5,063)	(64,377)	(69,440)
Balance at 31 December 2023	**(53,605)**	**(387,347)**	**(440,952)**
Carrying amount			
As at 31 December 2022	895,952	270,658	1,166,610
As at 31 December 2023	**890,889**	**259,071**	**1,149,960**

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

15. Trade and other payables

	Consolidated	
	December 2023 $'000	December 2022 $'000
Trade payables and accruals (i)	**112,303**	127,405
Amounts due to customers under construction contracts (note 28)	**98,637**	95,638
Goods and Services Tax (GST) payable	**5,604**	4,691
Deferred income	**537**	10,378
Interest payable		
Other related parties – Cheung Kong Infrastructure Finance (Australia) Pty Ltd	**5,570**	5,570
Other related parties – Hong Kong Electric International Finance (Australia) Pty Ltd	**6,741**	6,741
Other entities	**38,530**	34,941
	50,841	47,252
	267,922	285,364

(i) The average credit period on trade payables is 41 days (2022: 47 days). No interest is charged on trade payables.

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For the year ended 31 December 2023
(continued)

16. Borrowings

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current, unsecured		
At amortised cost		
Cash advances	**110,000**	-
Bonds (i)	**375,000**	100,000
Bank loans	**-**	350,000
Bond discount	**(489)**	(489)
Foreign exchange	**-**	-
Fair value hedge adjustments	**(5,101)**	-
Capitalised borrowing costs	**(195)**	(418)
Total current	**479,215**	449,093
Non-current, unsecured		
At amortised cost		
Bonds (ii)	**2,360,627**	2,298,561
Bank loans (iii)	**630,000**	580,000
Bond discount	**-**	(489)
Foreign exchange	**178,588**	189,149
Fair value hedge adjustments	**(147,118)**	(203,332)
Capitalised borrowing costs	**(6,851)**	(6,112)
	3,015,246	2,857,777
Loans from other related parties (iv)		
Cheung Kong Infrastructure Finance (Australia) Pty Ltd	**293,046**	**293,046**
Hong Kong Electric International Finance (Australia) Pty Ltd	**354,654**	**354,654**
	647,700	**647,700**
Total non-current	**3,662,946**	**3,505,477**

Effective from 1 January 2024, the SA Power Networks partnership was recapitalised by means of 90% of subordinated debt being repaid and 90% of the preferred partnership capital being redeemed, being funded by the proceeds of new ordinary capital from the partners (refer note 30 Subsequent events for more detail).

(i) The borrowings are a tranche of Australian dollar medium term notes which mature in August 2024. The borrowings are fixed rate debt and have been swapped into floating rate debt. The weighted average effective interest rate on the borrowings at 31 December 2023 was 3.73%.

(ii) The borrowings are a mix of Australian dollar, US dollar and Euro denominated debt. The borrowings are a mix of variable and fixed interest rate debt. Repayment periods do not exceed 15 years (2022: 9 years). The weighted average effective interest rate on the borrowings at 31 December 2023 was 4.20% (2022: 4.02%). The group hedges all foreign borrowings using cross-currency interest rate swaps exchanging US dollar fixed rate interest or Euro fixed rate interest for Australian dollar variable rate interest and interest rate swaps exchanging variable rate interest for fixed rate interest.

(iii) The borrowings are two syndicated bank loans which mature in May 2025 and June 2026 and one bilateral bank loan maturing July 2033. The borrowings are variable rate debt which has been swapped to fixed rate debt. The weighted average effective interest rate on the borrowings at 31 December 2023 was 4.15%.

(iv) These loans are subordinated to other borrowings. The borrowings are fixed rate debt with no predetermined repayment period. The current weighted average effective interest rate on the borrowings is 11.19% (2022: 11.19%).

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

17. Other financial liabilities

Derivatives at fair value that are designated and effective as hedging instruments:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current		
Interest rate swaps	**4,395**	6
Cross currency swaps	**-**	-
Foreign exchange forward contracts	**55**	-
	4,450	6
Non-current		
Interest rate swaps	**3,270**	9,661
Cross currency swaps	**64,041**	77,636
Foreign exchange forward contracts	**-**	-
	67,311	87,297
Current and non-current financial liabilities (i)		
Interest rate swaps	**7,665**	9,667
Cross currency swaps	**64,041**	77,636
Foreign exchange forward contracts	**55**	-
	71,761	87,303

(i) Further details of derivative financial instruments are provided in note 32.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

18. Provisions

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current		
Employee benefits (i)	**114,015**	109,027
Self-insurance (ii)	**36,801**	30,709
Other provisions (iii)	**15,727**	18,632
	166,543	158,368
Non-current		
Net defined benefit superannuation liability (note 19)	**-**	-
Employee benefits	**9,693**	6,479
Other provisions (iii)	**6,455**	11,588
	16,148	18,067

(i) The current provision for employee benefits includes $65,677,000 of vested long service leave entitlements accrued but not expected to be taken within 12 months (2022: $58,926,000).

(ii) The provision for self-insurance represents the Group's best estimate of the future sacrifice of economic benefits that will be required in connection with claims from third parties with respect to self-insured risks, where a present obligation exists. Self-insured risks include workers compensation and the insurance excess on bushfire and general liability claims.

(iii) Other provisions largely comprise warranty provisions and provisions for externally funded rectification works.

Movements in total self-insurance and other provisions:

	Self-insurance		Other	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Consolidated				
Balance at 1 January	**30,709**	30,781	**30,220**	31,030
Net provisions recognised	**9,137**	2,390	**(5,172)**	13,346
Utilisation of provisions	**(3,045)**	(2,462)	**(2,866)**	(14,156)
Balance at 31 December	**36,801**	30,709	**22,182**	30,220

19. Defined benefit superannuation plans

The Group contributes to a defined benefit superannuation plan, ElectricSuper (formerly the Electricity Industry Superannuation Scheme) ("the Scheme"), in respect of employees of its subsidiary, Utilities Management Pty Ltd.

The Scheme is a multi-employer plan for the South Australian electricity supply industry, operating pursuant to the Electricity Corporations Act 1994 (SA). The Scheme is managed by the ElectricSuper Board, a separate legal entity independent of the Group.

