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Cover photo by Peter Mathew



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TasWater proudly acknowledges the Tasmanian Aboriginal people as the Traditional Owners and Custodians of lutruwita / Tasmania – Aboriginal land, sea and waterways. We pay our deep respects to the Elders past and present and acknowledge today's Tasmanian Aboriginal community.

About TasWater

TasWater is an incorporated business providing water and sewerage services to homes and businesses across Tasmania. We source, treat and deliver water to our customers. We collect, transport and treat sewage and safely return wastewater to the environment.

As at 30 June 2022, our workforce comprised 942 full-time equivalent (FTE) employees distributed across the South, North and North West of Tasmania.

We are governed by the *Corporations Act 2001* (Cth) and commenced operations on 1 July 2013 following the merger of Ben Lomond Water, Cradle Mountain Water, Southern Water and Onstream in accordance with the *Water and Sewerage Corporation Act 2012* (Tas).

We operate under a range of legislative and regulatory instruments, including the:

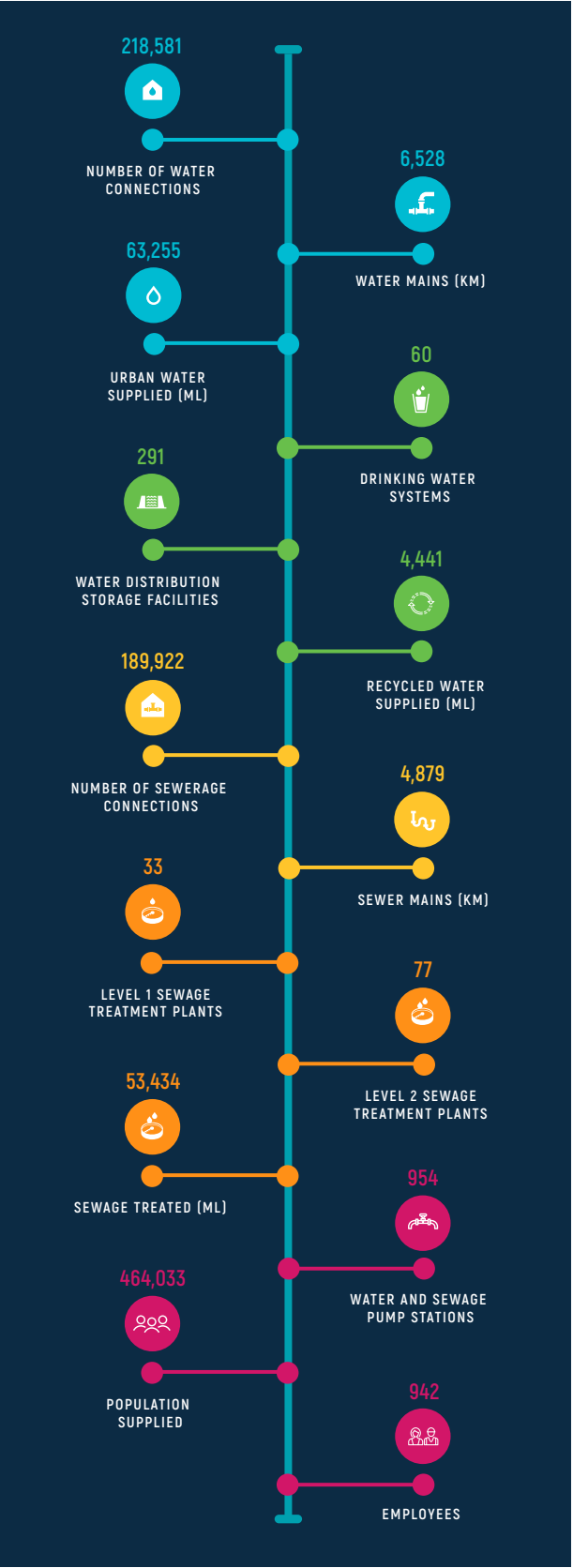
- *Water and Sewerage Industry Act 2008* (Tas)
- *Environmental Management and Pollution Control Act 1994* (Tas)
- *Public Health Act 1997* (Tas)
- *Land Use Planning and Approvals Act 1993* (Tas)
- *Water Management Act 1999* (Tas)
- TasWater Constitution
- Shareholders' Letter of Expectations.

The key regulators of TasWater are:

- The Tasmanian Economic Regulator (TER)
- The Environment Protection Authority (EPA)
- The Department of Health (DoH)
- The Department of Natural Resources and Environment Tasmania (NRE Tas).

We also have key stakeholder relationships with several other regulatory bodies, including the Shellfish Market Access Program (ShellMAP) and WorkSafe Tasmania.

Business snapshot as at 30 June 2022



Health and Safety Officer Mark Cate at Macquarie Point Sewage Treatment Plant
Photo by Peter Mathew



Senior Environmental Scientist Prasha Vijayalayan at Prince of Wales Bay Sewage Treatment Plant in Derwent Park
Photo by Peter Mathew

Our vision

Our vision – “to be trusted, respected and making a positive difference in Tasmania” – recognises the important role TasWater plays in the Tasmanian community. It demonstrates our continued commitment to supporting the social and economic prosperity of all Tasmanians. Through the responsible delivery of safe and reliable drinking water and sewerage services to homes and businesses across Tasmania, we are working hard to make a positive difference in our island state – both now and into the future.

Owners’ Representatives Group

From its commencement, TasWater has been owned by Tasmania’s 29 councils, with the State Government also becoming a shareholder in early 2019.

The Owners’ Representatives Group (ORG) comprises one representative from each of the 30 shareholders. The functions, duties and responsibilities of the ORG are outlined in TasWater’s Constitution, Shareholders’ Letter of Expectations and the Owners’ Representatives Group Charter.

Our owners’ representatives during the year were:

Owner name	Representative
Break O’Day Council	Mayor Mick Tucker
Brighton Council	Mayor Leigh Gray
Burnie City Council	Mayor Steve Kons
Central Coast Council	Mayor Jan Bonde
Central Highlands Council	Deputy Mayor Jim Allwright
Circular Head Council	Mayor Daryl Quilliam
Clarence City Council	Mayor Doug Chipman
Derwent Valley Council	Mayor Ben Shaw (part year) Mayor Michelle Dracoulis (part year)
Devonport City Council	Mayor Councillor Annette Rockliff
Dorset Council	Mayor Greg Howard
Flinders Council	Councillor Peter Rhodes
George Town Council	Mayor Greg Kieser
Glamorgan Spring Bay Council	Councillor Annie Browning
Glenorchy City Council	Tony McMullen (part year) Mayor Bec Thomas (part year)
Hobart City Council	Councillor Will Coats
Huon Valley Council	Mayor Bec Enders (part year) Acting Mayor Sally Doyle (part year)
Kentish Council	Mayor Tim Wilson
King Island Council	Councillor Jim Cooper (part year)
Kingborough Council	Gary Arnold (part year) Mayor Paula Wriedt (part year)
Latrobe Council	Mayor Peter Freshney
Launceston City Council	Mayor Alderman Albert van Zetten
Meander Valley Council	Mayor Wayne Johnston
Northern Midlands Council	Mayor Mary Knowles OAM
Sorell Council	Mayor Kerry Vincent
Southern Midlands Council	Councillor Tony Bisdee OAM (part year) Mayor Alex Green (part year) ¹
Tasman Council	Mayor Kelly Spaulding
Waratah-Wynyard Council	Mayor Robby Walsh
West Coast Council	Mayor Shane Pitt
West Tamar Council	Councillor Richard Ireland ²
The Crown in Right of the State of Tasmania	David Bailey

¹Chief Owners’ Representative as at 30 June 2022

²Deputy Chief Owners’ Representative as at 30 June 2022

From the Chair and CEO



We are pleased to present the Annual Report for TasWater's ninth year of operations, celebrating major achievements contributing to our strategic vision – "to be trusted, respected and making a positive difference in Tasmania".

The last 12 months saw continued progress in accelerating our capital program with a record level \$253.0 million investment, an increase of 42.5 per cent from the previous year (2020-21: \$177.6 million). This program is delivering important customer and environmental outcomes for the benefit of all Tasmanians.

As part of this program, work continued on the Bryn Estyn Water Treatment Plant upgrade, TasWater's largest ever capital project. This year saw an additional \$107.4 million invested in the works to secure quality drinking water to the Greater Hobart area for the next 50 years. This project has a total budget of \$243.9 million and is due for completion in the 2023-24 financial year.

The year also saw the completion of the Longford Sewage Treatment Plant upgrade. The \$33.7 million upgrade utilises an innovative aerobic Nereda® technology, providing improved environmental outcomes through reduced emissions, and a noticeable reduction in local odour issues. The completion of this project will enable the closure of other STPs in the future.

Pleasingly, we have achieved 100 per cent microbiological compliance for the fourth consecutive year, providing our customers with access to safe drinking water.

Projects across the state such as the Ultraviolet Program are delivering additional layers of protection to drinking water, with seven sites now complete; and works on new reservoirs will deliver water surety in Rosebery, Triabunna, Tunbridge and Coles Bay.

Significant improvements have been made during the year to the safety of our dams, with the completion of upgrade works at Lake Mikany Dam and decommissioning of Waratah Dam. This reduction in risk provides more assurance to the communities in proximity to both these dams.

Dam safety has also been improved with the completion of the Henderson Dam raising, providing water surety to the community of Whitemark on Flinders Island, and the Upper Reservoir Dam upgrade in Hobart.

In response to the strong progress of the Capital Works Program over the past two financial years, TasWater has executed the option to extend our Capital Delivery Office (CDO) alliance with UGL Limited and CPB Contractors, along with their sub alliance partner WSP. The alliance will continue to deliver our accelerated Capital Works Program through to July 2025.

As a result of this decision, the CDO model will continue to directly support the Tasmanian economy, with over 80 per cent of the total value of packages awarded by the CDO to 30 June 2022 being awarded to Tasmania-based suppliers.

During the financial year, planning works have also progressed on a number of major capital projects, including the relocation of Macquarie Point Sewage Treatment Plant, the Launceston Sewer Improvement Plan and the kanamaluka / Tamar Estuary River Health Action Plan.

Water losses in our network remain an ongoing challenge. During the past financial year, TasWater has invested in the latest leak detection systems and technology to enable precise identification of hidden leaks and prompt repair, facilitating reduced water losses and the development of a more resilient network.

A major milestone met during 2021-22 was the approval by the Tasmanian Economic Regulator (TER) of TasWater's Price and Service Plan 4 (PSP4).

The approved PSP4 outlines the prices and service standards for regulated water and sewerage services in Tasmania for the period 1 July 2022 to 30 June 2026. While the TER's findings provided for a maximum price increase of 3.71 per cent in each year of the PSP4 period, TasWater will cap price increases at 3.50 per cent during this time.

Following a promising result in the prior year, in 2021-22 TasWater disappointingly saw an increase in the Total Recordable Injury Frequency Rate from 9.4 to 11.6.

The health and safety of the public, staff and contractors remains TasWater's highest priority and an improved Health and Safety Strategy has been developed to drive improvement in this area.

The past 12 months has also seen a significant increase in community transmission of COVID-19, which has threatened to impact all areas of operations.

TasWater staff have continued to follow COVID-safe practices in line with government guidelines for ensuring the delivery of essential services while keeping the community safe.

Our customers continue to receive a positive experience with the service provided, with 98 per cent of customers expressing satisfaction with TasWater's customer service.

To ensure TasWater continues to enhance the customer experience, two major improvements were made in the past year to better inform our customers. These were an improved billing format and a new website.

The improved bill format will provide the information customers want to see on their bills, while the new website has been developed to allow customers to be better informed, have more ways of self service and easier contact with TasWater.

During the last 12 months, TasWater continued to explore and better understand our vulnerabilities to climate change as well as how our environmental focus might extend beyond compliance to enhancement. This work will allow us to adapt our operations in future years, continuing to deliver essential services while maximising our positive and minimising our negative impact on the environment.

Towards the end of the financial year, a new water conservation campaign was launched. *Let's Love Our Water* features a bowl-dwelling goldfish, called Bob. Bob encourages our customers to think differently about water and how they use it.

In 2021-22 TasWater's financial performance exceeded the budget with a net profit of \$62.4 million. This enabled total dividend payments of \$24.0 million to our Owners for the year, including \$4.0 million of special dividends to offset reduced distributions in prior years affected by COVID-19.

As we look beyond 2021-22, there are a number of established and emerging trends that we expect will present challenges and opportunities to TasWater's operations over coming years.

These include impacts from our changing climate, changing customer expectations, continued competition for our scarce water resources and increasing cybersecurity threats. We will continue to build on the progress made over the past few years to ensure that we are well placed to respond effectively.

We would like to acknowledge the significant contribution of TasWater's inaugural CEO Michael Brewster, who retired during the year.

Michael's term as CEO oversaw many achievements, from the establishment of TasWater from the four previous corporations, through to the 24 Glasses regional water supply project, enabling the lifting of 25 public health alerts and culminating in winning the international award for Best Municipal Water in 2021. We wish Mike an enjoyable retirement.

The year's successes would not have been realised without the passion, commitment and contribution of the Board, Executive and all our staff and contractors. In closing, we would like to sincerely thank each council and the State Government for their ongoing support of our Board and the TasWater team.

Dr Stephen Gumley AO

Chair

George Theo

CEO



Bryn Estyn Water Treatment Plant upgrade progresses in New Norfolk

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Our year in review



July 2021

Small Plant and Equipment Officer, Craig Woodhouse won the 2021 Water Industry Operators Association of Australia (WIOA) Problem Accepted Solution Supplied (PASS) award for his water jetting foot valve operation. This eliminated communication issues, giving control to the operator and increasing safety.

TasWater participated in the second Engineers Australia Virtual Elevation event and engaged directly with the newest engineering graduates and final year students from all over Australia. The representatives from TasWater were able to provide a comprehensive overview of our internship program.



August 2021

After over eight years as CEO of TasWater, Michael Brewster announced his decision to retire, providing the board with six months' notice. Mr Brewster was appointed in 2013 and oversaw the merging of four corporations into one, and the growth of the business into what it is today.

TasWater joined Pride in Water as part of ongoing efforts to develop a more inclusive and diverse workforce in the water industry for LGBTIQ+ staff, allies, contractors and customers. In celebration of joining the network, an internal 'Wear it Purple Day' was held.

TasWater attended HomeFEST, the state's largest home and renovation event, providing fact sheets and free online resources to assist home builders and renovators in making homes water efficient.



September 2021

The new and improved TasWater website was launched, incorporating a new design and additional functionalities to provide a better user experience and meet customer needs and expectations.

A team from the Australian Antarctic Division spent an afternoon at the Blackmans Bay Sewage Treatment Plant (STP), gaining practical experience for their work in the Antarctic over 13 months. They will be maintaining small sewage treatment plants at Mawson, Davis and Casey research stations.



January 2022

After Rossarden won the national title in 2020, which went on to win the international title in 2021, TasWater was privileged to host the WIOA Ixom Best Tasting Tap Water in Australia competition and be involved in determining the winner for 2021. Tough competition saw this year's title go to Richmond Valley Council in NSW for their Casino Water Treatment Plant.

Whitemark on Flinders Island was placed on Stage 2 water restrictions to ensure the community had continuous water supply over the warmer months while the Henderson Dam was upgraded.



February 2022

The Capital Delivery Office alliance between TasWater, CPB Contractors and UGL Limited (members of the CIMIC Group) was extended for an additional two years to July 2025. This alliance is enabling high quality delivery of major capital works projects, improving essential services for our customers.

The prestigious UTAS Steve Balcombe Scholarship for 2022 was awarded to Hannah Goss. Now in its 22nd year, the scholarship provides financial and training support to a student studying in an area relevant to the water industry.

Stage 1 water restrictions were lifted in Greater Hobart.

The upgraded Longford STP was officially opened. The upgrade contributes to an improved carbon footprint, improved effluent quality, and a reduction in site odour.



March 2022

TasWater Capital Delivery Office (CDO) proudly celebrated International Women's Day (IWD) recognising their female employees. More than 23 per cent of the CDO workforce are women, compared with the Australian Construction industry standard of around 12 per cent. IWD was also celebrated more widely by TasWater staff, demonstrating this year's theme of 'Break the Bias'.

Two graduates launched their careers through TasWater's rotational based Graduate Program, and an existing five graduates rotated into their second year. This program was introduced in 2020-21 and provides graduates with the full experience of being employed at TasWater, working in different areas of the organisation.

TasWater welcomed new CEO, George Theo, in March. George was previously CEO at Unitywater in South East Queensland and brings over 30 years' water industry experience to the role.



October 2021

Webchat was introduced as an additional convenient method for customers to contact TasWater.

TasWater invited all Tasmanians to sign up to the state's first Water Night during National Water Week. The challenge involves avoiding the use of taps, showers and running water for 12 hours to create awareness of water use.



November 2021

Water Services Operator Rex Townsend was recognised as the WIOA Operator of the Year for 2021. Water Services Operator Dean Edsall was also recognised as the 2021 WIOA Young Operator of the Year.

Construction of stage two of the Upper Reservoir Dam upgrade project near Hobart was completed, lowering the societal risk to As Low As Reasonably Practical (ALARP).

The TasWater Summer Intern Program commenced in November 2021 and ran until February 2022. The 12-week paid program allowed university students to gain work experience and insights into the water and sewerage services industry, across various disciplines including Engineering, Asset Management and Digital and Technology.

Our Productivity Improvement Program five-year roadmap commenced, to deliver sustainable cost savings through to 2026.

TasWater's Rocky Creek Water Treatment Plant in the Huon Valley was judged winner of the WIOA IXOM Best Tasting Tap Water in Tasmania for 2021.



December 2021

The ultraviolet (UV) disinfection installation was completed at Bracknell water treatment plant, marking the first site completed under TasWater's UV Program. UV disinfection does not affect the taste, colour or odour of the water, but adds an additional layer of protection, further reducing the risk of harmful microbes entering the water supply.

TasWater sponsored the *Excellence in Creating Inclusive Environments* award at the Tasmanian Disability Festival Awards 2021 to recognise initiatives that build and support inclusion and diversity in the community.

Greater Hobart was placed on Stage 1 water restrictions due to heavy rain affecting water quality, along with essential maintenance.



April 2022

A biogas flare was installed at Cameron Bay STP, Berriedale, which will significantly reduce odour at the site and subsequent harmful effects it can have to the environment.

Stage 2 water restrictions were lifted in Whitemark due to seasonal rain, optimal town back-up water storage levels, and anticipated Dam completion for the end of May.

Following investigations and consultation, a new billing format was introduced to ensure clearer presentation of the key information, and ensure bills were as easy to understand as possible.

TasWater supported the UTAS Science and Engineering Challenge for 2022, encouraging secondary students to pursue careers in the fields of science, technology, engineering and mathematics (STEM).

TasWater Water Services Operator Matthew Holz won the 2022 WIOA PASS award. Matthew was nominated for the award for his pump station claw innovation, making the removal of clumps of non-flushable items more efficient and safer for crews.



May 2022

Henderson Dam rebuild and wall raising was completed, doubling the holding capacity of the original dam. Refill to capacity by seasonal rain occurred by the end of May. This now provides generations of water security for the citizens of Whitemark on Flinders Island.

The *Let's Love our Water* campaign began, with spokesperson Bob Goldfish appearing on television, in newspapers and on social media to increase water literacy and develop an improved understanding of the value of water in Tasmania.



June 2022

The Mikany Dam upgrade reached practical completion, providing water surety to the townships of Smithton, Stanley and Irishtown.

The Tasmanian Economic Regulator approved Price and Service Plan 4, which sets out the pricing, policies, services, projects and outcomes to be delivered, providing a comprehensive plan for TasWater's operations from 2022 to 2026.

Lake Fenton pipeline upgrade was completed, increasing the reliability of the pipeline supplying 20 per cent of our customers in the Greater Hobart area.

Internal graduation ceremonies were held, recognising the achievements of 131 team members since late 2019.

