



# Attachment 14

## Disclosure statement

30 September 2024

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Notwithstanding due attention and care in developing the input data, modelling and written narrative there remains a residual risk for misstatements or errors.

WaterNSW undertook continuing internal review and challenge testing of all of the material provided as well as external Quality Assurance review.

As a result of these standard processes, we identified a number of items that were updated and fully reflected throughout the regulatory proposal and all supporting materials.

However, there is one item where our processes identified a matter to be updated but the available timing did not allow for matters to be full reflected throughout the proposal and all supporting material.

The table below seeks to set out the reasonable disclosure of this issue, the areas of the WaterNSW proposal that are impacted and a guide on the materiality of the matter to regulated revenues.

<b>Matter Identified</b>	<b>Impacted elements of the Regulatory Proposal</b>	<b>Revenue Materiality</b>
<p>IT Software as a Service reclassification from operating expenditure to capital expenditure in 2023-24 did not occur as was the case for prior and future years.</p> <p>Due to the timing of when it was identified that the required adjustment had not been made, it was not possible to fully implement the adjustment throughout this bulk water pricing proposal as the assurance process was well advanced.</p> <p>WaterNSW was able to update the relevant operating expenditure and capital expenditure tables, charts and narrative in the pricing proposal to ensure that the narrative for future investment was on a consistent basis with historic expenditure. We were not in a position to update the proposed revenues and prices in the time available due to the volume of tables and charts to be updated and reviewed.</p>	<p>The reclassification of IT expenditure in 2023-24 has the offsetting effect of reducing operating expenditure (Section 9 of the pricing proposal) and increasing capital expenditure (Section 10) in that year only. That is, the adjustment has no impact forecast expenditures in 2024-25 or for proposed expenditures in the 2025-30 determination period for this bulk water proposal.</p> <p>WaterNSW notes that this adjustment also applies to FY23-24 WaterNSW costs for WAMC, but that no adjustment has been made to the joint proposal due to the timing and the revenue implications not being material.</p>	<p>The reclassification of IT expenditure in 2023-24 has the effect of increasing capital expenditures in that year. This results in a small increase in the regulatory asset bases, which in turn leads to an understatement of &lt;1% (approximately 0.5%) of the revenue requirements (e.g. return on capital and return of capital and other minor corresponding adjustments) that flows through to future revenue requirement from 2025-26 to 2029-30.</p> <p>WaterNSW will update IPART and its consultants on this matter and seek to put through the adjustment during the expenditure review process.</p>