The Scheme comprises four divisions: the Lump Sum Scheme, the Pension Scheme, the RG Scheme and the Accumulation Scheme. All sub-schemes, except for the Accumulation Scheme, are closed to new members.

The Scheme provides retirement benefits to employees as follows:

- Lump Sum Scheme: retirement benefits comprise member contributions plus interest and employer-provided defined-benefit components.
- Pension Scheme: retirement benefits are primarily in the form of pensions based on contributions, period of membership and final salary. A pension may be commuted to a lump sum on retirement.
- RG Scheme: retirement benefits comprise member contributions plus interest and an employer-provided component equal to 2 1/3 times the sum of the member contributions plus interest, subject to a limit based on final salary, plus an additional defined-benefit component.
- Accumulation Scheme: retirement benefits are calculated on an accumulation basis at a level at least sufficient to ensure that the employer has no Superannuation Guarantee Charge liability.

Funding recommendations are made by the actuaries based on their forecasts of various matters, including future Scheme assets performance, interest rates and salary increases.

The consolidated entity may benefit from any surplus in the Scheme in the form of a contribution reduction or contribution holiday. Any reduction in contributions would normally be implemented only after advice from the Scheme's actuary. On wind-up of the Scheme, the consolidated entity may benefit from any surplus.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit liability were carried out at 31 December 2023 by Esther Conway, Fellow of the Institute of Actuaries. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Consolidated	
	December 2023 %	December 2022 %
Key assumptions used:		
Discount rate (i)	**5.71**	5.80
Expected rate of salary increases	**4.50**	4.50
Expected rate of pension increases	**4.00 for the first year and 2.50 pa thereafter**	5.00 for the first year and 2.50 pa thereafter

(i) The discount rate used was the 10-year corporate bond rate at 31 December 2023 of 5.71% (2022: 5.80%)

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For the year ended 31 December 2023
(continued)

19. Defined benefit superannuation plans (continued)

Amounts recognised in profit or loss in respect of defined benefit plans are as follows:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Current service cost	**23,229**	25,538
Net interest expense	**(3,378)**	(508)
Components of defined benefit costs recognised in profit or loss	**19,851**	25,030

The current service cost has been included within employee benefits expense (see note 5). The net interest expense has been included within finance costs (see note 5). The remeasurement of the net defined benefit liability is included in other comprehensive income.

Amounts recognised in other comprehensive income are as follows:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Return on Scheme assets less interest income	**1,101**	(43,262)
Actuarial (gain)/ losses	**(6,998)**	96,924
Total amount recognised in other comprehensive income	**(5,897)**	53,662

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit plans is as follows:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Present value of defined benefit obligations	**(870,296)**	(831,657)
Fair value of plan assets	**928,414**	890,865
Net asset / (liability) arising from defined benefit obligation	**58,118**	59,208

The net asset arising from defined benefit obligation has been included in the statement of financial position within non-current other assets (see note 12).

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For the year ended 31 December 2023
(continued)

19. Defined benefit superannuation plans (continued)

Movements in the present value of defined benefit obligations in the year were as follows:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Opening defined benefit obligation	**831,657**	920,155
Current service cost	**23,229**	25,538
Interest expense	**45,812**	27,904
Contributions by Scheme participants	**14,113**	8,528
Actuarial (gains) / losses arising from changes in demographic assumptions	**-**	-
Actuarial (gains) / losses arising from changes in financial assumptions	**6,447**	(86,006)
Actuarial (gains) / losses arising from liability experience	**551**	(10,918)
Benefits paid	**(64,565)**	(68,067)
Taxes, premiums and expenses paid	**(6,617)**	(6,754)
Transfers in	**19,669**	21,277
Closing defined benefit obligation	**870,296**	831,657

Movements in the fair value of Scheme assets in the year were as follows:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Opening fair value of Scheme assets	**890,865**	930,595
Interest income	**49,190**	28,412
Actual return on Scheme assets less interest income	**1,101**	(43,262)
Employer contributions	**24,658**	20,136
Contributions by Scheme participants	**14,113**	8,528
Benefits paid	**(64,565)**	(68,067)
Taxes, premiums and expenses paid	**(6,617)**	(6,754)
Transfers in	**19,669**	21,277
Closing fair value of Scheme assets	**928,414**	890,865

The fair value of Scheme assets has been invested in specialist pooled investment vehicles. The percentage invested in each asset class at the reporting date were as follows:

	December 2023	December 2022
Australian Equity	**23%**	27%
International Equity	**27%**	25%
Fixed Income	**18%**	18%
Property	**10%**	11%
Alternatives / Other	**17%**	15%
Cash	**5%**	3%

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19. Defined benefit superannuation plans (continued)

The fair value of Scheme assets includes no amounts relating to:

- any of the Group's own financial instruments.
- any property occupied by, or other assets used by, the Group.

The defined benefit obligation as at 31 December 2023 under several scenarios is presented below.

	Base Case	**-0.5% pa discount rate**	**+0.5% pa discount rate**	**-0.5% pa salary increase rate**	**+0.5% pa salary increase rate**
Discount rate	5.7%	5.2%	6.2%	5.7%	5.7%
Salary increase rate	4.5%	4.5%	4.5%	4.0%	5.0%
Defined benefit obligation ($'000)	870,296	888,696	853,392	865,998	874,828

When calculating the above sensitivity analysis, the same method has been applied as when calculating the defined benefit obligation liability recognised in the statement of financial position.

The Group expects to make a contribution of $22,478,000 (2023: $16,928,000) to the defined benefit plans during the next financial year.

Maturity profile of defined benefit obligation	**2023 $'000**	2022 $'000
31 December 2023		101,346
31 December 2024	**104,132**	71,003
31 December 2025	**69,664**	71,567
31 December 2026	**67,492**	73,129
31 December 2027	**69,607**	75,569
31 December 2028	**69,982**	
Following 5 years	**363,634**	373,555

The weighted average duration of the defined benefit obligation as at 31 December 2023 is 9 years (2022: 10 years).