Major capital projects

Lake Fenton Pipeline renewal in New Norfolk



2021-22 Top 10 projects by spend

Project	Region	Total 2021-22 \$000
Bryn Estyn Water Treatment Plant Upgrade (New Norfolk)	South	107,441
Lake Mikany Dam Upgrade (Smithton)	North West	6,376
Henderson Dam Wall Raising (Whitemark)	North	6,312
UV Program Stage 1 (Glen Huon, Westbury, St Helens, Scottsdale, Bridport, Deloraine, Longford, Bracknell, Smithton) ³	Statewide	6,179
Rosebery, Triabunna, Tunbridge and Coles Bay New Reservoirs	Statewide	5,963
Lake Fenton Pipeline (New Norfolk)	South	5,252
Northern Midlands Sewerage Improvement Plan Longford Sewage Treatment Plant Upgrade	North	3,364
Cameron Bay Sewage Treatment Plant Dewatering (Hobart)	South	2,425
Queenstown Sewage Treatment Plant Remediation	North West	1,805
Upper Reservoir Dam Upgrade (Hobart)	South	1,773

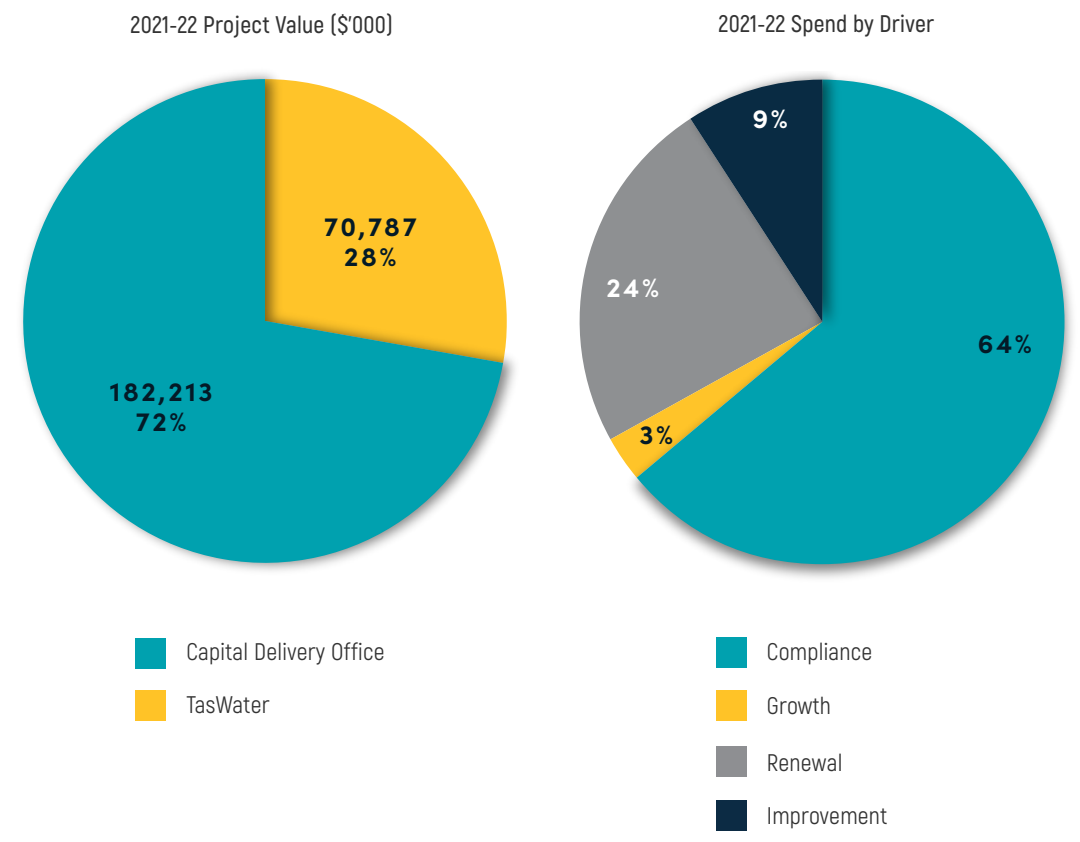
³ UV Program Stage 1 was listed in our 2020-21 Annual Report Top 10 Projects by spend but listed the incorrect sites. Stage 1 consists of the nine sites listed above, with seven of the nine now being complete.

Capital expenditure

TasWater’s capital expenditure program is a vital part in ensuring our water and sewage assets are fit for purpose for years to come. The Capital Delivery Office (CDO) alliance is primarily tasked with delivering our medium and large capital works projects, with TasWater maintaining direct responsibility for lower risk, low complexity capital works, including those requiring a level of urgency.

Our projects are categorised in terms of whether their main aim is compliance, growth, renewal or improvement. Compliance works are to ensure our infrastructure enables us to comply with drinking water and environmental regulations, growth allows for expansion in the water and sewerage networks to service new homes and businesses, renewal occurs where existing infrastructure has reached the end of its economic life; and improvements allow for increased levels of customer service or productivity.

Our major project currently underway at Bryn Estyn Water Treatment Plant falls under compliance, therefore comprises a large component of our spend for 2021-22.



Project Management Leader Rennie Brown and Site Engineer Harrison Chellis at the Longford STP upgrade



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Customers and Community

Key performance indicators			
KPI	2021-22 Result	2021-22 Target	2020-21 Result
Customer satisfaction with Customer Service team	98%	90%	98%
Calls answered within 30 seconds	84.5%	85.0%	92.1%
First point resolution	95%	90%	95%
Complaints per 1,000 connected properties	11.6	11.0	10.6 ⁴
Complaints processed within 10 business days	98%	90%	93%
Development applications processed within 14 days	99%	98%	99%
Building and plumbing applications processed within 14 days	98%	98%	99%

⁴ This figure was reported as 4.7 in the 2020-21 report and has been adjusted to reflect a revised interpretation of water quality complaints to enable a meaningful comparison with 2021-22 results.

Customer service

For the full financial year, the number of calls received by our Customer Service Centre was 155,309. Of these, 133,694 were handled by our Customer Service Officers compared to 138,121 for the year prior.

The number of calls answered within 30 seconds was 84.5 per cent. This is marginally below the regulated service standard of 85 per cent. After exceeding the target for most of the year, the full year result was significantly impacted in the final quarter. Multiple weather events across the state contributed to a higher volume of calls than forecast, while unplanned employee absences, due to illness, impacted staffing levels.

Our customers have previously told us resolution at first point of contact is the most important factor for them. It is pleasing to see our ongoing focus to meet customer expectations resulted in first point resolution of customer calls exceeding the target of 90 per cent, with a result of 95 per cent.

Overall, customer satisfaction for interactions with our Customer Service team was 98 per cent, also exceeding our target of 90 per cent. During the financial year, around 28,400, or 38 per cent, of customers provided feedback through our post-call survey.

A new customer channel, Webchat, was introduced in October 2021 and has received 4,400 interactions since implementation. In addition, there were 50,700 email interactions. In total, our Customer Service Centre received more than 210,000 contacts through our various sources for the year.

Supporting our customers in need

We understand some of our customers may need additional support with the payment of their bills. Our team has been specially trained to understand the individual needs of our residential and business customers and can help in a number of ways, such as longer-term payment arrangements.

During the financial year, a total of 249 customers completed their customer support arrangement, meaning that the customer either paid their debt in full or entered a standard, ongoing arrangement to maintain their account independence.

As at 30 June 2022, we had 436 customers actively enrolled in our Customer Support Program.

Customer complaints

The total number of complaints for 2021-22 was 2,541. One formal reportable complaint was received from the Tasmanian Ombudsman together with 23 informal enquiries.

Of the total complaints received, 97 per cent were processed within 10 business days, exceeding our target of 90 per cent and last year's result of 93 per cent.

We value the complaints we receive and when a customer takes the time to inform us of their experience with us, we take the time to understand what has occurred so we can respond appropriately and learn from the situation. Complaints provide us with data we use to increase customer focus and understanding of opportunities to improve our services.



Key Accounts Specialist Mark Harrison and Administration Assistant Deborah Pentecost at HomeFEST 2021 providing water efficient tips and resources to home builders and renovators

Customer billing

Including regular quarterly customer bills, invoices, and letters we issue more than 850,000 notices each year.

During 2021-22, over 29 per cent of our customer invoices and notices were issued via either email or BPAY View. As at 30 June 2022, 13 per cent of our customers were paying their accounts via direct debit arrangements.

In the last 12 months, more than 99 per cent of our bills were issued on time.

Stakeholder and community engagement

During the financial year, we have continued to engage with customers, key stakeholders and community groups to develop mutually beneficial relationships and enhance our reputation as a trusted and respected utility in the Tasmanian community. With COVID-19 restrictions largely lifted, we were able to speak directly with the Tasmanian community on major capital works projects, as well as meet with a range of stakeholders and community groups to discuss our operations more broadly. This included:

- Presentations to council workshops to provide an update on finances, capital projects and community engagement
- Attendance at the Fifth Ashes Test Cricket match and North Melbourne Australian Football League game at the Blundstone Arena in Hobart with our branded portable drinking water fountains
- Supporting UTAS students through tours of our treatment plants at Ti Tree Bend and Blackmans Bay

- Hosting the judging of the Water Industry Operators Association of Australia (WIOA) Ixom Best Tasting Tap Water in Australia, following our win the previous year
- Working with stakeholders and key customers ahead of the implementation of Price and Service Plan 4 from 1 July 2022
- Celebrating the \$33.7 million upgrade of the Longford Sewage Treatment Plant, featuring technology that reduces its overall carbon footprint
- Appearing at a range of community and stakeholder events across the state.

Customer communications

Communicating with our customers, in a way that ensures we reach them, remained a focus throughout the year. This entails using a variety of channels, both traditional and digital including the TasWater website, social media, radio and newsprint.

Our customers have told us they want to be informed of news that impacts them, which covers a range of issues such as service interruptions, options for financial assistance when in need or works/projects happening locally. We also understand more of our customers are seeking to 'self-serve' where possible, which will continue to be a focus as we leverage our new website and capability.

Positive changes to better inform our customers

In 2021-22 we took steps towards a more user-friendly experience for our customers and two of the ways we’ve done this are through an improved bill format and a new website.

With our new bill format, work was undertaken to gain an understanding of what our customers really want to see on their bills. The key findings informed us that our customers seek three key pieces of information from a bill:

- How much is the bill?
- When is it due?
- Is the amount similar to or the same as last time?

Taking feedback into consideration, we worked on refreshing how bills are presented aligned to customer expectations, with the new bills going live on 1 April 2022. We also ensured the bills are as easy to understand as possible, taking a 'plain English' approach. Since launching the new format, customer feedback has been positive.

In addition to the new bill format, in September 2021, a significant milestone was achieved with the launch of our new website. The previous site had become outdated and had reached its end of life. Our research told us customers wanted more self-serve options and easier contact with TasWater.

Being a complete ground-up build, the new website involved many hours of input from the working group, designers and front-end developers. Through customer experience testing, we asked over 40 customers to test the website in its entirety.


The site includes a section to display our Capital Works Program, which aims to spend \$1 billion over the next four years, creating hundreds of local jobs. It also provides our customers and other stakeholders with an easily accessible location to stay up to date with individual projects.

In the nine months since launch to the end of financial year 2022, there has been a 25 per cent increase in users of the site and a 23 per cent increase in pageviews. The new payment gateway has seen a large uptake by our customers, as has the redesigned application for development services.

Work is in progress on several upcoming improvements to the site including an interactive outages map, an updated change-of-ownership process and an interactive bill explainer.



Photo by Peter Mathew

 Betsey Island, Derwent River
Photo by Peter Mathew

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Water and Environment

Key performance indicators			
KPI	2021-22 Actual	2021-22 Target	2020-21 Actual
Percentage of customers with access to safe drinking water	100%	100%	100%
Percentage of compliant fluoride systems	95%	71%	84%
Compliant volume of treated sewage	89%	89%	90%
Number of dams above the Limit of Tolerability	2	2	4

Drinking water quality

During 2021-22 we achieved full microbiological compliance with the Tasmanian Drinking Water Quality Guidelines for a fourth year in a row. This means that all of our customers had access to safe drinking water throughout the year.

We have progressed ultraviolet (UV) installations at seven of our sites, improving our treatment processes, and a focus on fluoride monitoring and awareness has resulted in a significant improvement in dosing fluoride within health targets.

During the year, work progressed to schedule on the upgrade to our Bryn Estyn water treatment plant, which on average supplies 60 per cent of drinking water to greater Hobart and is our largest Water Treatment Plant. This project aims to upgrade and expand the plant to ensure it can continue to provide high quality drinking water and meet projected demand for years to come. The plant is anticipated for completion in the fourth quarter of 2023.

Water surety and conservation

Our Water Security Strategy, encompassing previous actions identified by developing our Demand Management Strategy, has been progressing with input from across the business. The strategy seeks to align our current and planned activities including regional water master plans, contingency planning, customer engagement and conservation.

Complementing this work, a series of investigations into the yield and reliability of our water supply catchments began to help with planning future upgrades and improving our understanding of water supply risk.

One of the challenges facing TasWater is water loss, and to address this issue we need to identify where the losses are occurring. During the year, we have been using a targeted approach in areas with higher numbers of leaks and bursts, using the latest leak detection technology.

Data loggers and acoustic ground microphones are used to localise and precisely identify the site of leaks. The use of this sophisticated technology in more accurate identification of hidden leaks enables faster and more cost-effective repairs, minimising the impact on our customers and the environment. TasWater now has the capability to deliver and expand this program around the state and into the future.

Late in the financial year, a new water conservation campaign was launched. *Let's Love Our Water* features a bowl-dwelling goldfish, called Bob. Bob provides a useful metaphor for TasWater to discuss our finite supply of water and the importance of looking after it. Through *Let's Love Our Water*, Bob encourages our customers to think differently about water and how they use it.



There's something important I had to remember to tell you...





Re-use irrigation in Richmond
Photo by Peter Mathew

Climate change

Our climate is changing, and we know that the water sector will be one of the most impacted sectors. That is why we are working hard to better understand our vulnerabilities to climate change, which will allow us to adapt our operations and continue to deliver essential services for our customers. We are focused on improving our resilience to climate variability, so that we can meet the needs of our customers now and into the future.

At TasWater we also understand that we all have a role to play in reducing our contribution to climate change. That is why we are not only working to better understand our greenhouse gas emissions, their origins and scale, but more importantly we are identifying options to reduce these emissions.

Development of our Climate Change Adaptation Strategy progressed in 2021-22 and is expected to be implemented in 2022-23. The strategy will help us to identify adaptation pathways to improve the resilience of our operations to climate change impacts.

Environmental focus

Climate change, biodiversity losses, resource competition and environmental degradation loom as our major challenges, as we look to improve our natural environment through our operations. We also know that our customers want us to do more to protect the environment. That is why we are progressing projects to improve the quality of water being returned to the environment and are actively working to reduce how much water we take from the environment, which will ultimately leave more available for the natural ecosystems.



Macquarie Point Sewage Treatment Plant overlooking the Derwent River in Hobart
Photo by Peter Mathew

Development of our Environment Strategy progressed in 2021-22 and is expected to be implemented in 2022-23. The strategy will guide our environmental improvements over the long-term.

Environmental reporting and performance

As at 30 June 2022, we owned and operated 110 sewage treatment plants (STPs) located across Tasmania. This includes 33 Level 1 STPs, which are regulated by local councils, and a further 77 larger Level 2 STPs that are regulated by the EPA.

The upgraded Longford STP was officially opened, treating flows through a new process using innovative aerobic Nereda® technology, which contributes to an improved carbon footprint, improved effluent quality, and a reduction in site odour.

During 2021-22 TasWater received endorsement from EPA on our Wastewater Risk Management Plan (WWRMP). This plan sets out TasWater's projects and initiatives for environmental improvement over the next Price and Service Plan 2022-26. The WWRMP hinges off our Environmental Risk Assessment, revised last year, to focus on improvements and risk reduction at our highest risk sites.

The detailed business case for the relocation of the Macquarie Point STP has been finalised. It considers the proposed decommissioning of the Macquarie Point STP and construction of a new facility at Selfs Point. The Environmental Impact Statement for this project is due to the EPA in September 2022.

The Launceston Sewer Improvement Plan (LSIP) represents a significant long-term investment by TasWater to address existing and future environmental risk, compliance and capacity issues at STPs servicing the greater Launceston area. LSIP is a key capital deliverable within the TasWater Long Term Strategic Plan.

The LSIP investment is a vital step in enabling us to achieve an improved level of service by upgrading and rationalising our infrastructure. This will allow us to treat effluent to meet sustainable discharge limits, improve water quality outcomes in the kanamaluka / Tamar River and meet future growth.

TasWater has also negotiated and agreed with the Environment Protection Authority future emission limit values to be applied at each STP in the Greater Launceston area. These values are more stringent than current Environment Protection Notice effluent compliance limits; thus, compliance requirements will become more stringent in the future.

To address these ongoing issues a strategic business case has been developed and has recommended the preferred approach of the full consolidation of the seven STPs in Greater Launceston to one single upgraded STP, constructed on the existing Ti Tree Bend STP site, to cost-effectively meet current and projected demand and effluent emission-limit requirements.



Newly constructed Henderson Dam on Flinders Island

Dam safety

We have over 330 water and wastewater dams, lagoons and weirs that fall under the definition of a dam under the *Water Management Act 1999* (Tas). As at 30 June 2022, 44 of our dams have consequence categories of Significant and above, with a further four identified as potentially Significant and under assessment. Two dams remain above the Australian National Committee on Large Dams (ANCOLD) Limit of Tolerability (LoT) for Societal Risk, for which dam safety upgrades are planned to mitigate their risks.

Throughout 2021-22, we continued to implement our Dam Safety Improvement Plan such that our assets are maintained in a safe condition, improve surety of supply, and continue to provide a benefit to our customers. The improvement plan is being further updated and refined to ensure that any dam safety risks are addressed in a timely manner and that we appropriately manage our dams portfolio, demonstrating value for money to our customers, regulators and the Tasmanian community. Interim risk mitigation measures are also in place to reduce risks while the required improvements are made.

Key activities undertaken during this period include:

- Practical completion of the Henderson Dam upgrade, Flinders Island. The dam was refilled in May 2022 and has secured supply for the town of Whitemark
- Practical completion of Stage 1 (Filter Berm Construction) Upgrade Works at Lake Mikany Dam, Smithton. The Societal Risk posed by the dam has been reduced to a level approved by the Dam Safety Regulator
- Completion of Stage 2 (Crest Raising) Upgrade Works of Upper Reservoir Dam, Hobart. The Societal Risk posed by the dam is now considered As Low As Reasonably Practical (ALARP)
- Decommissioning of Waratah Dam, Waratah, with rehabilitation now underway
- The award of new five-year contracts for Major Dam Safety Surveillance services to two external providers.

During the financial year, one dam safety non-compliance occurred relating to a piping incident at Rossarden Dam. TasWater notified the Dam Safety Regulator in accordance with the *Water Management Act 1999* (Tas) and undertook corrective actions.



The new Henderson Dam embankment near Whitemark, Flinders Island



CASE
STUDY:

The Longford Sewage Treatment Plant upgrade nearing completion

Longford Sewage Treatment Plant upgrade

The original Longford Sewage Treatment Plant (STP) was constructed in the late 1960s. The STP services the residents and businesses of Longford, including the treatment of trade waste contributed by the local abattoir.

Despite numerous improvements over the years, it remained the subject of regular odour complaints and was consistently non-compliant with regard to discharged effluent quality. The age of the existing assets meant that they were nearing the end of their usable life without major restoration occurring.

Detailed investigations into potential solutions and costs of upgrading the Longford STP commenced in 2015, with consideration given to the environmental impact, compliance limits and addressing odour concerns. A business case was approved by the TasWater Board in April 2019 and a design and construct tender awarded in May 2019.

During the investigative phase, the importance of odour control increased and resulted in a focus on odour capture and treatment during the design phases. In addition, improved solids collection, treatment and handling was a necessity. The anaerobic treatment process adopted for solids treatment enables production of a consistent quality of biosolids, which in turn are suitable for re-use as a soil conditioner.

The main liquid treatment process adopted at Longford is the Nereda® process. While there are a number of operational plants overseas using this process, Longford is the second operational plant in Australia to do so. The process treats to a high level and enables reduced power and chemical usage compared to more traditional processes. It is also a robust and flexible process that will allow Longford to respond to changing needs.

The upgrade of the plant has also greatly reduced our carbon footprint, with models estimating a 50 per cent reduction in carbon dioxide (CO₂) emissions per year. These improvements should enable Longford to provide sustainable sewage treatment well into the future.

The new treatment plant commenced domestic treatment in November 2021, with an official opening celebration held in February 2022. This upgrade is the first stage of the Northern Midlands Sewerage Improvement Program (NMSIP), which will enable the decommissioning of other STPs in the area.

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Our People and Culture

Key performance indicators			
KPI	2021-22 Result	2021-22 Target	2020-21 Result
Lost-Time Injury Frequency Rate (LTIFR)	2.7	2.4	2.8
Total Recordable Injury Frequency Rate (TRIFR)	11.6	8.5	9.4
Leadership walks undertaken	2,270	1,300	1,427
FTEs as at 30 June 2022	942	932	919
Employees with leave in excess of 40 days	159	135	149
Staff completing Blue Bus training	58%	70%	45%

Safety performance

At the end of the 2021-22 financial year, our TRIFR was 11.6, an increase of 23 per cent from 2020-21 and above our target of 8.5. The 12-month rolling LTIFR decreased slightly to 2.7 from the result of 2.8 in 2020-21.

Three notifiable incidents were reported to WorkSafe Tasmania in 2021-22, which is a significant reduction from the nine reported in 2020-21. Of the three incidents, all of which involved employees, one related to chemical exposure, one related to potential electric shock, and one involved cutting a gas line under a residential property.

Several initiatives will be introduced in 2022-23. They include activities to better understand our risk profile and related key controls for those risks, and reform of our risk tools and risk practices to ensure we continue to make sound operational decisions about managing health and safety risks.

Health and safety initiatives

A comprehensive review of the Health and Safety function at TasWater has been undertaken and several changes to improve our performance were recommended and accepted. As a result, the following developments have taken place in 2021-22:

- A revised Health and Safety Strategy is now in place
- A restructure of the Health and Safety Department has been undertaken
- A Health and Safety Risk Framework, and a Health and Wellbeing Framework are being progressively developed and implemented
- Project methodology and governance has been improved within the Department, capturing the transformational program of work being implemented to both achieve the new strategic deliverables and effect long-term change.

Constructive culture

Our people have continued to be supported to actively work towards a more constructive culture. The Blue Bus Revolution Program recommenced in March after being suspended in 2019-20 due to COVID-19. Over 58 per cent of employees have now completed the program, compared with 45 per cent when the program was suspended.

Staff surveys conducted in 2019 and 2022 have shown progression towards a more constructive culture, albeit at a pace that has been slowed by COVID-19. A continued focus is planned to build on these improvements through rigorous and dedicated action planning against the cultural survey results and through the execution of our People, Culture and Capability Strategy and Diversity and Inclusion Strategy.

New ways of working

Despite the many challenges that the COVID-19 pandemic created, the need to find safe, new and better ways of working to cope with the impacts of the pandemic will have a lasting positive effect on our people. A hybrid model of working, where our people have the flexibility to work from home or office depending on role and responsibilities, has been in place throughout 2021-22.

The lasting effects of this model are that our leaders are taking a more person-centric approach to leading their teams, and the additional flexibility offered to our people is generating higher levels of trust that continues to have positive impacts on our culture and productivity.



Kentish Region Coordinator Christine Cottee and Performance Operating and Reporting System Content Specialist Janice Beard demonstrating the 'Break the Bias' pose for International Women's Day



Participants in TasWater's Intern Program for 2021-22



University of Tasmania Senior Advancement Coordinator Natasha Andrews (left), 2022 Steve Balcombe Scholarship recipient Hannah Goss and TasWater Acting GM People, Culture and Safety Rolfe Brimfield

Diversity and inclusion

During 2021-22 meaningful action was taken to demonstrate that the People, Culture and Capability Strategy and the Diversity and Inclusion sub-strategy were being implemented with tangible results.

TasWater is beginning our reconciliation journey through the development of our first Reconciliation Action Plan (RAP) at the Reflect level. We have registered our interest to Reconciliation Australia and are planning on final submission by the end of 2022, with implementation shortly thereafter. TasWater will take steps towards sustainably and strategically supporting meaningful action to advance reconciliation across lutruwita / Tasmania with the Tasmanian Aboriginal and wider Aboriginal and Torres Strait communities, as well as for our employees and the wider community.

Retirement and career planning

The Envisage Your Future Program seeks to equip, support and empower our mature age workers with the right tools to enable a successful transition to retirement. The Navigate part of the program also gives our leaders the skills to open and lead constructive dialogue and planning with these individuals as they make decisions about the shape of their future.

Over the past 12 months, 54 team members attended Envisage workshops and were given the opportunity to access one-on-one specialist transition coaches. Another 22 people leaders undertook the Navigate workshop. Since the program's inception in December 2020, over 100 team members have attended the program and more than 50 leaders have experienced the Navigate workshop. During the past 12 months all workshops have been fully subscribed and conducted across the state to ensure ease of access for those interested.

Building capability

The Intern Program commenced in mid-November 2021 and ran for a 12-week period, concluding in the first week of February 2022. This year's program attracted a high calibre cohort of 12 interns across the business with the majority located in the south of the state. The cohort were recruited into a variety of disciplines including Service Delivery, Project Delivery, Asset Management and Digital and Technology.

In February 2022, each of the 12 interns were given the opportunity to present their findings and learnings from the project/s they were tasked with over the three-month period at an event. This event was attended by the Executive Leadership team and a number of other senior leaders. From the cohort, we have been able to offer ongoing positions to some of the interns once their university commitments have concluded, which is a further demonstration of TasWater's commitment to build capability and the workforce for the future.

The annual program is a great feeder for our Graduate Program. In March 2021 two new engineering graduates started their first rotation in the CDO, and our existing five graduates progressed into their second rotation in the CDO. Our graduates are currently working on major projects such as Bryn Estyn and minor projects within Project Delivery.

Staff recognition

Over the course of the year, several individuals have been recognised by industry bodies for their achievements:

- Leigh Walton & Seb Newman – WIOA Tapping Competition
- Rex Townsend – WIOA Operator of the Year
- Dean Edsall – WIOA Young Operator of the Year.

A series of internal graduation ceremonies were recently held to recognise the academic achievements of 131 team members across the business since late 2019. Qualifications achieved encompassed Certificates and Diplomas in Project Management, Leadership and Management, Water Industry Operations, Customer Engagement, Work Health and Safety, Business, Accounting, Business Law and Human Resources.

In 2021-22 four Gold Splash awards were bestowed at the culmination of the annual Splash awards program. TasWater's reward and recognition program, Splash, has three tiers: Bronze, Silver and Gold. Nominations are received from across the business and reviewed quarterly by an independent panel against a variety of criteria including innovation, going the extra mile and positive customer experience. Over the past 12 months, 17 Bronze awards and seven Silver awards have been awarded.

Steve Balcombe Scholarship

The Steve Balcombe Scholarship honours the inaugural Chairman of Hobart Water, Steve Balcombe, who had a distinguished career in both the public and private sectors in Tasmania before his premature death in 2001.

The scholarship forms a joint offering from the University of Tasmania and TasWater to provide financial and on-the-job learning support to a student studying in an area relevant to the water industry such as engineering, environmental science and earth sciences.

Each recipient receives an annual stipend to assist with their education expenses and is also offered the opportunity to work in TasWater over the summer holiday breaks. After successful completion of their degree, the Scholarship recipient is given the offer of permanent employment with TasWater.

The 22nd recipient of the Scholarship in 2022 was Hannah Goss, who completed year 12 at Newstead College and is enrolled to study a Bachelor of Engineering at the University of Tasmania.

Vital Part

Over the past two years, TasWater has been working on the development and implementation of an internal initiative that supports our cultural development program; the result is called Vital Part.

At the centre of the Vital Part program is the phrase “We all play a vital part”, which is about empowering and encouraging our people to better understand how their role in the business connects and contributes to the achievement of our vision.

The Vital Part program was born out of an identified need to improve our internal communications, to help provide clarity of what we are aiming to achieve, set standards, and work towards a constructive, productive and customer-focused culture.

Vital Part builds on the great work that is happening as part of our people and culture program, to bring the best out in our people, their teams, our leaders and the organisation as a whole.

The central message is that what our people do is essential in keeping Tasmanians and the environment safe, no matter what their role is, where they work and their degree of responsibility.

The platform's foundation is four ‘pillars’ or areas within the business: Values and Behaviours, Customer Experience, Knowledge Management and Health and Safety.

As part of the platform, our people are encouraged and empowered to break out of business as usual approaches by taking on new and challenging opportunities, bringing a can-do attitude, collaborating across teams, departments and divisions, and finally, encouraging one another to experiment, innovate and achieve.

TasWater CEO George Theo and Organisation Planning and Performance Manager Yvette Gilbert celebrating the achievements of our people at an internal graduation ceremony



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Commercial and Economic

Key performance indicators			
KPI	2021-22 Actual	2021-22 Target	2020-21 Actual
Adjusted Net Profit	\$62.9M	\$55.1M	\$45.7M
Capital Expenditure	\$253.0M	\$229.9M	\$177.6M
Productivity Savings	\$14M	\$2.2M	\$3.7M
Number of innovative ideas implemented	12	12	14

Financial results

The Corporation reported a profit of \$62.4 million for the year ended 30 June 2022 (2020-21: \$43.5 million profit after tax). The underlying result was a profit of \$31.9 million, excluding contributed asset revenue and non-cash asset write-down.

The write-down of freehold land to its carrying value resulted in an overall decrease of \$2.0 million in the value of the Corporation's net assets. The Australian Accounting Standards requires decreases in asset values to be recognised in net profit to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to the previous revaluation of that asset. At the end of June 2022, a total of \$0.5 million was directly expensed and \$1.5 million was decreased from the asset revaluation reserve.

A reconciliation of the movement between the underlying result and the reported net profit for financial year ending 30 June 2022 is provided below:

Description	2021-22 Actual
Underlying Net (Loss)/Profit	31,927,532
Contributed Asset Revenue	30,966,467
Adjusted Net Profit	62,893,999
Impairment Expense	(452,355)
Net Profit	62,441,644

Capital works program

Over the last 12 months, we have made considerable progress in accelerating our capital program as we continue towards achieving the commitment made in 2018 to invest \$1.7 billion (\$1.8 billion on a best endeavours basis) over 10 years in new and upgraded infrastructure.

Total capital expenditure for 2021-22 was \$253.0 million, an increase of 42.5 per cent from the 2020-21 result of \$177.6 million.

After strong progress with the ongoing completion of the Capital Works Program throughout the past two financial years, we have chosen to implement the option to extend our Capital Delivery Office Alliance with UGL Limited and CPB Contractors (members of the CIMIC Group), along with their sub-alliance partner WSP, for the final two years of the Program Alliance Agreement. This will ensure that we continue to deliver our accelerated Capital Works Program in a timely manner, in conjunction with our valued partners through to July 2025.

Major achievements from the Capital Works Program in 2021-22 include:

- Continued works at the Bryn Estyn Water Treatment Plant upgrade at New Norfolk, our largest ever capital project with an anticipated completion during the fourth quarter of 2023
- Completed the Longford Sewage Treatment Plant upgrade, improving effluent discharge environmental outcomes and reducing odour issues
- Completed the Upper Reservoir Dam upgrade in Hobart, which reduced the risk of failure, as well as enhancing storm water management and also the installation of monitoring equipment
- Completed the Lake Fenton - New Norfolk Trunk Water Main Renewal, which renews a critical water main that services 20 per cent of Greater Hobart
- Completed the Claremont Trunk Water Main project at Berriedale, which improves the stability of the water supply throughout wider Glenorchy
- Completed the Chimney Saddle Clarifier and Flocculation Tank renewal in Launceston, preventing potential failure and greatly reducing the likelihood of mass customer outages due to particulate matter or water discolouration
- Completed the Whitemark Raw Water Storage upgrade - Henderson Dam raising, on Flinders Island, improving dam safety and providing increased water surety to the community of Whitemark



Bryn Estyn Water Treatment Plant upgrade progresses.

- UV Program Stage 1, which has resulted in the completion of installations across the state at Bracknell, Bridport, Deloraine, Longford, Scottsdale, St Helens and Westbury, with further ongoing works being completed at Smithton and Glen Huon WTPs resulting in an increase of 4.9 per cent of systems provided with Best Practice Risk Mitigation water supply
 - Completed the Blackstone Heights Sewage Pump Station project in Launceston, which improves safety for our Service Delivery team members, along with improved environmental outcomes for the area
 - Completed the Booth Avenue Glenorchy, Rising Sewer Main project, which improves environmental outcomes for the area
 - Completed the Zeehan Raw Water Pump Station project, which improves the ability to supply the township
 - Completed biogas flare installations at Cameron Bay STP in Berriedale and Turriff Lodge STP in New Norfolk, reducing odour emissions from both sites
 - Completed embankment and spillway works on the Mikany Dam, Smithton upgrade, which reduces the risk of failure previously associated with the dam
 - Completed the detailed business case for the relocation of the Macquarie Point Sewage Treatment Plant
 - Completed the LSIP strategic business case for the improvement of sewage treatment outcomes across the Greater Launceston area.
- Furthermore, we delivered \$43.5 million of renewal and improvement activities across our asset portfolio to maintain and improve services that directly affect our customers across Tasmania.
- Further planning, investigation and project development activities have also progressed during the financial year such as activity surrounding the kanamaluka / Tamar Estuary River Health Action Plan (see page 38).
- This provides confidence that TasWater will deliver the \$1.8 billion 'best endeavours' capital program as agreed in the Shareholders' Letter of Expectations.



Project Manager Jamie Richey from the Capital Delivery Office on site as TasWater continues work to improve the health of the kanamaluka as part of the Tamar Estuary River Health Action Plan (TERHAP)



The vacuum funnel for powdered chemicals reduces dust and chemicals in the work environment

kanamaluka / Tamar Estuary river health

The Tamar Estuary Management Taskforce (TEMT), as established under the Launceston City Deal, has been developing the Tamar Estuary River Health Action Plan to confirm priority investments and policy actions that will enable measurable estuary health improvements and the ongoing governance of the estuary.

The kanamaluka / Tamar Estuary River Health Action Plan comprises a number of projects involving the construction of network storages, increasing pumping capacities, and the addition of new pipelines.

The Australian Government, Tasmanian Government, City of Launceston and TasWater co-fund this project. TasWater is the partner responsible for its delivery.

Significant planning and investigation activities have been undertaken to inform the construction phase of each aspect of the program. Current activities include the development of detailed designs for a number of the project elements. The construction phase of the pipeline at the Esplanade, Launceston, will be completed within the next quarter, and the commencement of the construction phase of a major flow diversion structure at the Margaret Street Pump Station is scheduled to commence during August 2022.

Future works include the installation of a further two new major pipelines, the significant upgrade of a pump station and the construction of a major network storage structure. Delivery of the project is expected to be completed in 2025.

Price and Service Plan 4

The Tasmanian Economic Regulator (TER) is responsible for approving prices and service standards for regulated water and sewerage services in Tasmania. As part of this process, the TER thoroughly investigates the prudence and efficiency of a Price and Service Plan submitted by TasWater before making a final determination on pricing and service levels.

TasWater's Price and Service Plan 4 (PSP4) proposal was submitted to the TER on 30 June 2021 and the TER's final determination was made on 10 May 2022. The approved PSP4 covers 1 July 2022 to 30 June 2026.

PSP4 was informed by extensive consultation with the Tasmanian community and input from regulators. It outlines price and service levels for the next four years and what we will do to both deliver the promises we have made to our customers and meet compliance obligations.

A key objective of PSP4 is to build on the improvements we have made during the Price and Service Plan 3 period (1 July 2018 to 30 June 2022).

Productivity Improvement Program

TasWater's Productivity Improvement Program (PIP) continued to be a vital part in striving to keep customers' bills as affordable as possible. During 2021-22, TasWater realised \$14 million in operational cost reductions, taking total business savings to \$33.9 million since TasWater commenced in 2013.

Development of a new five-year PIP roadmap was completed in October 2021 and it subsequently commenced in November 2021. The roadmap comprises nine program streams that focus on delivering sustainable cost savings across all areas of operations. The five-year roadmap is now well underway and will conclude at the end of the 2026 financial year. It is targeted to achieve an additional \$11 million in sustainable savings at its completion.

Innovation

Over the past 12 months, innovation has continued to play a role in our approach to delivering our services to our customers and our staff. During the year a number of safety innovations were delivered through a targeted continuous improvement program with our Service Delivery teams, which included:

- A valve maintenance trailer which allows operators to safely uncover and vacuum out dirt from valve boxes by reducing the risk of strain injuries
- A vacuum funnel for powdered chemicals that allows for the capture of dust during the transfer of powdered chemicals, significantly reducing the amount of dust released into the surrounding work environment

- A new, safer access hatch for main inspections as designed for the Latrobe Sewer Network upgrade.

Along with the Safety Innovation Program, the Innovation Team was also able to support the progression to trial or prototype of a number of other innovations, including:

- Valve marker plates to replace faded painted markers that both reduce the time taken to locate valves and the risk of turning off the wrong valve, which could leave areas unexpectedly without water or cause damage to infrastructure from excess water pressure
- A tool to facilitate the removal of manhole covers that have rusted into the frame, which reduces the need to break up and replace some manhole covers.

The investment in a leak detection system will see our ability to identify, maintain and improve our water losses and ensure a more resilient network system.

Works have commenced on the concept of a digital town. This project looks at the opportunities to use the latest technologies to improve our levels of service and reduce our costs. Our plan is to select a township and commence applying the new technologies during 2022-23.



ICT Service Centre Support Officer Jamie Walker in Moonah

Digital and technology

TasWater has established our new Digital and Technology Strategy with the objective *“To transform the way we work and the experience of our customers by integrating prudent fit-for-purpose digital solutions across our business”*.

This objective is intended to ensure that a holistic approach is taken to our digital transformation journey, focusing not just on technology solutions but supporting culture, engagement, mindsets and the processes that are necessary for successful digital transformation.

The strategy will guide our digital investment and has been developed to provide the foundation for further digital transformation and underpin our ability to deliver strategic outcomes and customer promises. Key achievements this year include:

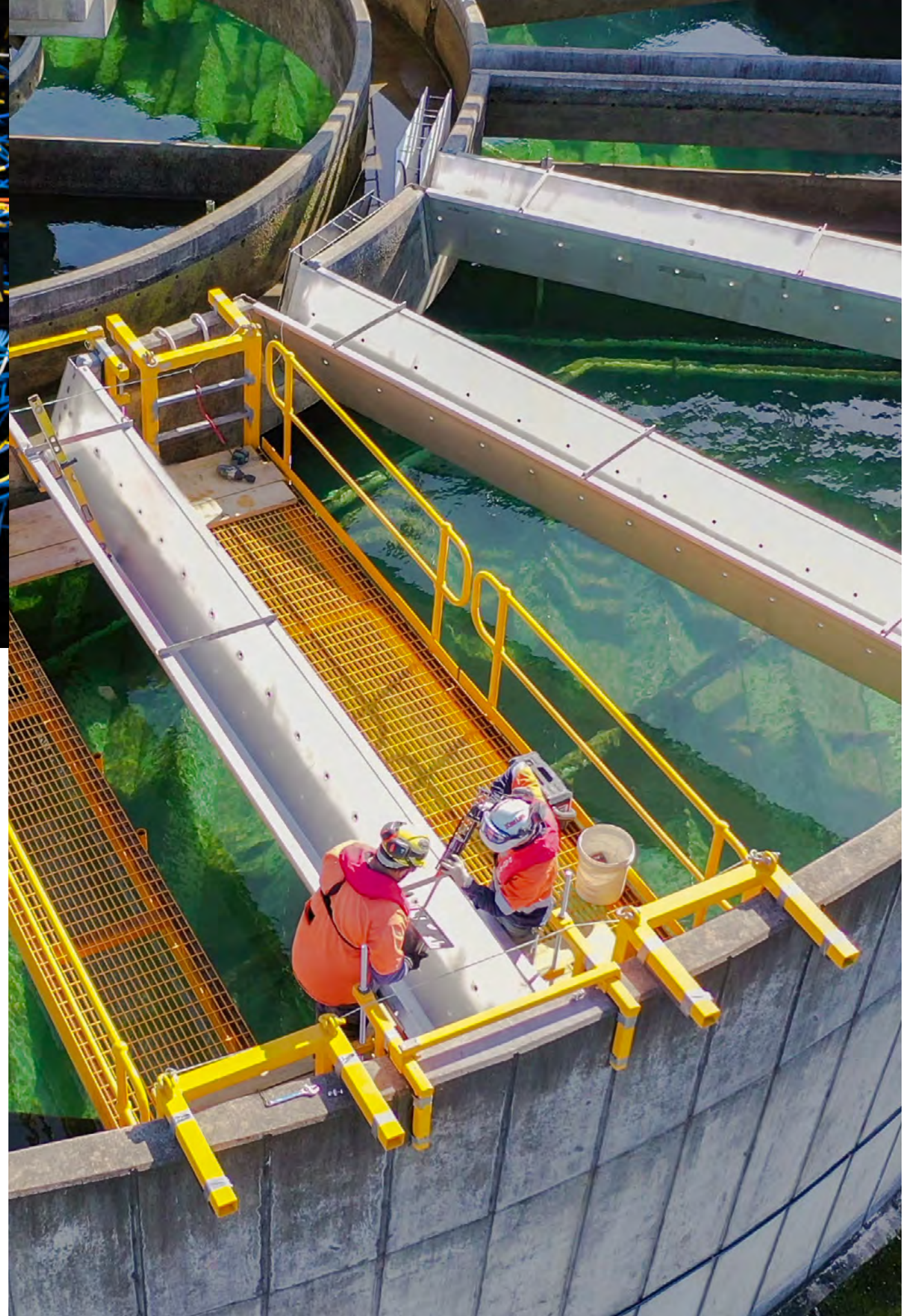
- Establishing our Cybersecurity Strategy to uplift our cyber maturity and resilience over a three-year period and reduce the organisation's risk against cyber-related threats
- Delivering our Virtual Workplace program to establish an online digital workplace for TasWater employees to collaborate, innovate, communicate and efficiently share knowledge
- Establishing our new data centres and modernising our infrastructure to offer high levels of service availability, recoverability, performance, scalability and cost efficiency. To achieve this, we have delivered a hybrid model combining the best of cloud platforms and services with uplifted data centre capability

- Commencing a Wide Area Network (WAN) review to increase the visibility and remote operation of our assets, underpinning operational objectives and community and environmental obligations by enabling remote monitoring and management of our critical assets.