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For the year ended 31 December 2023
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20. Partners' capital accounts

	Consolidated	
	December 2023 $'000	December 2022 $'000
Ordinary capital account (a)	**1,000**	1,000
Preferred partnership capital account (b)	**622,300**	622,300
	623,300	623,300

(a) Ordinary capital account

Balance at beginning of financial year	**1,000**	1,000
Balance at end of financial year	**1,000**	1,000

The ordinary capital account represents capital contributions by each of the partners in proportion to the partners respective ordinary capital share of the partnership. Additional contributions may be made, in accordance with the Partnership Agreement.

Ordinary capital confers the right to vote and the right to distributions. The partners may resolve to pay interest on the partner's ordinary capital contributions; no interest has been paid to date.

The partners' share in the ordinary capital account is split in the following proportions:

	Consolidated	
	December 2023 %	December 2022 %
CKI Utilities Development Limited	**25.5**	25.5
PAI Utilities Development Limited	**25.5**	25.5
Spark Infrastructure SA (No. 1) Pty Ltd	**15.0**	15.0
Spark Infrastructure SA (No. 2) Pty Ltd	**19.0**	19.0
Spark Infrastructure SA (No. 3) Pty Ltd	**15.0**	15.0

	Consolidated	
	December 2023 $'000	**December 2022 $'000**
(b) Preferred partnership capital account		
Balance at beginning of financial year	**622,300**	622,300
Balance at end of financial year	**622,300**	622,300

Preferred partnership capital confers the right to cumulative distribution at 11.19%. Preferred partnership capital may be redeemed at the sole discretion of the partnership. Preferred partnership capital confers no right to vote or to share in any surplus assets or profits.

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20. Partners' capital accounts (continued)

The partners' share in the preferred partnership capital account is split in the following proportions:

	Consolidated	
	December 2023 %	December 2022 %
CKI Utilities Development Limited	**-**	-
PAI Utilities Development Limited	**-**	-
Spark Infrastructure SA (No. 1) Pty Ltd	**30.6**	30.6
Spark Infrastructure SA (No. 2) Pty Ltd	**38.8**	38.8
Spark Infrastructure SA (No. 3) Pty Ltd	**30.6**	30.6

Effective from 1 January 2024, the SA Power Networks partnership was recapitalised by means of 90% of subordinated debt being repaid and 90% of the preferred partnership capital being redeemed, being funded by the proceeds of new ordinary capital from the partners (refer note 30 Subsequent events for more detail).

	Consolidated	
	December 2023 $'000	December 2022 $'000
(c) Distributions		
Cumulative ordinary distributions recognised	**15,000**	20,000
Cumulative preference distributions recognised	**69,635**	69,635
Balance at end of financial year	**84,635**	89,635
Cumulative preference distributions not recognised	**11,638**	11,638

21. Partners' current accounts

	Consolidated	
	December 2023 $'000	December 2022 $'000
Balance at beginning of financial year	**1,965,048**	1,926,921
Net profit attributable to partners	**53,471**	74,100
Distributions provided for or paid (note 20(c))	**(84,635)**	(89,635)
Actuarial gains (note 19)	**(5,897)**	53,662
	1,927,987	1,965,048

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For the year ended 31 December 2023
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22. Reserves

	Consolidated	
	December 2023 $'000	December 2022 $'000
Hedge reserve		
Balance at beginning of financial year	**188,530**	(103,310)
(Gain) / loss recognised on interest rate swaps	**(96,644)**	261,509
(Gain) / loss recognised on cross currency swaps	**101,922**	(57,571)
Interest rate swaps transferred to profit or loss	**33,047**	34,757
Cross currency swaps foreign exchange translation to profit or loss	**(109,949)**	53,037
(Gain) / loss recognised on forward foreign exchange contracts	**(418)**	91
Cross currency swaps transferred to profit or loss	**355**	17
	(71,687)	291,840
Balance at end of financial year	**116,843**	188,530

The hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

23. Commitments for capital expenditure

	Consolidated	
	December 2023 $'000	December 2022 $'000
Capital expenditure commitments:		
Plant and equipment and other capital expenditure:		
Not longer than 1 year	**58,355**	79,887
Longer than 1 year and not longer than 5 years	**18,399**	8,043
Longer than 5 years	-	-
	76,754	87,930

Notes to the Financial Statements

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(continued)

24. Contingent liabilities

	Consolidated	
	December 2023 $'000	December 2022 $'000
Environmental (i)	-	-
Guarantees for performance	**41,202**	28,197
	41,202	28,197

(i) The nature of the Group's business can create potential exposure to environmental matters which the Group may be required to remedy in the future. Hazardous materials are used in the distribution network of the Group. A system of control to ensure that all such hazardous materials are identified, managed and disposed of safely, in accordance with current legislation and other obligations has been implemented.

A provision for site restoration is established where the need for remediation has been identified. No amount has been recognised where there is significant uncertainty as to whether any future costs will be incurred.

The Group's operations are subject to changing environmental and related legislation, which could necessitate additional remedial work and breaches of this legislation could result in fines and penalties. It is not practicable to state an estimate of the potential financial impact of any such changing environmental and related legislation.

25. Leases

(a) Finance leases

Leasing arrangements

Distribution network land leased from the Distribution Lessor Corporation, with a lease term of 200 years. The finance lease liability for the distribution network land lease has been prepaid and the unamortised amount at 31 December 2023 was $371,534,000 (2022: $373,645,000) and is included within non-current other assets (see note 12). Amortisation expense of $2,112,000 is included in the line "depreciation and amortisation expense" in the statement of profit or loss and other comprehensive income (see note 5).

Distribution network system assets leased from the Distribution Lessor Corporation, with a lease term of 200 years. The lease premium for the distribution network system assets has been prepaid and the unamortised amount at 31 December 2023 was $890,889,000 (2022: $895,952,000) and is included within intangible assets (see note 14). Amortisation expense of $5,063,000 is included within total amortisation expense for intangible assets (see note 14).

The distribution network system assets under finance lease at cost at 31 December 2023 was $3,327,833,000 (2022: $3,313,961,000) and is included within property, plant and equipment (see note 13). In accordance with the terms of the lease, these assets are required to be returned to the Distribution Lessor Corporation at the end of the 200-year lease.