Risk management

Our Risk Management Policy and Risk Management Framework are aligned with the principles, framework and processes of the international standard ISO 31000: Risk Management.

As part of our Risk Management Framework, the Board and senior management regularly review risks, controls and assurance levels to ensure our risks are being managed appropriately.



Chimney Saddle Clarifier Upgrade works renewed the system to filter out sediment, particulate matter and discolouration from the water supply during treatment



CASE
STUDY:

Senior Reliability Engineer Pankaj Mistry (left) and Department Manager Infrastructure Investment Planning Matt Jordan with leak detection equipment

Water loss detection

One of our major challenges is a loss of water, also referred to as **Non-Revenue Water**, which is the difference between the volume of water that leaves our water treatment plants and what we are able to account for. Water losses in the distribution system can be either **apparent losses (unauthorised or unrecorded consumption, metering errors)** or **real losses (leakage and overflows from mains, service reservoirs and service connections prior to customers’ meters)**.

TasWater’s real losses in 2021-22 accounted for 10.1 kilolitres per kilometre of water mains per day, indicating a significant issue for our business. A large portion of losses are attributable to our extensive and ageing underground networks with leakages that have not yet been detected.

The first challenge in addressing the issue of water loss is to identify where the losses are occurring. During the year, we have been using a targeted approach in areas with higher numbers of leaks and bursts, using the latest leak detection technology.

Data loggers listen for leaks that may not be visible, and acoustic ground microphones are used to localise and precisely identify the site of leaks. Before this technology, a leak may have been

known to be in a general area or between two valves, which often required a large excavation to identify the location of the leak.

Now, excavations can be precise, which reduces the impact of service interruptions on the community and delivers fixes much more quickly and cost effectively. TasWater now has the capability to deliver this program around the state.

To further enhance our capabilities in identifying and locating leaks, from 2022-23 we will be trialling analytics software that will monitor the water network. This will use statistical algorithms and machine learning to detect anomalies, analyse data and apply network-based predictions, allowing us to detect and manage network events and reduce water losses, repair times and energy costs.

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Governance

Legislative authority

The Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater, was established under the *Water and Sewerage Corporation Act 2012* (Tas) (WSCA). It was incorporated on 5 February 2013 as a proprietary limited company under the *Corporations Act 2001* (Cth), owned collectively by the 29 Tasmanian councils. Its constitution was adopted on incorporation and ratified by the Owners at a general meeting on 16 May 2013.

At a special general meeting on 27 September 2018 the Council Owners approved entry by TasWater into a Share Subscription and Implementation Agreement, which together with the passage of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018* (Tas) facilitated the State Government becoming a shareholder in TasWater in early 2019. Consequential amendments to TasWater’s Constitution and Shareholders’ Letter of Expectations were also approved, with the State Government formally becoming a shareholder in January 2019.

The WSCA prescribes our objectives as:

- To efficiently provide water and sewerage functions in Tasmania
- To encourage water conservation, the demand management of water and the re-use of water on an economic and commercial basis
- To be a successful business and, to this end:
 - operate our activities in accordance with good commercial practice
 - to deliver sustainable returns to our members
 - to deliver water and sewerage services to customers in the most cost-efficient manner.

Principal activities

Our principal activities during 2021-22 were:

- The sourcing, treatment and reliable delivery of quality drinking water to our customers
- The collection, transportation, treatment and safe return of wastewater to the environment.

Role of the Board

The Board of Directors is responsible for the Corporation’s overall corporate governance. The Board performs this role by:

- Governing the Corporation in accordance with the requirements of the WSCA, including meeting its objectives under that Act

- Providing entrepreneurial leadership of the Corporation within a framework of prudent and effective controls that enable risks to be assessed and managed
- Setting the Corporation’s strategic aims, ensuring the necessary financial and human resources are in place for the Corporation to meets its objectives, and reviewing management performance
- Setting and monitoring strategic requirements for effective financial reporting and risk management
- Setting the Corporation’s values and standards and ensuring that its obligations to its shareholders and others are understood and met
- Appointing the Chief Executive Officer and monitoring performance
- Ensuring the Corporation complies with its Constitution as well as all applicable laws and relevant instruments, including the Shareholders’ Letter of Expectations.

The Board has determined which matters it will manage exclusively, with the remainder delegated to the CEO and various officers of the Corporation.

Corporate governance framework

Corporate governance is the system by which the activities of the Corporation are controlled and coordinated in order to achieve its desired outcomes.

TasWater has voluntarily adopted the ASX’s Corporate Governance Principles and Recommendations (ASX Principles) as the basis for its corporate governance framework.



As it is not a publicly listed company, not all of the ASX Principles are relevant and, in some areas, TasWater’s governing legislation, context and structure preclude it from complying with those principles. Where this occurs, TasWater has sought to recognise the intent of the ASX Principles in its policies and practices, while remaining compliant with its obligations under other applicable instruments.

The WSCA mandates other specific governance features, including the composition of the Board and the rights and responsibilities of our owners, and formally displaces specific sections of the *Corporations Act 2001* (Cth). In most other ways, the Board’s powers, obligations, rights and responsibilities are similar to those of other large, privately owned proprietary limited companies.

A summary of our compliance with the ASX Principles is included later in this section.









Board structure

The WSCA prescribes the composition of TasWater’s Board. All directors, including the chair, are non-executive and independent in terms of their external relationships with the Corporation.



Eligible to attend as a memberAttended

Directors’ meeting attendance 2021-22

	Board		Audit & Risk Committee (AAR)		Environment & Public Health Committee (EPH)		People, Culture & Community Committee (PCC)	
								
Dr Stephen Gumley AO	12	11	-	4*	-	3*	-	4*
Nick Burrows (AAR Chair)	12	12	4	4	4	3	-	4*
Sally Darke (PCC Chair)	12	10	4	3	-	4*	4	3
Vincent (Tony) Kelly AM (EPH Chair)	12	11	-	4*	4	4	4	4
Dr Helen Locher	12	11	4	4	-	4*	4	4
Joanne Pearson	12	12	4	4	4	4	-	4*
Kevin Young	12	12	-	4*	4	4	4	4

Note:
* Denotes attendance by directors who are not formal members of the relevant Board Committee.

Directors

Backgrounds and terms of appointment



CHAIR

Dr Stephen Gumley AO, HonDEng, DPhil (Oxon), MBA, FIEAust, FTSE

Appointed: 16 March 2018
Appointed Chair: 30 November 2018
Reappointed Chair: 30 November 2021

Dr Gumley was appointed as TasWater's Chair on 30 November 2018.

Dr Gumley is a professional engineer and business manager with over 30 years' experience at senior level working with technology project/program delivery, the public-private sector interface, and asset management. Since 1993, he has held seven chief executive roles in both the private and public sectors, including in the ports, irrigation, defence, technology, aviation, and engineering industries.

Dr Gumley has also held a diverse portfolio of board positions since the 1980s including at the University of Tasmania, Tasmanian Development Authority, AMOG Holdings, the Victoria Defence Council and as a Board adviser on Goulburn Murray Water's \$2 billion irrigation asset renewal program and Murray Irrigation's \$200 million infrastructure program.

On 23 June 2021 Dr Gumley was reappointed as Chair for a further term, to take effect from 30 November 2021.



Nick Burrows, BCom, FAICD, FCA, FGIA, FTIA, F Fin

Appointed: 26 March 2015
Reappointed: 1 March 2017
Reappointed: 29 February 2020

Mr Burrows is currently a member of the boards of Genetic Technologies Ltd, Australian Seafood Industries Pty Ltd, and PFG Group Pty Ltd and associated entities.

He also acts as an independent adviser to a number of other boards and committees.

Prior to the restructure of the Tasmanian water and sewerage corporations, he was a director of Southern Water from 2011-2013.

Mr Burrows has over 30 years' commercial experience in Tasmania's public, government and local government sectors as well as the listed sector, large private/family companies, community organisations, membership-based bodies and not-for-profits, focusing on corporate governance and strategic, commercial, financial and risk management oversight, underpinned by his background as a chartered accountant. Mr Burrows' expertise spans a raft of industry sectors encompassing water and sewerage, infrastructure, renewable energy, forestry, agribusiness, public transport, tourism and hospitality, education and the VET sector, aquaculture, FMCG, genetics and life sciences, civil engineering, construction, and finance and valuations.

Mr Burrows is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Accountants of Australia, the Governance Institute of Australia, the Tax Institute of Australia and the Financial Services Institute of Australasia.

On 1 December 2019 Mr Burrows was reappointed as a director for a further term, to take effect from 29 February 2020.



Sally Darke, BEc, FAICD

Appointed: 1 January 2016
Reappointed: 28 February 2018
Reappointed: 28 February 2021

Ms Darke is Chairperson of the Tasmanian Community Fund, Non-Executive Director of TasPorts and past Chairperson and Non-Executive Director of Scotch Oakburn College and Bank of Us (B&E Ltd).

She is a current facilitator for the Australian Institute of Company Directors and a past State Councillor.

Ms Darke has in excess of 30 years' experience as a human resource professional and is a former director of professional services firm KPMG. As a consultant for the past 10 years with KPMG she has developed extensive experience in strategic human resource management, governance, strategic planning, executive recruitment, and Board and CEO performance reviews.

On 1 December 2020 Ms Darke was reappointed as a director for a further term, to take effect from 28 February 2021.



Vincent (Tony) Kelly AM, DipCivEng, CPEng, MAICD

Appointed: 1 March 2016
Reappointed: 28 February 2019
Reappointed: 28 February 2022

Mr Kelly has in excess of 40 years' experience in the water industry and was previously Managing Director of Yarra Valley Water (2003-2014).

He is a director of Aptumo Australia, an Adjunct Professor at the University of Technology Sydney and Chair of Isle Utilities Asia Pacific. In addition, he has held numerous positions on water industry and not-for-profit bodies, including Chairman of WaterAid Australia, the Savewater Alliance and the Victorian Water Industry Association's Sustainability Taskforce and Board Member of WaterLinks.

On 23 June 2021 Mr Kelly was reappointed as a director for a further term, to take effect from 28 February 2022.



Dr Helen Locher, PhD (CivEng), MEnvSc, BSc, GAICD

Appointed: 1 March 2016
Reappointed: 28 February 2019
Reappointed: 28 February 2022

Dr Locher has 30 years' experience working within Australia and overseas on environmental, social and sustainability issues. Her work has a particular focus on water resource management, renewable energy and sustainable infrastructure development.

She has worked in over 30 countries on sustainability issues relating to hydropower and has received international awards in 2015 and 2019 recognising her contributions to the field.

In addition to TasWater, Dr Locher is currently a Non-Executive Director of Icon Water, Icon Retail Investments Limited and Icon Distribution Investments Limited. She is a member of the Tasmanian Civil and Administrative Tribunal and has previously held board roles for the Tasmanian Environment Protection Authority and the former Resource Planning and Development Commission.

On 23 June 2021 Dr Locher was reappointed as a director for a further term, to take effect from 28 February 2022.



Joanne Pearson, MBA, BBus (Acc), FCPA, GAICD

Appointed: 1 March 2020

Ms Pearson is a qualified accountant and an experienced chief financial officer with years of experience primarily in the regulated utilities sector, with her last executive role as Chief Financial Officer of Jemena.

She has significant understanding of governance and risk management through her previous executive roles in listed entities, large, privately owned and public sector businesses, as well as her roles on various boards and committees including the board of Westernport Water in Victoria.

Other boards in the utilities sector on which she has served as a director or alternate director include Zinfra Pty Ltd, ActewAGL and United Energy Ltd.



Kevin Young, MBA, BEng, CPEng, FAICD, Hon FIEA

Appointed: 20 September 2019
Reappointed: 20 September 2022

Mr Young has more than 17 years' experience as a director and over 40 years' experience working for the private sector and government authorities in Australia and overseas.

He is the immediate past Managing Director of Sydney Water Corporation and prior to that was Managing Director of Hunter Water Corporation. He is currently a director of CityCare and Apex Water New Zealand and is also on the Council of the University of Newcastle.

On 23 June 2021 Mr Young was reappointed as a director for a further term, to take effect from 20 September 2022.

Audit and Risk Committee

TasWater's Audit and Risk (AAR) Committee comprises four independent directors. The committee is chaired by Mr Nick Burrows and met four times during the year.

The Board has approved the committee's charter, which is reviewed annually. Under the charter, the committee assists the Board by reviewing, monitoring and overseeing matters relating to external reporting, risk management and internal controls, external and internal audit functions and compliance with all legislative and regulatory obligations.

During 2021-22 the committee endorsed a five-year strategic internal audit plan to ensure planned audit activities are aligned to material strategic and operational risks. Internal audit reports are provided to the committee who monitor management's progress in addressing risk-rated recommendations and improvement opportunities identified by the internal auditors.

During 2021-22 the committee considered a range of matters including TasWater's annual statutory financial report and related external audit requirements, financial and accounting policies and standards, compliance and risk management (including risk appetite and strategic risk 'deep dives'), treasury management and debt duration, insurance renewal, and asset valuation methodology.

The committee also oversaw delivery of a comprehensive internal audit program designed to inform the directors and management on key risks and controls.

The committee has ongoing communication with external and internal auditors.

Environment and Public Health Committee

The Environment and Public Health (EPH) Committee comprises four independent directors. It is chaired by Mr Tony Kelly. The committee met four times during the year.

In accordance with its charter approved by the Board, the committee assists the Board by reviewing, monitoring and overseeing matters relating to environmental strategy, trade waste management and drinking water compliance. Its major focus in 2021-22 was:

- Ongoing improvement in drinking water quality, risk management in water catchments and drinking water fluoridation
- Understanding the impacts of trade waste on TasWater's operations and implications for customers moving towards contemporary trade waste discharge standards
- Taking a risk-based approach to sewage treatment plant performance to ensure greater priority is given to plants that present a higher potential risk to the environment and the shellfish industry

- Commencing discussions about development of longer term policy and business objectives relating to environmental sustainability. This includes climate change resilience and will lead to a climate change adaptation strategy as part of the organisation's long-term planning
- Commencing a review of the organisation's strategy and practices aimed at reducing water leakage.

People, Culture and Community Committee

The People, Culture and Community (PCC) Committee comprises four independent directors. It is chaired by Ms Sally Darke. The committee met four times during the year.

In accordance with its charter approved by the Board, the committee assisted the Board through the oversight, direction and guidance of people, culture and community strategies. Its major focus in 2021-22 was:

- Monitoring and reviewing the building of a constructive organisational culture
- Promoting diversity and inclusion within the organisation
- Facilitating workforce planning to meet TasWater's current and future resourcing needs
- Supporting workplace health, safety and wellbeing
- Reviewing and assessing appropriate remuneration and performance frameworks
- Developing and maintaining a positive profile and role within the Tasmanian community
- Developing and maintaining positive and constructive relationships with our customers and other stakeholders.

Board Selection Committee

The Board Selection Committee is a committee of the Owners' Representatives Group. In accordance with TasWater's Constitution it comprises six Owners' Representatives and the Board Chair.

The committee's main function is to select and appoint directors, ensure the skill mix of the Board is appropriate, evaluate Board and committee performance, and maintain and implement the Board remuneration framework. The Board Selection Committee met twice during the year.

Corporate governance disclosure obligations

The following table summarises TasWater's compliance with ASX Principles. It provides the specific disclosures required where these are not included elsewhere in this Annual Report.

Principle 1 – Lay solid foundations for management and oversight		
Companies should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.		
The respective roles and responsibilities of TasWater's Board and management are outlined in the Board Charter and the Board Delegations Manual.		✓
Those matters expressly reserved to the Board and those delegated to management are disclosed.		✓
TasWater undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director.		✓
TasWater provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.		✓
TasWater has written agreements with each director and senior executive setting out the terms of their appointment.		✓
The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.		✓
TasWater has a Diversity and Inclusion Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity in the composition of the Board, senior executives and workforce generally and to assess annually both the objectives and the progress in achieving them.		✓
The Board Selection Committee periodically evaluates the performance of the Board, its committees and individual directors and discloses annually whether a performance evaluation was undertaken in the reporting period.		✓
TasWater has a process for periodically evaluating the performance of its senior executives and discloses annually whether a performance evaluation was undertaken in the reporting period in accordance with that process.		✓

KEY

Complies

Processes not compliant or not applicable

Principle adapted to meet TasWater's context but consistent with the intent

✓

✗

!

Principle 2 – Structure the Board to add value

Companies should have a board of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

The process of recruiting directors is undertaken by a Board Selection Committee in accordance with the WSCA, comprising representatives appointed by the Owners' Representatives in each of the three regions and the Board Chair.	
The Board Selection Committee has a charter that is regularly reviewed.	✓
Succession planning for the Board is managed by the Board Selection Committee in consultation with the Board Chair.	
The members of the Board Selection Committee are disclosed and the number of meetings held during the reporting period are disclosed in the Annual Report.	
The Board Selection Committee has a skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	✓
The Board solely comprises independent directors.	✓
The length of service of each director is disclosed in the Annual Report and on TasWater's website.	✓
Directors disclose any interests and the register of interests is reviewed at least annually.	✓
Directors undergo an induction program when appointed, and appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles effectively are provided.	✓

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly	
Companies should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.	
The Board has a Directors' Code of Conduct and TasWater employees have a Code of Conduct and the Corporation's Values and Behaviours are articulated.	✓
The codes of conduct applicable to directors and employees are published on TasWater's website.	✓
Any material breaches of the codes of conduct are reported to the Audit and Risk Committee and the Board.	✓
The current profile of TasWater's Board and workforce is explained in the Annual Report.	✓
TasWater's Public Interest Disclosure Policy is published on TasWater's website.	✓
Any material incidents reported under the Public Interest Disclosure Policy are reported to the Audit & Risk Committee and the Board.	✓
The Fraud and Corruption Control Policy is disclosed.	✓
Any incidents of fraud or corruption are reported to the Audit & Risk Committee and Board.	✓

Principle 4 – Safeguard the integrity of corporate reports	
Companies should have appropriate processes to verify the integrity of its corporate reports.	
The Board has an Audit and Risk Committee comprising four independent non-executive directors.	✓
The Chair of the Audit and Risk Committee is an independent non-executive director who is not the Board Chair.	✓
The Audit and Risk Committee Charter is published on TasWater’s website.	✓
The directors’ qualifications and experience are disclosed in this Annual Report and are published on TasWater’s website.	✓
The Audit and Risk Committee meeting schedule and directors’ attendance are disclosed in this Annual Report.	✓
The CEO and Chief Financial Officer provide declarations that the financial records are compliant with appropriate accounting standards and give a true and fair view of the financial position and performance of TasWater and that the opinion has been formed on the basis of a sound system of risk management and internal controls which are operating effectively.	✓
The Auditor-General is invited to attend TasWater’s Annual General Meeting.	✓

Principle 5 – Make timely and balanced disclosure	
Companies should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.	
Our key governance documents prescribe quarterly meetings between the Chair and Owners’ Representatives, formal quarterly reporting of performance and other key matters, and two General Meetings of Owners’ Representatives each year.	✓
This is augmented by the Board’s continuous disclosures policy encompassed in its Shareholders Relations Policy.	!