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25. Leases (continued)

(b) Right-of-use-assets

Consolidated	Office and Warehouse $'000	Network sites and others $'000	Total $'000
Carrying amount			
Balance at 1 January 2022	9,519	2,480	11,999
Additions / remeasurements	3,349	1,121	4,470
Depreciation expense (i)	(1,819)	(996)	(2,815)
Balance at 31 December 2022	11,049	2,605	13,654
Additions / remeasurements	696	854	1,550
Depreciation expense (i)	(2,493)	(1,001)	(3,494)
Balance at 31 December 2023	**9,252**	**2,458**	**11,710**

(i) Depreciation expense is included in the line "depreciation and amortisation expense" in the statement of profit or loss and other comprehensive income (see note 5).

During the year 2023, the expense of short-term leases was $1.4m (2022: $0.7m) and expense relating to leases of low value assets was $nil (2022: $nil).

(c) Lease liabilities

	Consolidated	
	December 2023 $'000	December 2022 $'000
Maturity analysis - contractual undiscounted cash flows:		
Not longer than 1 year	**4,146**	3,964
Longer than 1 year and not longer than 5 years	**8,165**	10,975
Longer than 5 years	**2,576**	2,929
Total undiscounted cash flows	**14,887**	17,868
Analysed as:		
Current	**3,595**	3,262
Non-current	**9,298**	11,515
	12,893	14,777

During the year 2023, the interest on lease liability was $0.7m (2022: $0.6m) and is included in the line "finance costs" in the statement of profit or loss and other comprehensive income (see note 5).

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

26. Parent entity and subsidiaries

	Country of Incorporation	Proportion of ownership interest and voting power held by consolidated entity 2023 %	2022 %
Parent entity			
CKI Spark Holdings No. Two Limited	The Bahamas	-	-
Partner entities			
CKI Utilities Development Limited	The Bahamas		
PAI Utilities Development Limited	The Bahamas		
Spark Infrastructure SA (No. 1) Pty Ltd	Australia		
Spark Infrastructure SA (No. 2) Pty Ltd	Australia		
Spark Infrastructure SA (No. 3) Pty Ltd	Australia		
Subsidiaries			
Utilities Management Pty Ltd (i)	Australia	100	100
ETSA FRC Pty Ltd (i)	Australia	100	100
ETSA Ancillary Pty Ltd (i)	Australia	100	100
ETSA Utilities Finance Pty Ltd	Australia	100	100
Enerven Energy Infrastructure Pty Ltd (ii)	Australia	100	100
Enerven Energy Solutions Pty Ltd (ii)	Australia	100	100

(i) These companies are members of a tax consolidated group.

(ii) Enerven Energy Infrastructure Pty Ltd is the head entity of a tax consolidated group. Enerven Energy Infrastructure Pty Ltd and Enerven Energy Solutions Pty Ltd were formed in August 2017 to deliver unregulated services with effect from 1 January 2018.

SA Power Networks is ultimately 51% owned by CK Infrastructure Holdings Ltd ("CKI") and Power Assets Holdings Limited ("PAH"). CKI and PAH are members of the CK Hutchinson Holdings Limited group and the companies are listed on the Hong Kong Stock Exchange.

The remaining 49% is owned by Spark Infrastructure which is owned by Pika Bidco Pty Ltd. Pika Bidco Pty Ltd is a company indirectly owned by funds and/or investment vehicles managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates (Kohlberg Kravis Roberts & Co. L.P. and its affiliates together, KKR), Ontario Teachers' Pension Plan Board (OTPP) and Public Sector Pension Investment Board (PSP Investments).

27. Economic dependency

The business of the Group is dependent upon the continued safe and reliable operation of the generation and transmission services provided by other electricity industry entities.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

28. Construction contracts

The following amounts are recognised and included in the statement of financial position as receivable / (payable):

	Consolidated	
	December 2023 $'000	December 2022 $'000
From customers under construction contracts (note 9)	**13,667**	19,126
To customers under construction contracts (note 15)	**(98,637)**	(95,638)
	(84,970)	(76,512)

At 31 December 2023 retentions held by customers for contract work amounted to $29,641 (2022: $17,330).

29. Related party transactions

The immediate parent of the Group is CKI Spark Holdings No. Two Limited (incorporated in the Commonwealth of The Bahamas). The ultimate Australian parent entity is the SA Power Networks partnership (comprising the 5 partner entities as disclosed in note 26).

Transactions within the Group

Entities within the Group have provided various services to each other. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the SA Power Networks partnership and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below.

Transactions with other related parties

During the year, the Group entered into the following transactions on normal commercial terms and conditions with the following other related parties who are not members of the Group:

	Sale of goods or services		Purchase of goods or services	
	December 2023 $'000	December 2022 $'000	**December 2023 $'000**	December 2022 $'000
Victoria Power Networks Pty Ltd	**698**	898	**3,815**	3,702
NG Energy Pty Ltd	**3**	2	**-**	11
Hutchison International HK	**-**	-	**-**	387
Hutchison Telecommunications (Australia) Ltd	**-**	-	**129**	2
	701	900	**3,944**	4,102

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

29. Related party transactions (continued)

Transactions with other related parties (continued)

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	December 2023 $'000	December 2022 $'000	**December 2023 $'000**	December 2022 $'000
Victoria Power Networks Pty Ltd	**-**	169	**-**	207
NG Energy Pty Ltd	**58**	-	**-**	-
	58	169	**-**	207

Remuneration of key management personnel

Details of key management personnel remuneration are disclosed in note 7 to the financial statements.

Transactions with partner entities of the SA Power Networks Partnership

Total director's fees paid or payable in connection with the two foreign partner entities and the three Australian partner entities (see note 26) were $310,000 (2022: $310,000) and $385,000 (2022: $374,466) respectively.

30. Subsequent events

Following a comprehensive review of the SA Power Networks partnership ("SAPN") capital structure to establish a longer term sustainable and more flexible capital structure that would better support the assets and operations of SAPN, the following recapitalisation as approved by all the partners of SAPN (the "Partners"), being CKI Utilities Development Ltd ("CKIUD"), PAI Utilities Development Ltd ("PAIUD"), Spark Infrastructure SA (No1) Pty Ltd ("Spark 1"), Spark Infrastructure SA (No2) Pty Ltd ("Spark 2") and Spark Infrastructure SA (No3) Pty Ltd ("Spark 3"), occurred on 1 January 2024:

- 90% of the subordinated debt that has been provided by Cheung Kong Infrastructure Finance (Australia) Pty Limited ("CKIFA") and Hong Kong Electric International Finance (Australia) Pty Ltd ("HEIFA") to SAPN being repaid; and
- 90% of the preferred partnership capital in SAPN that has been provided by Spark 1, Spark 2 and Spark 3, being redeemed,

in each case, the repayment and redemption was funded by the proceeds of new ordinary capital contributed by the Partners in their current respective ownership percentages.

This form of recapitalisation is permitted under SAPN's external finance arrangements and the arrangement with each of CKIFA and HEIFA. The recapitalisation is also not expected to impact SAPN's A- credit rating from Standard & Poor's.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

31. Notes to the statement of cash flows

(a) Cash and cash equivalents

	Consolidated	
	December 2023 $'000	December 2022 $'000
Cash and bank balances	**11,506**	38,701
Short-term deposits	**-**	30,000
	11,506	68,701

Cash and cash equivalents comprise cash and short-term bank deposits, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

(b) Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated	
	December 2023 $'000	December 2022 $'000
Profit for the year	**53,471**	74,100
Adjustments for:		
Fair value (gain) / loss on derivatives	**355**	17
(Gain) on disposal of property, plant and equipment	**(1,035)**	(3,985)
Depreciation and amortisation expense	**326,516**	326,349
Interest income received (net receivable)	**(1,170)**	(808)
Non-cash interest expense	**78**	1,994
Lease interest expense	**672**	622
Debt related expenses	**670**	683
Gifted asset revenue	**(20,579)**	(12,805)
Fair value adjustment of customer contributions	**78,885**	61,004
Movements in working capital:		
(Increase) / decrease in trade and other receivables	**(50,065)**	15,752
(Increase) / decrease in inventories	**(1,425)**	(13,265)
(Increase) / decrease in other current assets	**786**	(2,717)
Increase / (decrease) in trade and other payables	**(17,442)**	13,789
Increase / (decrease) in provisions	**4,992**	(11,352)
Increase / (decrease) in tax liabilities	**637**	554
Net cash inflow from operating activities	**375,346**	449,932

(c) Non-cash investing and financing activities

During the year, the Group acquired property, plant and equipment with a value of $20,579,000 (2022: $12,805,000) through the gifting of assets by customers for which a rebate was paid.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 16 after deducting cash and bank balances) and equity of the Group (comprising partners capital accounts, partners current accounts and reserves as disclosed in notes 20, 21 and 22 respectively).

The Group's risk management and compliance committee reviews the capital structure in the context of the annual planning process. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group balances its overall capital structure through the payment of dividends, and the issue of new debt or the redemption of existing debt, and also considers the need (if any) for partner capital issues or redemption.

During the current and prior years, there were no defaults or breaches on the Group's agreements with lenders. The Group's overall strategy remains unchanged from the prior year and is not subject to any externally imposed capital requirements.

(b) Categories of financial instruments

	Consolidated	
	December 2023 $'000	December 2022 $'000
Financial assets		
Cash and cash equivalents	**11,506**	68,701
Trade and other receivables - amortised cost	**246,286**	196,221
	257,792	264,922
Derivative financial assets		
Interest rate swaps designated in a hedge accounting relationship	**138,744**	198,736
Interest rate swaps - fair value through profit or loss	**-**	-
Cross currency swaps designated in a hedge accounting relationship	**80,077**	66,754
Foreign exchange forward contracts designated in a hedge accounting relationship	**134**	498
	218,955	265,988

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(b) Categories of financial instruments (continued)

	Consolidated	
	December 2023 $'000	December 2022 $'000
Financial liabilities		
Trade and other payables - amortised cost	**267,922**	285,364
Other financial liabilities - Borrowings		
Senior borrowings - amortised cost	**3,646,680**	3,510,202
Senior borrowings - fair value adjustments	**(152,219)**	(203,332)
Other related party borrowings - amortised cost	**647,700**	647,700
	4,142,161	3,954,570
Derivative financial liabilities		
Interest rate swaps designated in a hedge accounting relationship	**7,664**	9,661
Interest rate swaps - fair value through profit or loss	**-**	6
Cross currency swaps designated in a hedge accounting relationship	**64,041**	77,636
Foreign exchange forward contracts designated in a hedge accounting relationship	**56**	-
	71,761	87,303

(c) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange, and interest rate), credit risk and liquidity risk. The Group's major exposure to interest rate risk and foreign currency risk arises from its long-term borrowings. The Group also has translation foreign currency risk associated with transactional foreign currency exposures, such as purchases made in foreign currencies.

The Group's overall risk management strategy focuses on monitoring and managing these financial risks such that potential adverse effects on the Group's financial performance are minimised. Financial risk management is carried out by the Group's Treasury function under policies approved by the Board of Directors. The Group has written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative and non-derivative financial instruments and the investment of excess liquidity.

The Group uses the following types of derivative financial instruments to hedge these risk exposures:

- Interest rate swap contracts: the Group agrees to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of fixed rate debt held and the cash flow exposures of floating rate debt held.
- Cross-currency swap contracts: the Group agrees to exchange specified foreign currency principal and interest amounts at an agreed future date at a specified exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates.
- Foreign currency forward contracts: the Group undertakes certain transactions denominated in foreign currencies, primarily USD, from which exposure to exchange rate fluctuations arise. Such contracts enable the Group to lock in the exchange rate at the future date of the payment or receipt.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(c) Financial risk management (continued)

Hedge accounting is a technique that enables the matching of the gains and losses on designated hedging instruments and hedged items in the same accounting period to minimise volatility in profit or loss. To the extent permitted by AASB 9, the consolidated entity formally designates and documents these financial instruments as fair value and cash flow hedges for accounting purposes. In order to qualify for hedge accounting, AASB 9 requires that prospective hedge effectiveness testing meets all of the following criteria:

- An economic relationship exists between the hedged item and hedging instrument;
- The effect of credit risk does not dominate the value changes resulting from the economic relationship; and
- The hedge ratio is the same as that resulting from amounts of hedged items and hedging instruments for risk management.