Principle 6 – Respect the rights of security holders	
Companies should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.	
TasWater’s key governance documents are published on TasWater’s website.	✓
TasWater holds quarterly meetings and biannual general meetings with the Owners’ Representatives.	✓
The Owners’ Representatives receive quarterly reports.	✓
The Owners’ Representatives general meetings and quarterly meetings provide forums for shareholders to communicate with TasWater.	✓
The Shareholder Relations Policy, Owners’ Representatives Code of Conduct and Owners’ Representatives Group Charter facilitate effective communication between TasWater and the Owners’ Representatives and are published on the TasWater website.	✓
General Meeting resolutions can be decided by a show of hands or a poll in accordance with TasWater’s Constitution.	!
Owners’ Representatives and owners are able to receive communication from and provide communication to TasWater electronically.	✓

Principle 7 – Recognise and manage risk	
Companies should establish a sound risk management framework and periodically review the effectiveness of that framework.	
TasWater has an Audit and Risk Committee comprising four independent non-executive directors, chaired by an independent non-executive director, that oversees risk.	✓
The Audit and Risk Committee Charter is published on the TasWater website.	✓
The number of Audit and Risk Committee meetings held and the directors’ attendance figures are disclosed in this Annual Report.	✓
TasWater’s Risk Management Framework has been established and undergoes periodic review to ensure that it continues to be sound and that TasWater is operating with due regard to the risk appetite set by the Board.	✓
The Audit and Risk Committee reviews the Risk Management Framework periodically and strategic risks at least annually.	✓
The internal audit arrangements are published in this Annual Report.	✓
The Board is informed of any material exposure to economic, environmental and social sustainability risks and how those risks are managed.	✓
Management provided its assurances and formal declarations to the Board regarding the status of risk management and internal control systems. Confirmation of this can be found in the Directors’ Declaration accompanying the financial reports.	✓

Principle 8 – Remunerate fairly and responsibly	
Companies should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity’s values and risk appetite.	
The Board holds responsibility for human resources and remuneration policies.	✓
The Board currently comprises seven independent non-executive directors and is Chaired by an independent director.	✓
The Board Charter is published on the TasWater website.	✓
Board member details are published on the TasWater website.	✓
The number of Board meetings held and the directors’ attendance figures are disclosed in this Annual Report.	✓
Directors have taken advice from independent expert advisers as required. No remuneration advisers undertake other work for management.	✓
Under the enabling legislation, remuneration for directors is the responsibility of Owners’ Representatives and the Board Selection Committee. Disclosures in Principle 2 above explain the composition of the Board Selection Committee.	!
The Remuneration Report, incorporated in the Directors’ Report, provides further detail on TasWater’s remuneration policies.	✓
TasWater does not have an equity-based remuneration scheme.	✗



Meter Reader Baree DeRuyter reading water meters in the North

Public interest disclosures

TasWater is subject to the *Public Interest Disclosures Act 2002* (Tas), as well as similar whistleblower regimes under the *Corporations Act 2001* (Cth) and the *Taxation Administration Act 1953* (Cth).

Our Whistleblower Policy incorporates our obligations under both state and federal legislation. There were four relevant matters raised during 2021-22. Insufficient evidence was identified in relation to two of these matters to warrant investigation, and one matter was investigated but there was insufficient evidence of any improper conduct within the meaning of the legislation. Investigation of the remaining matter resulted in the majority of allegations being substantiated, and appropriate action was taken to address the improper conduct and prevent recurrence.

Information about our Policy, and how disclosures can be made, is available on our website at www.taswater.com.au.

Right to information

TasWater is subject to the *Right to Information Act 2009* (Tas). During 2021-22 we received 12 applications for assessed disclosure, with one further application being transferred to TasWater by another relevant authority. Twelve of those applications were determined during the year, with information sought by each applicant being provided in full in all but one. One application for assessed disclosure made during the year was in progress as at 30 June 2022.

There were no requests for an internal or external review during 2021-22.

We also routinely make available information that is of general public interest via our website, or information which is of specific interest to an individual (for example, information about an individual's services) via our Customer Service Centre.

Information about our Policy, and how a Right to Information application can be made, is available on our website at www.taswater.com.au.

Privacy

TasWater is subject to the *Privacy Act 1988* (Cth) and the *Personal Information Protection Act 2004* (Cth). Our Privacy and Credit Reporting Policy outlines how we collect, use, disclose and otherwise manage personal information that we hold.

While we did not receive any complaints from individuals in relation to a failure to protect their personal information, we self-identified or were made aware of a number of instances where we inadvertently disclosed an individual's personal information to a third party. Where this occurs, we contact the impacted individual to advise them of the event, actions that we have taken to prevent recurrence, and their ability to make a formal complaint to relevant state and federal authorities.

Information about our Policy, how we manage personal information, and how to make a privacy breach complaint is available on our website at www.taswater.com.au.



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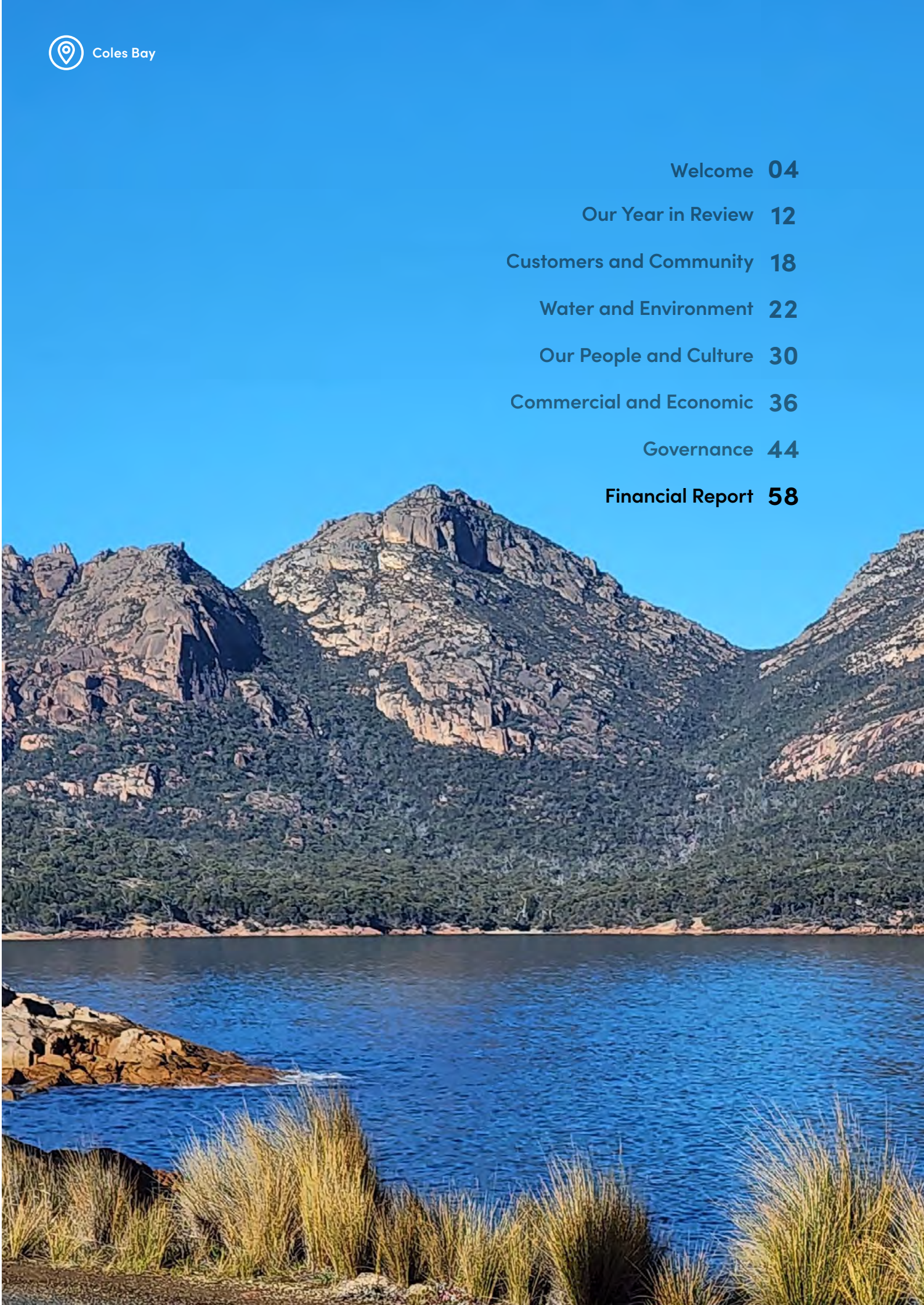
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Directors’ Report

For the Year Ended 30 June 2022

The directors of Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater (the Corporation), present the Financial Report of the Corporation for the financial year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001* (Cth), the directors report as follows:

Legislative authority

TasWater was formed on 5 February 2013 under the *Corporations Act 2001* (Cth) and pursuant to the *Water and Sewerage Corporation Act 2012* (Tas) (WSCA). It is governed by the Corporation’s Constitution.

The principal objectives of the Corporation are as follows:

- A To efficiently provide water and sewerage functions in Tasmania;
- B To encourage water conservation, the demand management of water and the re-use of water on an economic and commercial basis;
- C To be a successful business and, to this end:
 - i To operate its activities in accordance with good commercial practice;
 - ii To deliver sustainable returns to its members
 - iii To deliver water and sewerage services to customers in the most cost-efficient manner.

Each of the principal objectives of the Corporation is of equal importance.

Principal activities

The principal activities of the Corporation during the course of the financial year were:

- The sourcing, treatment and reliable delivery of quality drinking water to our customers
- The collection, transportation, treatment and safe return of wastewater to the environment.

Review of operations

The Corporation reported a profit of \$62,441,644 for the year ended 30 June 2022 (2020-21: profit \$43,544,163). The 2022 underlying result was a profit of \$31,927,532 (2020-21: profit \$16,291,784), excluding contributed asset revenue and the impact of any revaluation of the Corporation’s assets.

A reconciliation of the movement between the underlying result and the reported net profit for the financial year ending 30 June 2022 is provided below:

	30 June 2022 \$	30 June 2021 \$
Underlying net profit	31,927,532	16,291,784
Contributed asset revenue	30,966,467	29,428,093
Adjusted net profit	62,893,999	45,719,877
Impairment expense	(452,355)	-
Revaluation decrement	-	(2,175,714)
Net profit	62,441,644	43,544,163

The write-down of freehold land to its carrying value resulted in an overall decrease of \$1,994,999 in the value of the Corporation’s net assets. The Australian Accounting Standards require decreases in asset values to be recognised in net profit to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to the previous revaluation of that asset. At the end of June 2022, a total of \$452,355 was directly expensed and \$1,542,644 was offset against the existing asset revaluation reserve.

A more detailed review of the Corporation’s operations during the year is contained elsewhere in the Annual Report.

Environmental regulations

The Corporation’s operations are subject to various environmental regulations under both federal and state legislation. The Board has the responsibility to monitor compliance with environmental regulations. A number of the Corporation’s Sewage Treatment Plants (STPs) do not fully comply with effluent discharge licences set by the Environmental Protection Authority (EPA). However, the Corporation has a Wastewater Risk Management Plan (WWRMP), developed in consultation with the EPA, which outlines initiatives and implementation schedules to address the EPA’s priorities with respect to environmental risk and non-compliance.

Pursuant to recent amendments to the *Environmental Management and Pollution Control Act 1994* (Tas), we are in the process of resolving a legacy permit issue in relation to our Bicheno STP and the existing re-use scheme. The Corporation is currently working with the EPA and Glamorgan-Spring Bay Council on a pathway to meet compliance for the STP, along with an augmented reuse scheme, in alignment with our WWRMP. Apart from the above, directors are not aware of any breaches during the year covered by the report.

During the year no material fines were imposed on the Corporation by the EPA.

The Corporation continues to proactively work with the shellfish industry and its regulator (ShellMAP) to ensure that when uncontrolled discharges to the environment occur, disruption to shellfish production and sales is minimised and potential public health risks are effectively mitigated.

Drinking water systems

The Board has the responsibility to monitor compliance with drinking water regulations. The Corporation has a Drinking Water Quality Risk Management Plan to assist with monitoring compliance, and this is endorsed by the Department of Health.

At 30 June 2022 all of the Corporation’s drinking water systems complied with the microbiological health guidelines contained in the Australian Drinking Water Guidelines, as specified in the Tasmanian Drinking Water Quality Guidelines.

During the year a temporary boil water notice was implemented from the 4 to 9 March 2022 for Penguin, Heybridge, Sulphur Creek and Preservation Bay, after high levels of turbidity caused issues with the treatment process. Following the event, an investigation was carried out by an independent party, which identified a number of contributory factors. TasWater will take the learnings from this report to increase the resilience of its infrastructure and operations.

Dam portfolio

The Corporation manages its dams in accordance with the *Water Management Act 1999* (Tas) and the Australian National Committee on Large Dams (ANCOLD) Dam Safety Management Guidelines 2003. The Corporation uses a structured compliance program to manage, monitor and continually assess the risks associated with its dam portfolio, and subsequently prioritise the works required to mitigate the identified risks.

The Corporation has two dams (2020-21: four) out of our extensive dam portfolio (in excess of 330 dams) that are currently known to exceed ANCOLD tolerable risk limits. These are being managed under mitigation plans agreed with the Tasmanian Dam Safety Regulator and are regularly reported to the Board and the Regulator. The Corporation is implementing permanent solutions for these two dams which are expected to be completed by the end of 2024-25.

Distributions to Owner Councils including dividends

The Corporation distributed \$24,000,000 to Owner Councils during the year (2020-21: \$10,000,000). A reconciliation of the individual components of the distributions is provided below:

Distribution Type	30 June 2022 \$	30 June 2021 \$
Ordinary dividends	20,000,000	10,000,000
Special dividends	4,000,000	-
Total distributions	24,000,000	10,000,000

The Board of the Corporation approved the payment of a \$4,000,000 special dividend during the financial year. The special dividend payment reflects the Corporation’s endeavour to return \$20,000,000 in forgone dividends during COVID-19 to Owner Councils over a five-year period between 2021-22 to 2025-26.

Events after balance date

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect the Corporation, its operations, results or state of affairs in the reporting period.

Likely future developments

The ongoing impact of COVID-19 on the Corporation for the financial year ending 30 June 2023 and beyond remains difficult to determine with certainty at this time. The Corporation’s greatest financial exposure to COVID-19 relates to the collectability of its revenue streams. The Corporation recognises that it may be especially difficult for many of its customers to meet their financial obligations and expenses due to COVID-19 and rising inflation. The Corporation is actively working to support these customers via an enhanced Customer Support Program.

Further information on likely future developments in the operations of the Corporation is included in the joint Chairman’s and CEO’s Report within this Annual Report.

Remuneration of directors and senior management

Remuneration report

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Corporation's directors and its senior executives for the financial year ended 30 June 2022. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior executive details
- Remuneration policy
- Relationship between the remuneration policy and the Corporation's performance
- Remuneration of directors and senior executives
- Key terms of employment contracts.

Director and senior executive details

The following persons acted as directors of the Corporation during or since the end of the financial year:

- Dr Stephen Gumley AO (Chair)
- Mr Nick Burrows
- Ms Sally Darke
- Mr Vincent (Tony) Kelly AM
- Dr Helen Locher
- Ms Joanne Pearson
- Mr Kevin Young

Except as noted, the named directors held their current positions for the whole of the financial year and since the end of the financial year.

Other details regarding directors and their attendance at board meetings and relevant committee meetings are provided elsewhere within the Annual Report.

The term 'senior executive' is used in this remuneration report to refer to the following persons:

Senior Executive	Title	Commencement Date	End Date
Mr Michael Brewster	Chief Executive Officer	01/07/2013	09/02/2022
Mr George Theo	Chief Executive Officer	15/03/2022	
Mr Rolfe Brimfield	Acting General Manager People and Safety	17/12/2021	
Mr Tim Cubit	Acting General Manager Project Delivery	13/12/2021 10/02/2022	10/01/2022 14/03/2022
Ms Cathy Cuthbertson	General Manager People and Safety	09/09/2013	22/12/2021
Mr Matthew Derbyshire	General Manager Asset Management Services	05/07/2021	
	Acting General Manager Asset Management Services	15/03/2021	04/07/2021
Mr David Hughes-Owen	General Manager Service Delivery	10/03/2020	
Ms Kendall Mahnken	Acting General Manager Corporate and Community Relations	17/01/2022	
	General Manager Corporate and Community Relations	22/08/2016	22/03/2020
	Business Recovery Executive	23/03/2020	14/02/2021
Ms Juliet Mercer	General Manager Corporate and Community Relations	15/02/2021	03/12/2021
Mr Matthew Pigden	Chief Financial Officer	16/03/2020	
Ms Jayne Shepherd	Acting General Manager Corporate and Community Relations	29/11/2021	16/01/2022
Ms Ailsa Sykes	General Manager Governance and Assurance	28/04/2014	
	General Manager Project Delivery	15/03/2021	
Mr Tony Willmott	Acting Chief Executive Officer	13/12/2021	10/01/2022
	Acting Chief Executive Officer	10/02/2022	14/03/2022

Each of the senior executives named held their positions during or since the end of the financial year.

Remuneration policy

Senior executives' remuneration

The Board has approved a remuneration framework that was developed having taken into consideration advice from independent remuneration specialists and benchmarked nationally. The framework applies to senior executives, line managers and specific professional or expert positions, and the CEO is obliged to work within its parameters.

The remuneration of senior executives is based on Total Employment Cost to the Corporation. Components of remuneration can include cash and non-cash alternatives as well as any fringe benefits tax incurred. No equity-based components or incentives are offered as part of any remuneration.

Non-executive directors' remuneration

Under the WSCA, the Owners' Representative Group (ORG) is responsible for determining the remuneration framework for non-executive directors. The Board Selection Committee, comprising a group of Owners' Representatives and the Board Chair, is delegated responsibility for determining the remuneration framework.

Non-executive directors are remunerated by way of fixed fees and superannuation payments as required by legislation. No other leave, termination or retirement benefits are accrued or paid to directors.

Non-executive directors are also entitled to reimbursement of expenses incurred while attending to Corporation business.

Relationship between the remuneration policy and the Corporation's performance

The Corporation's remuneration policy has been designed to align the objectives of senior executives with business objectives.

The CEO and all senior executives are appointed under Individual Employment Agreements. Performance objectives are established and assessed annually. The CEO's performance against the objectives is reviewed by the Board at least annually. For other senior executives, the CEO reports to the Board at least annually.

Remuneration of directors and senior executives

The following table of benefits and payments details the components of remuneration for each person that acted as a director or senior executive of the Corporation during or since the end of the financial year:

2022 Non-executive Directors			Short Term Benefits	Post-Employment Benefits	
Name	Position	Period	Base Salary \$	Superannuation \$	Total
Dr Stephen Gumley AO	Chair	Full Year	112,285	11,229	123,514
Mr Nick Burrows	Director	Full Year	65,814	6,581	72,395
Ms Sally Darke	Director	Full Year	65,814	6,581	72,395
Mr Vincent (Tony) Kelly AM	Director	Full Year	65,814	6,581	72,395
Dr Helen Locher	Director	Full Year	61,885	6,189	68,074
Ms Joanne Pearson	Director	Full Year	61,885	6,189	68,074
Mr Kevin Young	Director	Full Year	61,736	6,174	67,910
Total			495,233	49,524	544,757

2021 Non-executive Directors			Short Term Benefits	Post-Employment Benefits	
Name	Position	Period	Base Salary \$	Superannuation \$	Total
Dr Stephen Gumley AO	Chair	Full Year	111,562	10,598	122,160
Mr Nick Burrows	Director	Full Year	65,390	6,212	71,602
Ms Sally Darke	Director	Full Year	65,390	6,212	71,602
Mr Vincent (Tony) Kelly AM	Director	Full Year	65,390	6,212	71,602
Dr Helen Locher	Director	Full Year	61,486	5,841	67,327
Ms Joanne Pearson	Director	Full Year	61,487	5,841	67,328
Mr Kevin Young	Director	Full Year	61,486	5,841	67,327
Total			492,191	46,757	538,948

Base salary includes Board and Committee Fees.