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to mature within 12 months after the end of the reporting period. Derivative financial instruments are not entered into or traded for speculative purposes.

For hedged forecast transactions that result in the recognition of a non-financial asset, related hedging gains and losses are included in the initial measurement of the cost of the asset.

The Group uses derivative financial instruments for two types of hedges:

	Fair value hedge	**Cash flow hedge**
Objective	To convert fixed interest rate borrowings to floating interest rate borrowings.	To hedge the exposure arising from variability in future interest and foreign currency cash flows arising from borrowings that bear interest at variable rates or are denominated in foreign currency. Cash flow hedging is also used to mitigate the foreign currency exposure arising from anticipated future transactions.
Recognition date	At the date the instrument is entered into.	At the date the instrument is entered into.
Measurement	Measured at fair value.	Measured at fair value.
Changes in fair value	Changes in the fair value of the hedging instrument and changes in the fair value of the hedged item that is attributable to the hedged risk ('fair value hedge adjustment') are recognised in profit or loss. Ineffectiveness reflects the extent to which the fair value movements do not offset and is primarily driven by movements in credit of the hedging instrument.	Ineffectiveness is recognised in profit or loss if the change in the fair value of the hedging instrument exceeds the change in fair value of the hedged item for the hedged risk. The portion of fair value movement qualifying as effective movement is recognised in the cash flow hedge reserve in equity. All our cash flow hedges are in effective hedge relationships on the basis that the critical terms of the hedging instrument and hedged item are aligned (including face values, cash flows and currency). During the year, there has been no material ineffectiveness attributable to our cash flow hedges.

Notes to the Financial Statements
For the year ended 31 December 2023 (continued)

32. Financial instruments (continued)

(c) Financial risk management (continued)

(i) Classification of derivatives (continued)

The Group's fair value hedges have an economic relationship on the basis that the critical terms of the hedging instrument and hedged item (including face value, cash flows and maturity date) are aligned. The relationship between the hedged risk and the corresponding value of the hedging derivatives results in a hedge ratio of one.

The cumulative amount of fair value hedge adjustments which are included in the carrying amount of our borrowings in the Statement of Financial Position is shown below:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Fixed rate instruments		
Senior borrowings as at 31 December (Face Value)	**2,914,216**	2,487,715
Unamortised capitalised costs and bond discounts	**(7,535)**	(7,508)
Amortised cost	**2,906,681**	2,480,207
Cumulative fair value hedge adjustments	**(152,219)**	(203,332)
Carrying amount	**2,754,462**	2,276,875
Change in value of hedge item during the year	**477,587**	(433,792)

For fixed rate instruments, Face Value represents the face value in the underlying currency converted at the spot exchange rate at reporting date.

(ii) Fair value measurements

The consolidated entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL)
- Derivative financial instruments:

Interest rate swaps are measured using the discounted cash flow method. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Cross-currency interest rate swaps are measured using the discounted cash flow method. Future cash flows are estimated based on forward currency rates (from observable yield curves at the end of the reporting period) and contract currency rates, discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Foreign currency forward contracts are measured using the discounted cash flow method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. These are classified as level 2 instruments.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(c) Financial risk management (continued)

(ii) Fair value measurements (continued)

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and applied within a valuation technique.
- Level 3 fair value measurements are those derived from inputs that are not based on observable market data (unobservable inputs) and applied within a valuation technique.

Consolidated 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Financial assets				
Interest rate swaps designated in a hedge accounting relationship	-	138,744	-	138,744
Interest rate swaps - fair value through profit or loss	-	-	-	-
Cross currency swaps designated in a hedge accounting relationship	-	80,077	-	80,077
Foreign exchange forward contracts designated in a hedge accounting relationship	-	134	-	134
	-	218,955	-	218,955
Financial liabilities				
Interest rate swaps designated in a hedge accounting relationship	-	7,665	-	7,665
Interest rate swaps - fair value through profit or loss	-	-	-	-
Cross currency swaps designated in a hedge accounting relationship	-	64,041	-	64,041
Foreign exchange forward contracts designated in a hedge accounting relationship	-	55	-	55
	-	71,761	-	71,761

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(c) Financial risk management (continued)

(ii) Fair value measurements (continued)

Consolidated 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Financial assets				
Interest rate swaps designated in a hedge accounting relationship	-	198,736	-	198,736
Interest rate swaps - fair value through profit or loss	-	-	-	-
Cross currency swaps designated in a hedge accounting relationship	-	66,754	-	66,754
Foreign exchange forward contracts designated in a hedge accounting relationship	-	498	-	498
	-	265,988	-	265,988
Financial liabilities				
Interest rate swaps designated in a hedge accounting relationship	-	9,661	-	9,661
Interest rate swaps - fair value through profit or loss	-	6	-	6
Cross currency swaps designated in a hedge accounting relationship	-	77,636	-	77,636
Foreign exchange forward contracts designated in a hedge accounting relationship	-	-	-	-
	-	87,303	-	87,303

There were no transfers between Level 1, Level 2 or Level 3 during the current or prior year.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. These instruments are valued using the same methodology as the level 2 instruments described in this note.

	Consolidated	
	Carrying Value $'000	**Fair Value $'000**
2023		
Senior borrowings (note 16)	**3,494,461**	**3,637,605**
2022		
Senior borrowings (note 16)	3,306,870	3,390,132

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(c) Financial risk management (continued)

(iii) Amounts recognised in profit or loss

During the year, the following amounts were recognised in profit or loss in relation to derivatives:

	Consolidated	
	December 2023 $'000	December 2022 $'000
Foreign exchange translation gain / (loss) on cross currency swaps designated in a hedge accounting relationship	**10,561**	(70,041)
Foreign exchange translation (loss) / gain on hedged items designated in a hedge accounting relationship	**(10,561)**	70,041
(Loss) / gain of change in fair value of derivatives designated in a hedge accounting relationship	**(51,113)**	306,393
Gain / (loss) of change in fair value of hedged items designated in a hedge accounting relationship	**51,113**	(306,393)
Hedge ineffectiveness gain / (loss)	**(355)**	(17)
Gain / (loss) on hedging recognised in profit or loss	**(355)**	(17)

The gain / (loss) on hedging has been included within finance costs (see note 5).