2022 Senior Executives								
Name	Position	Period	Salary ⁵	Vehicles ⁶	Movement in accrued leave ⁷	Superannuation ⁸	Termination Benefits ⁹	Total
					\$	\$	\$	\$
Mr Michael Brewster	Chief Executive Officer	To 09/02/2022	490,280	-	(144,146)	17,784	118,226	482,144
Mr George Theo	Chief Executive Officer	From 15/03/2022	141,788	-	8,701	7,019	-	157,508
Ms Cathy Cuthbertson	General Manager People and Safety	To 22/12/2021	239,379	-	(87,332)	13,750	64,842	230,639
Mr Matthew Derbyshire	General Manager Asset Management Services	Acting 01/07/2021-04/07/2021 Appointed 05/07/2021	317,283	-	24,186	26,709	-	368,178
Mr David Hughes-Owen	General Manager Service Delivery	Full Year	297,827	-	16,080	27,500	-	341,407
Ms Juliet Mercer	General Manager Corporate and Community Relations	To 03/12/2021	134,725	-	(45,073)	12,497	-	102,149
Mr Matthew Pigden	Chief Financial Officer	Full Year	340,812	-	(42,765)	27,198	-	325,245
Ms Ailsa Sypkes	General Manager Governance and Assurance	Full Year	258,202	6,182	11,223	27,500	-	303,107
Mr Tony Willmott	General Manager Project Delivery	Full Year (except as noted below) 13/12/2021-10/01/2022 and 10/02/2022-14/03/2022	303,309	-	(3,298)	23,982	-	323,993
Sub-Total			2,523,605	6,182	(262,424)	183,939	183,068	2,634,370
Acting arrangements								
Mr Rolfe Brimfield	General Manager People and Safety	17/12/2021-30/06/2022	112,606	-	22,910	13,663	-	149,179
Mr Tim Cubit	General Manager Project Delivery	13/12/2021-10/01/2022 and 10/02/2022-14/03/2022	43,235	-	(2,771)	4,324	-	44,788
Ms Kendall Mahnken	General Manager Corporate and Community Relations	17/01/2022-30/06/2022	93,577	-	25,190	9,358	-	128,125
Ms Jayne Shepherd	General Manager Corporate and Community Relations	29/11/2021-16/01/2022	31,215	-	1,512	3,121	-	35,848
Sub-Total			280,633	-	46,841	30,466	-	357,940
Total			2,804,238	6,182	(215,583)	214,405	183,068	2,992,310

2021 Senior Executives								
Name	Position	Period	Salary ⁵	Vehicles ⁶	Movement in accrued leave ⁷	Superannuation ⁸	Termination Benefits ⁹	Total
					\$	\$	\$	\$
Mr Michael Brewster	Chief Executive Officer	Full Year	499,531	20,362	(17,845)	25,000	-	527,048
Ms Cathy Cuthbertson	General Manager People and Safety	Full Year	246,054	2,584	19,387	25,000	-	293,025
Mr David Hughes-Owen	General Manager Service Delivery	Full Year	256,489	10,798	15,863	22,404	-	305,554
Ms Juliet Mercer	General Manager Corporate and Community Relations	Full Year	263,205	1,508	19,476	25,000	-	309,189
Mr Andrew Moir	General Manager Asset Portfolio Planning and Delivery	To 04/03/2021	330,823	-	(89,241)	25,001	99,479	366,062
Mr Matthew Pigden	Chief Financial Officer	Full Year	293,067	-	10,481	25,096	-	328,644
Ms Ailsa Sypkes	General Manager Governance and Assurance	Full Year	239,854	25,851	11,885	25,083	-	302,673
Mr Tony Willmott	General Manager Project Delivery	Acting 07/12/2020-14/03/2021 Appointed 15/03/2021	157,296	-	49,180	14,943	-	221,419
Sub-Total			2,286,319	61,103	19,186	187,527	99,479	2,653,614
Acting arrangements								
Mr Matthew Derbyshire	General Manager Asset Management Services	15/03/2021-30/06/2021	68,145	-	6,325	7,900	-	82,370
Ms Ruth Dowty	General Manager Corporate and Community Relations	01/07/2020-14/02/2021	125,988	-	10,891	11,969	-	148,848
Sub-Total			194,133	-	17,216	19,869	-	231,218
Total			2,480,452	61,103	36,402	207,396	99,479	2,884,832

The Corporation does not pay bonuses or any other short-term incentive payment to any member of key management personnel.

⁵ Base Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts

⁶ Vehicles represents pre-tax contributions and reportable fringe benefit tax based on the employee's private use

⁷ Movement in accrued Leave Benefits represents the net movement in annual and long service leave provisions

⁸ Superannuation means the contribution fund of the individual.

⁹ Termination Benefits include payments made up entirely of accrued annual and long service leave benefits.

Key terms of employment contracts

Non-executive directors

Appointment conditions for non-executive directors are specified in both the WSCA and formal letters of appointment. These include:

- Each term of appointment must not exceed three years
- A director may be re-appointed for further terms not exceeding three years each
- A director can be appointed for consecutive terms up to a maximum of 10 continuous years from the date of first appointment. The 10-year period may only be extended by Special Majority of the Selection Committee
- Either the independent director, the Corporation or the ORG may terminate the relationship on three months' notice or immediately in certain situations
- The Corporation is to ensure that it has appropriate directors' and officers' liability insurance.

Senior executive staff

The employment terms and conditions of senior executives are formalised in Individual Employment Agreements.

Consistent with legislated requirements, senior executives receive a superannuation guarantee contribution of 10.0 per cent (2020-21: 9.50 per cent) up to a minimum of the superannuation guarantee fee contribution limit. In order to avoid exceeding the cap, senior executives may elect to limit concessional contributions to the cap amount and take any additional amounts as salary. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation. Upon retirement, senior executives are paid employee benefit entitlements accrued to the date of retirement.

Terms of employment require the senior executive or the Corporation to provide a minimum notice period prior to termination of an Individual Employment Agreement, subject to conditions of the *Fair Work Act 2009* (Cth), where applicable. The length of notice varies between Individual Employment Agreements; however, it is generally three to six months. Under certain circumstances, senior executives may be paid a redundancy, the level of which depends on individual contractual arrangements.

Further information about the remuneration of directors and senior executives is set out in Note 17 to the financial statements.

Indemnification of directors and officers

During the financial year, the Corporation paid a premium in respect of an insurance policy covering the liability of all current directors and officers of the Corporation.

The Corporation has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Corporation against a liability incurred as such by an officer or auditor.

Proceedings on behalf of the Corporation

No person has applied for leave of the Court to bring proceedings on behalf of the Corporation or intervened in any proceedings to which the Corporation is a party for the purpose of taking responsibility on behalf of the Corporation for all or any part of those proceedings.

The Corporation was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration is included on page 65.

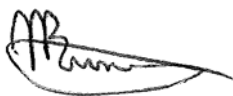
This Directors' Report is signed in accordance with a resolution of directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

On behalf of the directors



Dr Stephen Gumley AO

Board Chair



Nick Burrows

Audit and Risk Committee Chair

11 August 2022

Auditor's Independence Declaration



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

12 August 2022

The Board of Directors
Tasmanian Water and Sewerage Corporation Pty Ltd
GPO Box 1393
HOBART TAS 7000

Dear Board Members

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasmanian Water and Sewerage Corporation Pty Ltd for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' Report.

Yours sincerely



Jeff Tongs
Assistant Auditor-General – Financial Audit

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Directors' Declaration


The directors declare that for the financial year ended 30 June 2022:

- a) The attached financial statements and notes thereto comply with accounting standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Corporation;
- c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* (Cth);
- d) In the directors' opinion, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable; and
- e) The directors have been given the declarations as set out in Section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001* (Cth).



Dr Stephen Gumley AO
Board Chair



Nick Burrows
Audit and Risk Committee Chair

11 August 2022

Independent Auditor’s Report



Independent Auditor’s Report
To the Members of Tasmanian Water and Sewerage Corporation Pty Ltd
Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Tasmanian Water and Sewerage Corporation Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2022 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration.

In my opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company’s financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General’s opinion are significant.

I confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors on the same date as this auditor’s report and is included in the Directors’ Report.

Independent Auditor’s Report

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of Water and Sewerage Infrastructure <i>Refer to note 10</i>	
Property, plant and equipment includes material long-life water and sewerage infrastructure assets recognised at fair value and carried at \$1 781.70m at 30 June 2022.	<ul style="list-style-type: none">Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness.Checking, on a sample basis, the accuracy and relevance of the input data used, including by reconciling input data to supporting evidence such as approved budgets and corporate plans.Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to board approved budgets, historical growth trends, long term asset management plans and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process.Evaluating the work of management on whether the discount rate applied was within a reasonable range, with reference to market data and industry research.Challenging the reasonableness of key assumptions based on our knowledge of the Company.
The fair value of these water and sewerage assets is determined in using an income valuation methodology based on discounted cash flows. The projected cash flows are discounted to present value using a discount rate based on a real pre-tax weighted average cost of capital (WACC).	
The calculation of fair value is judgemental and highly dependent on a range of assumptions and estimates, such as the discount rate, perpetuity factor, expected revenue growth, operating expenditure growth rate, renewal capital expenditure and WACC.	

Independent Auditor’s Report

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
	<ul style="list-style-type: none">Evaluating management’s sensitivity analysis to assist in considering the potential impact of reasonably possible changes in these key assumptions.Testing on a sample basis, the internal mathematical accuracy of the valuation model’s calculations.Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used in the valuation, in light of the requirements of AASB 13 <i>Fair Value Measurement</i>.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company’s Directors’ Report for the year ended 30 June 2022, but does not include the financial report and my auditor’s report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor’s Report

Auditor’s Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

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

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor’s Report

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

I have audited the Remuneration Report included in the Directors’ Report for the year ended 30 June 2022. In my opinion, the Company’s Remuneration Report, presents fairly, in all material respects, the remuneration of key management personnel of the Company for the year ended 30 June 2022.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.



Jeff Tongs
Assistant Auditor-General – Financial Audit

12 August 2022
Hobart

Tasmanian Water and Sewerage Corporation Pty Ltd

Statement of Comprehensive Income

for the Financial Year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Revenue			
Sales revenue	5	349,272	333,933
Other revenue	5	36,735	33,143
Total revenue		386,007	367,076
Expenses			
Raw materials and consumables	6	24,416	23,661
Depreciation and amortisation expenses	6	92,176	94,353
Employee and related expenses	6	101,694	98,157
Operations and maintenance expenses	6	63,751	61,992
Administration expenses	6	25,159	25,358
Finance expenses	6	15,917	17,835
Asset revaluation decrement	6	-	2,176
Impairment expense	6	452	-
Total expenses		323,565	323,532
Net profit/(loss)		62,442	43,544
Other comprehensive income: items that will not be reclassified to profit and loss			
Actuarial gain on defined benefit plans	16	2,345	1,540
Change in net asset revaluation reserve	14.1	(1,557)	77,768
Change in net hedging reserve	14.2	(212)	212
Total other comprehensive income		576	79,520
Total comprehensive income for the year		63,018	123,064

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Tasmanian Water and Sewerage Corporation Pty Ltd

Statement of Financial Position

as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	9.1	2,900	2,878
Receivables	9.2	36,874	34,383
Inventories	9.3	8,562	8,362
Prepayments		4,035	4,038
Assets classified as held for sale	9.4	93	117
Total current assets		52,464	49,778
Non-current assets			
Receivables	9.2	433	586
Property, plant and equipment	10	2,439,653	2,246,413
Intangibles	11	35,331	36,882
Right of use assets	12	8,079	9,215
Total non-current assets		2,483,496	2,293,096
Total assets		2,535,960	2,342,874
Current liabilities			
Payables	13.1	48,115	45,039
Employee benefits	16	21,949	21,127
Borrowings	13.2	102,032	88,863
Unearned income	13.3	1,526	1,709
Lease liabilities	13.4	458	485
Other current liabilities	13.5	13,627	11,989
Total current liabilities		187,707	169,212
Non-current liabilities			
Employee benefits	16	6,993	10,218
Borrowings	13.2	632,879	530,905
Unearned income	13.3	35,193	35,772
Lease liabilities	13.4	8,343	8,798
Other non-current liabilities	13.5	9,692	11,834
Total non-current liabilities		693,100	597,527
Total liabilities		880,807	766,739
Net assets		1,655,153	1,576,135
Equity			
Retained profits		(343,124)	(383,911)
Asset revaluation reserve	14.1	370,463	372,020
Hedging reserve	14.2	-	212
Contributed equity	7	1,627,814	1,587,814
Total equity		1,655,153	1,576,135

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Tasmanian Water and Sewerage Corporation Pty Ltd

Statement of Cash Flows

for the Financial Year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers and other sources		381,489	344,792
Payments to suppliers and employees		(246,454)	(222,493)
Headwork charges		78	222
Grant funds		500	-
Interest received		13	11
Interest paid		(14,503)	(17,115)
Net cash inflow from operating activities	9.1	121,123	105,417
Cash flows used in investing activities			
Payments for property, plant and equipment		(234,835)	(149,558)
Interest paid for capital works		(4,678)	(1,780)
Payments for capitalised employee and direct costs		(14,205)	(11,565)
Government grants		684	9,500
Proceeds from sale of property, plant and equipment		1,786	1,500
Equity contributions	7	40,000	20,000
Net cash outflow used in investing activities		(211,248)	(131,903)
Cash flows from financing activities			
Proceeds from borrowings		606,075	406,500
Repayment of borrowings		(490,932)	(366,335)
Dividends paid to owner councils	8	(24,000)	(10,000)
Repayment of lease liabilities		(996)	(2,847)
Net cash inflow from financing activities		90,147	27,318
Net increase in cash and cash equivalents		22	832
Cash and cash equivalents at the beginning of the year		2,878	2,046
Cash and cash equivalents at the end of the year	9.1	2,900	2,878

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Tasmanian Water and Sewerage Corporation Pty Ltd

Statement of Changes in Equity

for the Financial Year ended 30 June 2022

	Notes	Retained profits \$'000	Reserves \$'000	Contributed equity	Total equity \$'000
Balance as at 30 June 2020		(418,995)	294,252	1,567,814	1,443,071
Net profit		43,544	-	-	43,544
Equity contribution	7	-	-	20,000	20,000
Dividends paid	8	(10,000)	-	-	(10,000)
Other comprehensive income		1,540	77,980	-	79,520
Balance as at 30 June 2021		(383,911)	372,232	1,587,814	1,576,135
Net profit		62,442	-	-	62,442
Equity contribution	7	-	-	40,000	40,000
Dividends paid	8	(24,000)	-	-	(24,000)
Other comprehensive income		2,345	(1,769)	-	576
Balance as at 30 June 2022		(343,124)	370,463	1,627,814	1,655,153

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Tasmanian Water and Sewerage Corporation Pty Ltd

Notes to the Financial Statements

for the Financial Year ended 30 June 2022

1 General information

1.1 Company details

Tasmanian Water and Sewerage Corporation Pty Ltd (the Corporation), trading as TasWater, is a proprietary limited company incorporated in Australia. The address of the Corporation's registered office is 169 Main Road, Moonah, Tasmania.

The Corporation is owned by the 29 councils in Tasmania and the Tasmanian Government:

Break O'Day Council	Flinders Council	City of Launceston
Brighton Council	George Town Council	Meander Valley Council
Burnie City Council	Glamorgan Spring Bay Council	Northern Midlands Council
Central Coast Council	Glenorchy City Council	Sorell Council
Central Highlands Council	City of Hobart	Southern Midlands Council
Circular Head Council	Huon Valley Council	Tasman Council
Clarence City Council	Kentish Council	Waratah-Wynyard Council
Derwent Valley Council	Kingborough Council	West Coast Council
Devonport City Council	King Island Council	West Tamar Council
Dorset Council	Latrobe Council	The Crown in Right of Tasmania

The Corporation operates as an entity under the *Corporations Act 2001* (Cth) and in accordance with the *Water and Sewerage Corporation Act 2012* (Tas) (WSCA) and the *Water and Sewerage Industry Act 2008* (Tas).

The principal activities of the Corporation are the provision of water and sewerage services for residential and commercial customers throughout Tasmania.

1.2 Statement of compliance

This Financial Report is a general-purpose financial report, prepared in accordance with the *Corporations Act 2001* (Cth), relevant Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB). The Financial Report also complies with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

The Financial Report was approved by the Board of Directors on 11 August 2022.

1.3 Basis of preparation

The Financial Report is prepared on a going concern basis and is based on historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies. Historical cost is based on the fair values of the consideration given in exchange for the assets. All figures, unless indicated otherwise, are reported in Australian dollars.

The Corporation is of a kind referred to in the Australian Securities and Investments Commission (ASIC) Class Order 2016/191 dated 24 March 2016, and, in accordance with that Class Order, amounts in the Financial Report are rounded off to the nearest thousand dollars (\$'000), unless otherwise stated.

Under section 9 of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018* (Tas), which repealed section 23 (Payment of tax equivalents) of the *Water and Sewerage Corporation Act 2012* (Tas), the Corporation on 1 January 2019 withdrew from the National Tax Equivalent Regime.

1.4 Significant accounting judgements, estimates and assumptions

In the application of AASB standards, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The most significant accounting estimates undertaken in the preparation of this Financial Report relate to:

- Useful lives of assets, refer to note 10
- Fair value of infrastructure, land, buildings and leasehold improvements, refer to note 10
- Asset impairment, refer to note 9.2, note 9.3, note 10, note 11, note 12, note 18
- Accrued revenue, in particular estimation of the value of water supplied to customers between the date of the last meter reading and the year end and the amortisation period of government grants, refer to note 5
- Restoration and rehabilitation provisions, refer to note 13.5
- Customer refund provisions, refer to note 13.5
- Defined benefit obligations, refer to note 16
- Contingent assets and liabilities, refer to note 21.

1.5 Note to reader

The notes to the Financial Statements include information that is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Corporation.

Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature
- It is important for understanding the results of the Corporation
- It helps explain the impact of significant changes in the Corporation
- It relates to an aspect of the Corporation's operations that is important for its future performance.

The notes have been grouped into sections to help readers understand how the Corporation strategy is reflected in the financial performance and position of the Corporation:

- General information
- Business performance
- Asset platform
- People
- Funding structure and management of financial risks
- Other important information.

2 Summary of significant accounting policies

2.1 Application of new and revised accounting standards

Standards and interpretations adopted by the Corporation

At the date of authorisation of the financial statements, there are no new or revised Standards and Interpretations issued by the AASB that are relevant or material to the Corporation's operations and effective for the accounting period that commenced on or after 1 July 2021.

Similarly, the Corporation has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued, but are not yet effective:

Standard/interpretation	Summary	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Impact on financial report
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i>	Requires a liability to be classified as current when a company does not have a substantive right to defer settlement at the end of the reporting period	1 January 2022	30 June 2023	The assessment has indicated that there will be no change required to how we classify current and non-current liabilities.
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	Amends AASB Standards to improve accounting policy disclosures, to provide more useful information to users of the financial statements and clarify the distinction between accounting policies and accounting estimates	1 January 2023	30 June 2024	The assessment has indicated that the change will not have a material impact but may change the disclosure of accounting policies included in the financial statements.

2.2 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- For receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

2.3 Comparisons with previous year

When necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

2.4 Other accounting policies

Significant other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

3 Events after balance date

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the Corporation, its operations, results or state of affairs in the reporting period.

4 Operating segments

The following is an analysis of the Corporation's revenue, expenses and results from continuing operations by reportable segment:

Segment results Year ended 30 June 2022	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
Revenue				
Service charges (including trade waste)	90,745	165,669	119	256,533
Usage charges (including trade waste)	63,609	8,423	2,251	74,283
State government funded concessions	4,633	4,214	-	8,847
Government grants	1,546	335	-	1,881
Interest received	290	337	-	627
Other revenue	21,419	21,847	570	43,836
Total revenue	182,242	200,825	2,940	386,007
Expenses				
Operations and maintenance (including raw materials)	46,954	40,567	646	88,167
Employee related expenses	52,347	49,345	2	101,694
Administration expenses	12,149	12,868	142	25,159
Depreciation expenses	36,902	53,977	1,297	92,176
Finance expenses	6,270	9,434	213	15,917
Impairment expense	-	452	-	452
Total expenses	154,622	166,643	2,300	323,565
Net profit (continuing operations)	27,620	34,182	640	62,442

Segment results Year ended 30 June 2021	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
Revenue				
Service charges (including trade waste)	87,258	159,150	105	246,513
Usage charges (including trade waste)	60,461	7,071	2,097	69,629
State government funded concessions	4,708	4,281	-	8,989
Government grants	1,236	59	-	1,295
Interest received	243	283	-	526
Other revenue	21,016	18,607	501	40,124
Total revenue	174,922	189,451	2,703	367,076
Expenses				
Operations and maintenance (including raw materials)	44,999	39,953	701	85,653
Employee related expenses	50,021	48,131	5	98,157
Administration expenses	12,175	13,046	137	25,358
Depreciation expenses	42,135	51,340	878	94,353
Finance expenses	6,903	10,688	244	17,835
Asset revaluation decrement	1,089	1,078	9	2,176
Total expenses	157,322	164,236	1,974	323,532
Net profit (continuing operations)	17,600	25,215	729	43,544

Recognition and measurement

The Corporation has voluntarily partially adopted AASB 8 *Operating Segments*. The disclosure requirements of AASB 8 do not apply to the Corporation as they are only applicable to entities with publicly traded shares and debentures. However, the Corporation believes the voluntary disclosure of segment information will assist readers to better assess and understand the Corporation's financial performance.