(d) Hedging

Consolidated 2023	**Notional $'000**	**Weighted average effective interest rate %**	**Carrying amount asset $'000**	**Carrying amount liability $'000**	**Changes in the value of hedging instrument recognised in other comprehensive income $'000**	**Changes in fair values used for calculating hedging ineffectiveness (*) $'000**	**Weighted average maturity date**
Foreign currency risk							
Foreign exchange forward contracts - cash flow hedges	**3,538**	**-**	**135**	**55**	**418**	**(418)**	**17/05/2024**
Cross currency interest rate swaps - cash flow hedges (USD notional)	**1,606,500**	**3.67%**	**178,781**	**19,887**	**9,289**	**(19,728)**	**24/09/2029**
Interest rate risk							
AUD - interest rate swap contracts - cash flow hedges	**3,044,853**	**2.69%**	**138,744**	**1,443**	**61,980**	**(61,435)**	**22/10/2027**
AUD - interest rate swap contracts - fair value hedges	**415,000**	**2.68%**	**-**	**6,221**	**-**	**3,440**	**22/12/2025**
Cross currency interest rate swaps - fair value hedges (USD notional)	**1,606,500**	**3.67%**	**1,254**	**144,112**	**-**	**46,645**	**24/09/2029**

(*) The change in fair value ignores any cash payments during the period

Notes to the Financial Statements
For the year ended 31 December 2023 (continued)

32. Financial instruments (continued)

(d) Hedging (continued)

Consolidated 2022	Notional $'000	Weighted average effective interest rate %	Carrying amount asset $'000	Carrying amount liability $'000	Changes in the value of hedging instrument recognised in other comprehensive income $'000	Changes in fair values used for calculating hedging ineffectiveness (*) $'000	Weighted average maturity date
Foreign currency risk							
Foreign exchange forward contracts - cash flow hedges	4,433	-	498	-	(91)	91	31/08/2023
Cross currency interest rate swaps - cash flow hedges (USD notional)	1,334,000	3.37%	182,298	3,676	5,718	63,803	13/01/2029
Interest rate risk							
AUD - interest rate swap contracts - cash flow hedges	3,007,853	2.57%	198,736	-	(297,467)	297,605	03/01/2027
AUD - interest rate swap contracts - fair value hedges	375,000	2.55%	-	9,661	-	(22,760)	29/08/2024
Cross currency interest rate swaps - fair value hedges (USD notional)	1,344,000	3.37%	-	189,503	-	(283,027)	13/01/2029

(*) The change in fair value ignores any cash payments during the period

(e) Market risk

(i) Foreign exchange risk

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group measures the market risk exposures using sensitivity analysis and cash flow forecasting. There has been no change from the prior year to the types of market risks the Group is exposed to or manner in which the risks are managed and measured.

Foreign exchange risk arises from recognised assets and liabilities that are denominated in a currency that is not the Group's functional currency. The Group undertakes certain transactions denominated in foreign currencies, primarily US Dollars (USD), from which exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(e) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's primary exposure to foreign currency risk (prior to hedging contracts) at the end of the reporting period was as follows:

	Consolidated USD	
	December 2023 $'000	December 2022 $'000
Borrowings	**1,606,500**	1,344,000

The following table details the Group's sensitivity to a 10% increase and decrease in the value of the Australian Dollar (AUD) against the relevant foreign currencies. The sensitivity analysis includes outstanding foreign currency denominated financial assets and liabilities (including derivatives) and adjusts their translation at period end for a 10% change in foreign exchange rates on a total portfolio basis with all other variables held constant.

	Net profit		Cash flow hedge reserve		Total impact on equity	
Consolidated	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Index						
AUD/USD exchange rate:						
- 10% increase	**-**	-	**(3,199)**	(1,383)	**(3,199)**	(1,383)
- 10% decrease	**-**	-	**2,299**	2,394	**2,299**	2,394

(ii) Interest rate risk

The Group is exposed to interest rate risk as it invests and borrows funds at both fixed and floating interest rates. The risks are managed by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to confirm alignment with the debt and liquidity management policy and ensure that the Group is not exposed to excess risk from interest rate volatility.

Notes to the Financial Statements

For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(e) Market risk (continued)

(ii) Interest rate risk (continued)

Consolidated	Average fixed interest rate		Notional principal amount		Fair value	
	2023	2022	**2023**	2022	**2023**	2022
	%	%	**$'000**	$'000	**$'000**	$'000
Receive floating / pay fixed						
Less than 1 year	**3.13%**	3.05%	**339,020**	300,000	**800**	23
1 to 5 years	**2.68%**	2.65%	**1,658,334**	1,581,353	**44,881**	57,468
5 years +	**2.56%**	2.32%	**1,047,500**	1,126,500	**91,620**	141,245
			3,044,854	3,007,853	**137,301**	198,736
Receive fixed / pay floating						
Less than 1 year	**0.59%**	2.55%	**375,000**	375,000	**(4,395)**	(9,661)
1 to 5 years	**-**	-	**-**	-	**-**	-
5 years +	**0.16%**	-	**40,000**	-	**(1,827)**	-
			415,000	375,000	**(6,221)**	(9,661)

The sensitivity analysis contained in the table below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date with the stipulated change taking place at the start of the financial year and held constant for the reporting period. A sensitivity of 0.5% (50 basis points) has been selected as this is considered reasonable given the current level of both short and long term interest rates.

Consolidated	Net profit		Cash flow hedge reserve		Total impact on equity	
	2023	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Impact of movement in interest rates (AUD)						
- 0.5% increase	**(1,257)**	(672)	**32,139**	34,606	**30,881**	33,934
- 0.5% decrease	**1,257**	672	**(33,110)**	(35,563)	**(31,853)**	(34,891)
Impact of movement in interest rates (USD)						
- 0.5% increase	**-**	-	**(3,201)**	(2,476)	**(3,201)**	(2,476)
- 0.5% decrease	**-**	-	**3,144**	2,466	**3,144**	2,466

Profit would have been affected mainly as a result of the ineffective portion of cash flow and fair value hedge transactions and floating rate financial assets and liabilities that are not in a cash flow hedge relationship. Equity, through the cash flow hedge reserve, would have been affected mainly as a result of an increase/decrease in the fair value of interest rate swaps which qualify for cash flow hedge accounting.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(f) Liquidity risk

The Board of Directors is ultimately responsible for liquidity risk and has adopted an appropriate liquidity risk management framework to manage the Group's funding and liquidity requirements. The Group manages liquidity risk by:

- maintaining adequate reserves, banking and reserve borrowing facilities;
- continuously monitoring forecast and actual cash flows, and
- matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its derivative and non-derivative financial liabilities. The table is drawn up based upon the future undiscounted principal and interest cash flows.

		Nominal cash flows				
Consolidated 2023	**Weighted average effective interest rate %**	**Less than 1 year $'000**	**1 to 5 years $'000**	**5 years + $'000**	**Total contractual cash flows $'000**	**Carrying amount $'000**
Financial liabilities (derivative and non-derivative)						
Trade and other payables (non-derivative)		**267,922**	-	-	**267,922**	**267,922**
Interest rate swaps	**3.16%**	**6,127**	**3,743**	**448**	**10,318**	**7,664**
Cross currency swaps:						
- Receive USD		**(62,332)**	**(557,583)**	**(1,518,618)**	**(2,138,532)**	**-**
- Pay AUD		**96,173**	**635,916**	**1,536,511**	**2,268,600**	**64,041**
Variable rate instruments		**142,677**	**620,008**	**64,992**	**827,677**	**740,000**
Fixed rate instruments	**3.59%**	**479,408**	**1,450,169**	**1,580,291**	**3,509,868**	**2,754,461**
Total financial liabilities		**929,976**	**2,152,253**	**1,663,624**	**4,745,853**	**3,834,088**

Consolidated 2022						
Financial liabilities (derivative and non-derivative)						
Trade and other payables (non-derivative)		289,971	-	-	289,971	289,971
Interest rate swaps	2.55%	4,694	6,469	-	11,163	9,667
Cross currency swaps:						
- Receive USD		(46,813)	(329,647)	(1,394,587)	(1,771,048)	-
- Pay AUD		69,634	443,756	1,404,805	1,918,196	77,636
Variable rate instruments		494,373	640,591	-	1,134,964	1,030,000
Fixed rate instruments	3.28%	81,895	1,407,591	1,455,094	2,944,580	2,276,870
Total financial liabilities		893,755	2,168,760	1,465,312	4,527,827	3,684,144

Notes to the Financial Statements

For the year ended 31 December 2023
(continued)

32. Financial instruments (continued)

(g) Offsetting financial assets and financial liabilities

The Group does not have financial instruments that meet the presentation offset requirements of AASB 132 "Financial Instruments: Presentation" and as such each individual financial instrument is presented gross in the Financial Statements. However, the Group has for credit management purposes, Master Netting arrangements where offset is permitted as a result of certain credit events. Application of these credit arrangements for the Group at the financial reporting date would result in the following offsets as detailed below:

	Gross amounts not offset (as do not meet offsetting accounting requirements)					
	2023			2022		
Consolidated	**Gross amount $'000**	**Master Netting Arrangements $'000**	**Net amount $'000**	Gross amount $'000	Master Netting Arrangements $'000	Net amount $'000
Assets						
Total derivative assets	**218,956**	**(67,637)**	**151,319**	265,988	(87,303)	178,685
Liabilities						
Total derivative liabilities	**(71,760)**	**67,637**	**(4,123)**	(87,303)	87,303	-

The Group has not received any collateral or pledged any assets as collateral.

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

33. Parent entity disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below.

Financial position	December 2023 $'000	December 2022 $'000
Assets		
Current assets	**255,318**	260,634
Non-current assets	**6,975,237**	6,920,869
Total assets	**7,230,555**	7,181,503
Liabilities		
Current liabilities	**850,708**	817,927
Non-current liabilities	**3,742,478**	3,612,415
Total liabilities	**4,593,186**	4,430,342
Equity		
Partners capital account	**623,300**	623,300
Partners current account	**1,897,226**	1,939,331
Reserves	**116,843**	188,530
Total equity	**2,637,369**	2,751,161

Financial performance	Year ended December 2023 $'000	Year ended December 2022 $'000
Profit for the year	**42,530**	122,850
Other comprehensive income / (expense)	**(71,687)**	291,840
Total comprehensive income / (expense)	**(29,157)**	414,690

Notes to the Financial Statements
For the year ended 31 December 2023
(continued)

34. Additional information

SA Power Networks *is a partnership of:*	**ABN 13 332 330 749**
CKI Utilities Development Limited	ABN 65 090 718 880
PAI Utilities Development Limited	ABN 82 090 718 951
(Each incorporated in The Bahamas)	
Spark Infrastructure SA (No. 1) Pty Ltd	ABN 54 091 142 380
Spark Infrastructure SA (No. 2) Pty Ltd	ABN 19 091 143 038
Spark Infrastructure SA (No. 3) Pty Ltd	ABN 50 091 142 362
(Each incorporated in Australia)	

Principal place of business:
1 Anzac Highway
Keswick, South Australia, 5035, Australia
Telephone: (08) 8404 5667

Postal address and website:
GPO Box 77
Adelaide, South Australia, 5001, Australia
www.sapowernetworks.com.au

Partners' Statement
31 December 2023

The partners declare that:

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

(b) in the partners' opinion, the attached financial statements and notes thereto are in accordance with the Partnership Agreement; including compliance with accounting standards and giving a true and fair view of the financial position and performance of the partnership and Group; and

(c) in the partners' opinion, the attached financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the Board of Management.

On behalf of the Board of Management

Peter Tulloch
Chairman

Andrew Bills
Chief Executive Officer

Adelaide, 27 February 2024

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Independent Auditor's Report to the Partners of SA Power Networks

Opinion

We have audited the financial report of SA Power Networks (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2023**,** the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the Partners' statement.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Group's financial position as at 31 December 2023 and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board for the Financial Report

Management of the Entity is responsible for the preparation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

Deloitte.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with management and the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 27 February 2024