Information reported to the Corporation's Chief Executive Officer (CEO) for the purposes of resource allocation and assessment of segment performance is predominantly focused on the provision of the two regulated services, water and sewerage.

Information relating to a third segment, other, is also provided and incorporates non-regulated services such as re-use and irrigation. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. With the exception of property, plant and equipment, no asset and liability information is reported to the CEO for the purposes of resource allocation and assessment of segment performance. Property, plant and equipment information is provided in Note 10.

5 Revenue and other income

The components of revenue and other income for the year ended 30 June are as follows:

	2022 \$'000	2021 \$'000
Sales revenue		
Service charges		
Water	90,745	87,258
Sewerage	161,726	155,298
Irrigation	119	105
Trade waste	3,943	3,852
Total service charges	256,533	246,513
Usage charges		
Water	63,609	60,461
Irrigation	661	858
Trade waste	8,423	7,071
Other	1,590	1,239
Total usage charges	74,283	69,629
State government funded concessions	8,847	8,989
Other fees and charges including new connections	9,609	8,802
Total sales revenue	349,272	333,933
Other revenue		
Contributed assets and developer charges	30,966	29,428
Government grants	1,881	1,295
Interest received	627	526
Other	3,261	1,894
Total other revenue	36,735	33,143
Total revenue	386,007	367,076

Recognition and measurement

Revenue is measured at the fair value of the consideration received or entitled to receive in exchange for goods and services or completion of performance obligations.

Sale of water

Fixed water charges are either billed monthly or quarterly and are recognised on a monthly basis. Variable water sales are recognised when water is metered as passing from the Corporation's distribution system to the customer. Unbilled water sales is an estimate of the value of water supplied to the customer between the date of the last meter reading and the year end and is included in water income within sales revenue and in the Statement of Financial Position as a receivable.

Sewerage income

Fixed charges for the collection and treatment of sewage are either billed monthly or quarterly and are recognised on a monthly basis. Variable sewerage charges (industrial customers) are recognised when waste is metered as passing from the customer to the Corporation's collection system. Unbilled sewerage income (including trade waste) is an estimate of the value of sewerage treated on behalf of the customer between the date of the last meter reading and the year end, and is included in sewerage income within sales revenue and in the Statement of Financial Position as a receivable.

Grants

Grants are recognised when received, when the Corporation obtains control over the assets comprising the contributions, or at a point in time when the Corporation satisfies its performance obligations in the underlying agreement. Government grants are recognised as income over the periods necessary to match related costs. Government grants related to assets are recognised in the Statement of Financial Position as a deferred liability and are recognised as revenue on a systematic basis over the useful life of the asset.

Contributed assets and developer charges

Customer contributions, also known as contributed assets, and developer charges received for no consideration are recognised at fair value and treated as revenue when received, unless they are directly associated with an incomplete capital project, in which case they are included as a liability and capital work in progress in the Statement of Financial Position and recognised when the project is completed.

6 Expenses

The components of expenses for the year ended 30 June are as follows:

	2022	2021
	\$'000	\$'000
Raw material and consumables		
Power costs	12,018	12,300
Chemicals	9,595	8,729
Water commission rights	2,803	2,632
Total	24,416	23,661
Depreciation expenses		
Infrastructure assets	74,106	73,193
Buildings and leasehold improvements	1,204	1,402
Other assets	8,154	8,055
Total	83,464	82,650
Amortisation expenses		
Intangibles	7,470	9,817
Total	7,470	9,817
Right of use assets	1,242	1,886
Total depreciation and amortisation expenses	92,176	94,353
Employee and related expenses		
Remuneration and on-costs	111,506	106,862
Less capitalised salaries	(14,205)	(11,565)
Restructure costs	826	302
Other employee and related expenses	3,567	2,558
Total	101,694	98,157
Operations and maintenance expenses		
Maintenance and planning	49,928	49,354
Property costs	8,492	8,383
Motor vehicles	3,357	2,810
Other operations and maintenance	1,974	1,445
Total	63,751	61,992
Administration expenses		
Insurance	2,954	2,662
Billing costs	2,538	2,651
Property costs	202	290
Information systems and communications	8,633	8,214
Regulatory fees	3,498	2,391
Doubtful debt provision	489	(1,406)
Account adjustment provision	2,325	5,143
Other administration	4,520	5,413
Total	25,159	25,358
Finance expenses		
Interest expense - borrowings	19,970	18,937
Less amount capitalised ¹⁰	(4,678)	(1,780)
Interest expense - lease liabilities	394	417
Interest expense - superannuation	231	261
Total	15,917	17,835
Asset revaluation decrement		
Revaluation decrease on level 2 land and buildings	-	2,176
Total	-	2,176
Impairment expense		
Impairment expense on level 2 land	452	-
Total	452	-
Total expenses	323,565	323,532

¹⁰ Average capitalisation rate is 3.17 per cent per annum (2020-21: 3.11 per cent per annum)

Recognition and measurement

Leased property, plant and equipment

Leases of property, plant and equipment entered into before 1 July 2019 are classified as operating leases where the lessor retains substantially all of the risks and benefits of ownership. Lease payments are charged against profits in equal instalments over the lease terms..

Account adjustment provision

When an account adjustment is identified, the Corporation has an obligation under the Tasmanian Water and Sewerage Industry Customer Service Code to correct an overcharge from the first date of the overcharge. Account adjustments occur where the prices charged for a customer’s TasWater services are not reflective of actual services provided. These situations predominately occur due to legacy data that varied in veracity,

dating back to 2009 in some cases. The amount includes write-backs to revenue and interest (where applicable) for adjustments applicable to previous financial years. The Corporation has a project in progress to substantially address the accuracy of its installation data, which is due for completion by 30 June 2025.

All other account adjustments are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

Finance expenses

Finance expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance expenses are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

7 Contributed equity

	2022 shares '000	2022 amount \$'000	2021 shares '000	2021 amount \$'000
Ordinary shares issued and fully paid – councils				
Shares issued and fully paid:				
- Beginning of the period	90,000	1,527,814	90,000	1,527,814
- Share issue	-	-	-	-
Council shares issued and fully paid	90,000	1,527,814	90,000	1,527,814
Ordinary shares issued and fully paid - The Crown in Right of Tasmania				
Shares issued and fully paid:				
- Beginning of the period	3,000	60,000	2,000	40,000
- Share issue	2,000	40,000	1,000	20,000
Crown shares issued and fully paid	5,000	100,000	3,000	60,000
Total shares issued and fully paid	95,000	1,627,814	93,000	1,587,814
Total authorised share capital	100,000		100,000	

The Corporation has 30 shareholders, comprising 29 councils and the Tasmanian Government (the Crown in Right of Tasmania). The ordinary shares on issue rank *pari passu* (i.e. equally) in all respects, except for voting and dividend rights.

The Corporation’s Constitution prescribes particular voting requirements for certain matters, including:

- Special Majority resolutions (supported by at least 75 per cent of the members entitled to vote on the resolution)
- 75/75 resolutions (supported by at least 75 per cent of the number of members entitled to vote on the resolution, and by members holding (collectively) at least 75 per cent of the equity in the Corporation)
- Government Member resolutions (in which only the Crown’s Owner’s Representative is entitled to vote).

Other matters require the support of an Ordinary Majority of the number of members entitled to vote on the resolution, with the exception of the adoption of the Corporate Plan. The adoption of the Corporate Plan requires the support of an Ordinary Majority of members (excluding the Crown’s Owner’s Representative) and the Crown’s Owner’s Representative.

In terms of dividend rights, the Crown in Right of Tasmania is not entitled to any dividends, although would participate in the distribution of any surplus net assets in the event of a wind-up of the Corporation.

Recognition and measurement

Contributions received are recognised on receipt.

8 Dividends

On 29 September 2021, 3 December 2021 and 30 March 2022 the Board of the Corporation approved the payment of interim dividends to councils totalling \$15,000,000 (2020-21: \$5,000,000). The interim dividends were paid on 30 September 2021, 17 December 2021 and 31 March 2022.

On 25 May 2022, the Board approved the payment of a final ordinary dividend of \$5,000,000 (2020-21: \$5,000,000) and a special dividend of \$4,000,000 (2020-21: \$0). The final and special dividends were paid on 1 June 2022.

Dividends paid were distributed in accordance with each member’s equity proportions for distribution purposes as documented in Schedule 3 of the Corporation’s Constitution.

Recognition and measurement

Dividends payable are recognised when approved by the Board of the Corporation. In accordance with accounting standards, final dividends are not recognised in the financial statements unless they are declared prior to the balance date.

9 Current assets

9.1 Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank and on hand	2,900	2,878
Total cash and cash equivalents	2,900	2,878

The reconciliation of net profit to net cash provided by operating activities for the period ending 30 June is a follows:

Net profit	62,442	43,544
Depreciation and amortisation expenses	92,176	94,353
Revaluation decrement	-	2,176
Impairment expense	452	-
Grants of assets	(1,881)	(1,295)
Gain on sale of non-current assets	(652)	(504)
Contributed assets	(30,129)	(28,918)
Account adjustment provision	2,325	5,143

Changes in assets and liabilities		
(Increase)/decrease in receivables	(2,338)	(11,389)
(Increase)/decrease in inventory	(200)	31
(Increase)/decrease in prepayments	3	(1,245)
Increase/(decrease) in payables	2,090	(5,247)
Increase/(decrease) in employee benefits	(2,403)	826
Increase/(decrease) in unearned income	(762)	7,942
Cash inflows from operating activities	121,123	105,417

The reconciliation of cash and cash equivalents for the periods ended 30 June is as follows:

Cash at bank and on hand	2,900	2,878
Cash as per statement of cash flows	2,900	2,878

The reconciliation of liabilities arising from financing activities for the periods ending 30 June is as follows:

30 June 2022 liabilities	Cash flows			
	Opening balance \$'000	Cash received \$'000	Cash repayment \$'000	Closing balance \$'000
Borrowings	619,768	606,075	(490,932)	734,911

30 June 2021 liabilities	Cash Flows			
	Opening balance \$'000	Cash received \$'000	Cash repayment \$'000	Closing balance \$'000
Borrowings	579,603	406,500	(366,335)	619,768

Recognition and measurement

Cash and cash equivalents include cash on hand and in banks and investments in money market instruments that are readily convertible to cash on hand and that are used in the cash management function on a day-to-day basis. Cash assets are recognised at amortised cost.

9.2 Receivables

	2021 \$'000	2021 \$'000
Current receivables		
Contractual		
Trade receivables	28,747	26,620
Less allowance for impaired trade receivables	(7,915)	(7,633)
Unbilled water and sewerage income	12,508	11,947
Other current receivables	261	300
	33,601	31,234

Statutory		
GST input tax credit receivables	3,273	3,149
Total Current Receivables	36,874	34,383

Non-current receivables		
Contractual		
Deferred payment receivables	433	586
Total non-current receivables	433	586

Total receivables	37,307	34,969
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An ageing analysis of receivables is provided in Note 18.5

	2022 \$'000	2021 \$'000
Movement in expected credit loss in trade receivables		
Opening balance	(7,633)	(9,752)
Increase in allowance	(490)	(217)
Reversal of prior year write-off	-	1,624
Amounts written off during the year	208	712
Closing balance	(7,915)	(7,633)

Recognition and measurement

Contractual receivables, such as debtors and accrued revenue in relation to goods and services, are classified as financial instruments and are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment for expected credit losses. Settlement terms for customers range from 14 to 31 days from invoice date. Receivables include unbilled water and sewerage income.

Statutory receivables, such as goods and services tax (GST) input tax credit recoverable are not classified as financial instruments as they do not arise from contracts. They are recognised and measured similarly to contractual receivables (except for impairment).

The Corporation makes use of a simplified approach in accounting for trade and other receivables, and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Corporation used its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

9.3 Inventories

	2022 \$'000	2021 \$'000
Stores and consumables	9,095	8,794
Less allowance for obsolete stock	(533)	(432)
Total inventories	8,562	8,362

Recognition and measurement

Inventories comprise treated water on hand, where material, and stores and materials used in the construction of new works and for the repair and maintenance of existing assets. All inventories are valued at the lower of cost or net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost basis. Inventories include goods held for distribution at no or nominal cost in the ordinary course of business operations.

9.4 Assets classified as held for sale

	2022 \$'000	2021 \$'000
Land	-	40
Vehicles	92	77
Infrastructure	1	-
Total	93	117

Recognition and measurement

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

10 Property, plant and equipment

	2022 \$'000	2021 \$'000
Infrastructure assets – water		
At fair value	976,298	945,833
Accumulated depreciation	(276,330)	(258,673)
Net book value	699,968	687,160
Infrastructure assets – sewerage		
At fair value	1,386,703	1,352,915
Accumulated depreciation	(304,973)	(261,609)
Net book value	1,081,730	1,091,306
Freehold land		
At fair value	161,638	161,460
Accumulated impairment	(1,995)	-
Net book value	159,643	161,460
Buildings and leasehold improvements		
At fair value	34,776	33,107
Accumulated depreciation	(10,055)	(8,833)
Net book value	24,721	24,274
Other assets		
At cost	75,851	72,861
Accumulated depreciation	(46,541)	(42,248)
Net book value	29,310	30,613
Work in progress		
At cost	444,281	251,600
Net book value	444,281	251,600
Total property, plant and equipment	2,439,653	2,246,413

Recognition and measurement

The Corporation uses the revaluation methodology for all property, plant and equipment excluding other assets and works in progress in accordance with AASB 116 Property, Plant and Equipment and measures fair value in accordance with AASB 13 Fair Value Measurement.

Infrastructure, freehold land and building assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment losses, where applicable. The initial cost is determined as the purchase value of the asset at the date of acquisition plus costs incidental to the acquisition. Developer contributions received for no consideration are recorded at fair value. The cost of fixed assets constructed by the Corporation includes the cost of all materials used in construction, applicable finance expenses and the cost of direct labour on the project. Internal labour and other related costs may also form part of the project cost.

Other assets are stated at cost less accumulated depreciation and accumulated impairment adjustments. Other assets include motor vehicles, furniture, fittings, telemetry equipment and IT hardware.

The Corporation recognises subsequent costs in the carrying amount of the fixed asset, or recognised as a new fixed asset, only when it is probable that the future economic benefits embodied within the item will flow to the Corporation and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

Depreciation

Depreciation of property (other than land) and plant and equipment is calculated on an individually assessed economic life using the straight-line method of depreciation, so as to write off the net cost (or previously revalued amounts) of each asset over its expected useful life. The economic life of property (other than land) and plant and equipment is reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The assessed economic life of property, plant and equipment is summarised as follows:

Dams / earthworks	100 – 135 years	Buildings	40 – 85 years
Pipelines	30 – 140 years	Leasehold improvements	2 – 10 years
Civil / structural	30 – 100 years	Other assets	2 – 25 years
Other infrastructure	5 – 40 years		

Movements in carrying amounts

Asset group \$'000	Infrastructure assets - water at fair value Level 3	Infrastructure assets – sewerage At fair value Level 3	Freehold land at fair value Level 2	Freehold land at fair value Level 3	Buildings & leasehold improvements at fair value Level 2	Buildings & leasehold improvements at fair value Level 3	Other assets at cost	Assets under construction at cost	Total
Net book values as at 1 July 2021	687,160	1,091,306	158,007	3,453	14,937	9,337	30,613	251,600	2,246,413
Contributed assets at fair value	14,731	15,239	-	-	-	-	-	-	29,970
Additions at cost	610	1,798	-	-	-	-	-	247,438	249,846
Transfers from work in progress	27,756	17,526	183	20	1,547	104	7,621	[54,757]	-
Transfers between asset classes	11	3	-	-	-	-	[14]	-	-
Disposals	[333]	[2]	[25]	-	-	-	[664]	-	[1,024]
Impairment losses recognised through the asset revaluation reserve	-	-	[1,543]	-	-	-	-	-	[1,543]
Impairment losses recognised in the statement of comprehensive income	-	-	[452]	-	-	-	-	-	[452]
Assets transferred to held for sale	(1)	-	-	-	-	-	[92]	-	[93]
Depreciation expenses	[29,966]	[44,140]	-	-	[564]	[640]	[8,154]	-	[83,464]
Net book values as at 30 June 2022	699,968	1,081,730	156,170	3,473	15,920	8,801	29,310	444,281	2,439,653

Asset group \$'000	Infrastructure assets – water at fair value Level 3	Infrastructure assets – sewerage at fair value Level 3	Freehold land at fair value Level 2	Freehold land at fair value Level 3	Buildings & leasehold improvements at fair value Level 2	Buildings & leasehold improvements at fair value Level 3	Other assets at cost	Assets under construction at cost	Total
Net book values as at 1 July 2020	681,798	1,111,154	81,848	1,959	21,144	734	25,935	122,772	2,047,344
Contributed assets at fair value	15,876	13,765	-	-	-	-	-	-	29,641
Additions at cost	511	5,492	-	-	-	14	-	173,057	179,074
Transfers from work in progress	19,948	11,139	608	89	6	1,393	11,046	[44,229]	-
Transfers between asset classes	2,025	[8,619]	[417]	1,405	[4,722]	7,523	2,794	-	[11]
Disposals	[1,377]	[53]	[39]	-	-	-	[1,030]	-	[2,499]
Revaluation increment	-	-	76,047	-	-	-	-	-	76,047
Revaluation decrement	-	-	-	-	[416]	-	-	-	[416]
Assets transferred to held for sale	-	-	[40]	-	-	-	[77]	-	[117]
Depreciation expenses	[31,621]	[41,572]	-	-	[1,075]	[327]	[8,055]	-	[82,650]
Net book values as at 30 June 2021	687,160	1,091,306	158,007	3,453	14,937	9,337	30,613	251,600	2,246,413

Fair value hierarchy

All assets and liabilities for which fair value is measured are categorised within the fair value hierarchy, described as follows, and based on the lowest level inputs that are significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Revaluations

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in net profit in the Statement of Comprehensive Income, in which case the increase is credited to profit to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation is recognised in net profit in the Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

In measuring the fair values of fixed assets, freehold land and buildings (inclusive of leasehold improvements) are determined by independent valuers every three to five years, while the fair value of water and sewerage infrastructure assets is assessed annually, as at the end of each reporting period. The water and sewerage infrastructure assets are assessed more regularly due to the sensitivity of the fair value of these asset classes to changes in data inputs, assumptions and estimates adopted in the valuation technique.

Freehold land and building assets

All freehold land and non-infrastructure buildings were valued at 30 June 2021 by APV Valuers and Asset Management (APV) using a fair value approach. The fair value measurement of the freehold land and buildings has been categorised as Level 2 in the fair value hierarchy based on the inputs used in the valuation techniques. Level 2 of the hierarchy applies where the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

All land and residential buildings were valued utilising the direct comparison approach using evidence derived from the analysis of recent sales of properties similar to the subject property. The sales were analysed on both a sales price per square metre of land area and building area where applicable. The income approach was used where the building would be predominately bought by investors. The building was assessed by applying a yield to the potential return from the building based on market evidence analysed by APV.

During the year a parcel of freehold land was impaired, resulting in a \$1,994,999 decrease in the carrying value of freehold land assets. A total of \$452,355 was recorded as an impairment in the Statement of Comprehensive Income and \$1,542,644 was offset against the existing asset revaluation reserve as a reversal of previous revaluation increments. The impairment adjustment follows a decision to rationalise the infrastructure that resides on the parcel of the freehold land.

Infrastructure assets

Consistent with the prior year, the Corporation has determined the fair value of its infrastructure assets using the income approach. The income approach is considered the most appropriate valuation technique given the lack of active market for the specialised nature of the Corporation's infrastructure assets. The income approach converts expected future cash flows to a single current (i.e. discounted) amount from the perspective of a hypothetical market participant. In applying the income approach, the Corporation compared the carrying value of infrastructure assets to a range of fair values calculated by progressively modelling sensitivities to the following key assumptions and estimates based on unobservable inputs:

- Estimated future cash flows based on management's expectations about the possible variations in the amount and timing of the cash flows representing the uncertainty inherent in the estimation of cashflows projected over 10 years
- The Weighted Average Cost of Capital (WACC) discount rate developed from a market perspective
- Other factors that market participants would take into account in the circumstances.

Based on the outcome of the fair values determined under this approach, the Corporation has determined the existing values are the most representative of the fair value of the water and sewerage infrastructure assets at the end of the reporting period. As such, no valuation adjustment was required.

The fair value of the infrastructure assets has been categorised as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique. Level 3 of the fair value hierarchy applies where there is a lack of an active market for the asset, resulting in significant unobservable inputs being used to measure fair value.

The following table shows the key significant unobservable inputs used in the valuation technique and the relationship of each input with fair value measurement of the Corporation's infrastructure assets.

Unobservable input	Basis for inputs 30/06/2021	Basis for inputs 30/06/2022	Range of sensitivities to base considered	Relationship of unobservable inputs to fair value
Discount rate	Real pre-tax weighted average cost of capital of 4.39% per annum. The Risk Free Rate of 2.80% was calculated by taking into account the current yield on 10 year Commonwealth Government bonds, as well as the longer term expected yield.	Real pre-tax weighted average cost of capital of 3.65% per annum. The Risk Free Rate of 3.00% was calculated by taking into account the current yield on 10 year Commonwealth Government bonds, as well as the longer term expected yield.	None.	The higher the discount rate, the lower the fair value. The reduction in the discount rate compared to the prior year has been predominately driven by an increase in forecasted inflation and the Risk Free Rate.
Perpetuity factor (calculated by using the Gordon Growth formula)	10 year discount period with a terminal value, based on a perpetuity factor of 24.54 applied for subsequent years.	10 year discount period with a terminal value, based on a perpetuity factor of 33.35 applied for subsequent years.	None.	The higher the perpetuity factor, the higher the fair value. The increase in the perpetuity factor compared to the prior year has been predominately driven by a decrease in the Discount Rate.
Expected revenue growth	Based on the most recent revenue forecast and Corporate Plan estimates.	Based on the most recent revenue forecast and Corporate Plan estimates.	Fixed Water Revenue Growth range 2.50% to 3.50%. Fixed Sewerage Revenue Growth range 2.50% to 3.50%.	The higher the revenue growth rate, the higher the fair value.
Nominal average cost increase	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 2.34% per annum.	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 3.29% per annum.	None.	The higher the nominal average cost increase, the lower the fair value.
Nominal labour cost increase	Based on most recent expenditure forecast and Corporate Plan, incorporating a nominal average increase in labour related costs of 3.00% per annum.	Based on most recent expenditure forecast and Corporate Plan, incorporating a nominal average increase in labour related costs of 3.65% per annum.	None.	The higher the nominal average labour related cost increase, the lower the fair value.
Renewal capital expenditure	Capital expenditure as per most recent forecast and Corporate Plan estimates.	Capital expenditure as per most recent forecast and Corporate Plan estimates.	Water Renewal range 34% to 44% Sewerage Renewal range 56% to 66%.	The higher the renewal capital spend, the lower the fair value.

Cost disclosure

AASB 116 *Property, Plant and Equipment* requires that, when an asset class is carried at fair value, disclosure must be made of the carrying amount that would be recognised had it been carried under the cost method.

If plant and equipment were measured using the cost model, the carrying amounts at 30 June would be as follows:

As at 30 June 2022:							
Asset group \$'000	Infrastructure assets – water	Infrastructure assets – sewerage	Freehold land	Buildings and leasehold improvements	Other assets	Work in progress	Total
Cost	3,344,538	2,848,044	66,972	38,242	75,851	444,281	6,817,928
Accumulated impairment	-	-	(452)	-	-	-	(452)
Accumulated depreciation	(2,062,742)	(1,611,282)	-	(24,860)	(46,541)	-	(3,745,425)
Net carrying amount	1,281,796	1,236,762	66,520	13,382	29,310	444,281	3,072,051
As at 30 June 2021:							
Asset group \$'000	Infrastructure assets – water	Infrastructure assets – sewerage	Freehold land	Buildings and leasehold improvements	Other assets	Work in progress	Total
Cost	3,301,763	2,813,480	66,794	36,591	72,861	251,600	6,543,089
Accumulated depreciation	(1,977,844)	(1,533,595)	-	(20,421)	(42,248)	-	(3,574,108)
Net carrying amount	1,323,919	1,279,885	66,794	16,170	30,613	251,600	2,968,981

11 Intangibles

	2022 \$'000	2021 \$'000
Intangibles		
At cost	80,207	73,095
Accumulated amortisation	(56,505)	(49,580)
Net book value	23,702	23,515
Work in progress		
At cost	11,629	13,367
Total	11,629	13,367
Total intangibles		
	35,331	36,882

Movements in carrying amounts

	Intangibles \$'000	Work in progress \$'000	Total \$'000
Net book values as at 1 July 2021	23,515	13,367	36,882
Additions at cost	-	5,934	5,934
Disposal	(15)	-	(15)
Transfers from work in progress	7,672	(7,672)	-
Amortisation expenses	(7,470)	-	(7,470)
Net book values as at 30 June 2022	23,702	11,629	35,331
Net book values as at 1 July 2020	29,640	11,683	41,323
Additions at cost	-	5,365	5,365
Transfers from work in progress	3,681	(3,681)	-
Transfers between asset classes	11	-	11
Amortisation expenses	(9,817)	-	(9,817)
Net book values as at 30 June 2021	23,515	13,367	36,882

Recognition and measurement

Acquired separately

Separately acquired intangible assets comprise costs associated with the purchase and development of computer software. Intangible assets are initially recorded at their cost of acquisition. Cost is determined as the purchase value of the asset at the date of acquisition plus costs incidental to the acquisition, including direct labour costs.

Internally generated

Internally generated intangible assets comprise development costs associated with the development of specific business management systems. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset

- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the Statement of Comprehensive Income in the period in which it is incurred.

Amortisation

Amortisation of intangible assets is calculated on an individually assessed economic life using the straight-line method of amortisation, so as to write off the net cost (or previously revalued amounts) of each asset over its expected useful life. The estimated useful life of computer software is between two and 10 years.

12 Right of use assets

	2022 \$'000	2021 \$'000
Property		
At cost	11,442	11,436
Disposals	(161)	(115)
Accumulated depreciation	(3,586)	(2,532)
Net book value	7,695	8,789
Car Parking		
At cost	389	389
Accumulated depreciation	(64)	(37)
Net book value	325	352
Communication		
At cost	103	103
Accumulated depreciation	(44)	(29)
Net book value	59	74
Total right of use assets	8,079	9,215

Details on right of use asset movements during the year are provided in Note 15.

Recognition and measurement

The right of use asset is measured at cost at the commencement date. The cost of the right of use asset comprises the amount equal to the lease liability at its initial recognition, lease payments made at or before the commencement of the lease, any initial direct costs incurred and an estimate of cost incurred, in dismantling and removing the underlying asset.

Subsequent measurement

After the initial recognition, the Corporation will continue to measure the right of use asset applying the cost model.

13 Current and non-current liabilities

13.1 Payables

	2022 \$'000	2021 \$'000
Contractual		
Trade creditors	8,571	8,389
Accrued expenses	39,544	36,650
Total	48,115	45,039

Recognition and measurement

Trade creditors

Trade creditors are recognised at amortised cost when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services. Trade creditors are unsecured and are usually settled within 30 days of recognition.

Accrued expenses provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

13.2 Borrowings

All borrowings have been transacted through the Tasmanian Public Finance Corporation (TASCORP). The borrowings from TASCORP are secured by a floating charge over revolving assets and a fixed charge over all other collateral.

	2022 \$'000	2021 \$'000
Current borrowings	102,032	88,863
Non-current borrowings	632,879	530,905
Total borrowings	734,911	619,768

Credit facilities

At the 30 June, the Corporation had access to the following finance activities:

	2022 \$'000	2021 \$'000
Master loan borrowing limit - TASCORP		
Facility	850,000	735,300
Less used/committed	(734,911)	(619,768)
Unused facility	115,089	115,532
Corporate MasterCard		
Facility	300	300
Less used/committed	(32)	(20)
Unused facility	268	280

13.3 Unearned income

	2022 \$'000	2021 \$'000
Current		
Government grants	1,255	1,478
Customer contributions	69	61
Other	202	170
Total current	1,526	1,709
Non-current		
Government grants	35,193	35,772
Total non-current	35,193	35,772
Total unearned income	36,719	37,481

Recognition and measurement

Government grants

Government grants represent deferred and unearned income for the construction of assets to be used in operations and funds to be expended on specific projects. Income is recognised in the profit or loss on a straight- line basis over the useful life of the asset or the fulfilment of grant conditions.

13.4 Lease liabilities

	2022 \$'000	2021 \$'000
Current	458	485
Total current	458	485
Non-current	8,343	8,798
Total non-current	8,343	8,798
Total lease Liabilities	8,801	9,283

Recognition and measurement

The lease liabilities are initially measured at the present value of the lease payments that are outstanding at commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

Subsequent measurement

After the initial recognition, the measurement of the lease liability is affected by accruing interest on the liability, lease payments made, and remeasurement reflecting any reassessment or lease modification. Changes in the amount on remeasurement of the lease liability will be reflected as an adjustment to the right of use asset. However, if the carrying amount of the right of use asset is reduced to zero and if there is a further reduction in the measurement of the lease liability, the remaining amount will be recognised in the profit or loss.

13.5 Other liabilities

	2022 \$'000	2021 \$'000
Current		
Provision for rehabilitation	11,642	10,343
Provision for account adjustments	1,985	1,646
Total current	13,627	11,989
Non-current		
Provision for rehabilitation	7,140	8,337
Provision for account adjustments	2,552	3,497
Total non-current	9,692	11,834
Total other liabilities	23,319	23,823

Movement in provision

Opening balance	23,823	13,942
New provisions raised for account adjustments	2,325	5,143
New provisions raised for rehabilitation	198	3,605
Outflows for account adjustment during the year	(2,931)	-
Outflows for rehabilitation during the year	(864)	(20)
Re-measurement for rehabilitation	768	1,153
Closing balance	23,319	23,823

Recognition and measurement

Rehabilitation

The Corporation assesses on an annual basis whether there is an obligation to establish a provision for site rehabilitation taking into account plant or other activity, such as dam decommissioning or asset rationalisation, which has occurred through the year or planned for future years. The amount to be provisioned will include the cost of necessary works to rehabilitate the site to conditions nominated in statute or government regulations or to satisfy community or other expectations. When appropriate, the future rehabilitation costs may be discounted by a present value technique.

Account adjustments

When an account adjustment is identified, the Corporation has an obligation under the *Tasmanian Water and Sewerage Industry Customer Service Code* to correct an overcharge from the first date of the overcharge. Account adjustments occur where the prices charged for a customer's TasWater services do are not reflect actual services provided. These situations predominately occur due to legacy data that varied in veracity, dating back to 2009 in some cases. The amount to be provisioned includes the estimated account adjustment including interest (where applicable). Where appropriate the account adjustment provision has been discounted by a present value technique.

The Corporation used its historical experience and forward-looking information to calculate the expected account adjustments using a provision matrix.

14 Reserves

14.1 Asset revaluation reserve

	2022 \$'000	2021 \$'000
Asset revaluation reserve	370,463	372,020
Movement in reserve		
Opening balance	372,020	294,252
Disposals - level 2 assets	-	(34)
Disposals - level 3 assets	(14)	(5)
Revaluation increment - level 2 assets	-	77,807
Impairment decrement - level 2 assets	(1,543)	-
Closing balance asset revaluation reserve	370,463	372,020

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets – refer to Note 10.

14.2 Hedging reserve

	2022 \$'000	2021 \$'000
Hedging reserve	-	212
Movement in reserve		
Opening balance	212	-
Disposals - level 1 assets	(212)	
Additions - level 1 assets	-	212
Closing balance hedging reserve	-	212

The hedging reserve is used to record increments and decrements on the movement in foreign exchange rates related to financial instruments – refer to Note 18.4.

Total movement in reserves	(1,769)	77,980
Total reserves	370,463	372,232

15 Leases

The Corporation has leases for a number of offices, depots and treatment facility sites, car parking, and IT communication equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments that do not depend on an index or a rate (such as lease payments based on a percentage of sales) are excluded from the initial measurement of the lease liability and asset.

Leases of office and depot property generally have a lease term ranging from two years to five years. However, most leases of land where infrastructure property is situated are generally expected to be a minimum of 10 years to 20 years. Lease payments are generally linked to annual changes in an index e.g. national CPI; a limited number of leases have fixed annual increases.

The table below describes the nature of the Corporation's leasing activities by type of right of use asset recognised on the balance sheet:

Right of use asset at 30 June 2022	Right of use assets leased Number	Range of remaining term Years	Average remaining lease term Years	Leases with extension options Number	Leases with options to purchase Number	Leases with variable payment options Number	Leases with termination options Number
Property	13	1 - 27	8	11	-	-	2
Car parking	3	3 - 19	14	3	-	-	-
Communication	1	4	4	-	-	-	-
Total	17			14	-	-	2

Right of use asset at 30 June 2021	Right of use assets leased Number	Range of remaining term Years	Average remaining lease term Years	Leases with extension options Number	Leases with options to purchase Number	Leases with variable payment options Number	Leases with termination options Number
Property	15	1 - 28	7	14	-	-	2
Car parking	3	2 - 20	15	3	-	-	-
Communication	1	5	5	-	-	-	-
Total	19			17	-	-	2

Right of use assets

Additional information on the right of use assets by class of assets is as follows:

Asset class at 30 June 2022	Opening balance \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Impairment \$'000	Closing balance \$'000
Property	8,790	159	(53)	(1,200)	-	7,696
Car parking	352	-	-	(27)	-	325
Communication	73	-	-	(15)	-	58
Total	9,215	159	(53)	(1,242)	-	8,079

Asset class at 30 June 2021	Opening balance \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Impairment \$'000	Closing balance \$'000
Property	9,586	1,164	(115)	(1,845)	-	8,790
Car parking	36	342	-	(26)	-	352
Communication	88	-	-	(15)	-	73
Total	9,710	1,506	(115)	(1,886)	-	9,215

The right of use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Lease liabilities

Lease liabilities are presented in the statement of financial position as current and non-current liabilities. Refer to note 13.4.

The undiscounted maturity analysis of lease liabilities at 30 June is as follows:

Minimum lease payments due									
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-25 years	Over 25 years	Total
at 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease payments	824	767	720	723	702	3,107	5,903	15	12,761
Finance charges	(366)	(347)	(330)	(313)	(296)	(1,221)	(1,087)	-	(3,960)
Total	458	420	390	410	406	1,886	4,816	15	8,801

Minimum lease payments due									
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10-25 years	Over 25 years	Total
at 30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Lease payments	872	832	765	718	721	3,232	6,455	32	13,627
Finance charges	(387)	(365)	(346)	(329)	(312)	(1,302)	(1,301)	(2)	(4,344)
Total	485	467	419	389	409	1,930	5,154	30	9,283

Lease payments not recognised as a liability

The Corporation has elected not to recognise a lease liability for short-term leases (expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis as follows:

	2022 \$'000	2021 \$'000
Short term leases	-	-
Leases of low value assets	55	50
Total	55	50

16 Employee benefits

	2022 \$'000	2021 \$'000
Current		
Annual leave	10,148	9,527
Long service leave	10,958	10,615
Accrued days off	347	258
Defined benefit superannuation	496	727
Total current	21,949	21,127

Non-current		
Long service leave	2,678	3,474
Defined benefit superannuation	4,315	6,744
Total non-current	6,993	10,218

Total employee benefits	28,942	31,345
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The employee benefits provision at 30 June 2022 included attributable on-costs and superannuation of \$4,138,516 (2020-21: \$3,999,785).

Defined benefits superannuation plans

Statement of financial position results as at 30 June – net liability/(asset)	Spirit Super		RBF		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current net liability/(asset)	-	-	496	727	496	727
Non-current net liability/(asset)	(1,011)	(219)	5,326	6,963	4,315	6,744
Total	(1,011)	(219)	5,822	7,690	4,811	7,471

Movement in Net Defined Benefit Liability/Asset	Spirit Super		RBF		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Net defined benefit liability/(asset) at start of year	(219)	962	7,690	8,075	7,471	9,037
Defined benefit cost recognised in profit and loss	369	436	267	279	636	715
Defined benefit (gain)/cost (remeasurement) recognised in other comprehensive income	(796)	(1,235)	(1,549)	(305)	(2,345)	(1,540)
Employer contributions	(365)	(382)	(586)	(359)	(951)	(741)
Net defined benefit liability/(asset) at end of year	(1,011)	(219)	5,822	7,690	4,811	7,471

	Spirit Super		RBF		Total	
	2022	2021	2022	2021	2022	2021
Reconciliation of Fair value of scheme assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets at beginning of the year	14,220	12,696	1,803	1,585	16,023	14,281
Employer contributions	365	382	586	359	951	741
Contributions by plan participants	186	192	22	20	208	212
Taxes and expenses paid	(104)	(105)	(1)	-	(105)	(105)
Benefits paid	(437)	(1,387)	(715)	(455)	(1,152)	(1,842)
Expected return on plan assets (including interest income)	209	164	(97)	294	112	458
Expected assets at year end	14,439	11,942	1,598	1,803	16,037	13,745
Actuarial gain/(loss) on assets	(297)	2,278	-	-	(297)	2,278
Individual plan assets at year end	14,142	14,220	1,598	1,803	15,740	16,023

Actual return on plan assets	(88)	2,442	(97)	294	(185)	2,736
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As separate assets are not held for each entity, the actual return includes any difference in the allocation to each entity.

	Quadrant		RBF		Total	
	2022	2021	2022	2021	2022	2021
Present value of the defined benefit obligations	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations at beginning of the year	14,001	13,658	9,493	9,660	23,494	23,318
Current service cost	372	421	33	33	405	454
Interest cost	206	179	289	294	495	473
Contributions by plan participants	186	192	22	20	208	212
Taxes and expenses paid	(104)	(105)	(1)	-	(105)	(105)
Benefits paid	(437)	(1,387)	(715)	(455)	(1,152)	(1,842)
Expected defined benefit obligations at year end	14,224	12,958	9,121	9,552	23,345	22,510
Actuarial loss/(gain) on liabilities	(1,093)	1,043	(1,701)	(59)	(2,794)	984
Present value of defined benefit obligations at end of the year	13,131	14,001	7,420	9,493	20,551	23,494

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.

Recognition and measurement

Wages, salaries, annual leave, long service leave, accrued days off and time in lieu

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, accrued days off and time in lieu when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits that are expected to be settled within 12 months of the reporting date are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits that are not expected to be settled within 12 months of the reporting date are measured at the present value of the estimated future cash outflows to be made by the Corporation in respect of the benefits provided at the reporting date.

Superannuation

The Corporation makes contributions to two defined benefit superannuation plans, Quadrant Superannuation Scheme (Quadrant) and the Retirement Benefits Fund (RBF). Quadrant was transferred into Tasplan (now known as Spirit Super from 1 April 2021), with effect from 1 December 2015, via a successor fund transfer that leaves the Corporation's superannuation obligations substantially unchanged.

Spirit Super and RBF are defined benefit funds where members receive benefits on ceasing employment that are (at least in part) calculated as a multiple of the member's final average salary. Benefits from the Spirit Super Fund are paid as lump sums while RBF's benefits may be paid as lump sums or as pensions. No new employees join either of these defined benefit funds.

As at 30 June 2022, the Corporation's actuaries (GM Actuaries Pty Ltd in the case of Spirit Super and Mercer (Australia) in the case of RBF) conducted a valuation of the Corporation's defined benefit superannuation liabilities. The difference between the value of these benefits and the market value of the assets for the relevant members determines the Corporation's superannuation liability (if fund liabilities exceed the assets) or asset (if fund assets exceed the liabilities).

The Corporation also makes superannuation contributions for a number of its employees to another Spirit Super sub-fund, the Spirit Super Defined Benefits Fund. The Spirit Super Defined Benefits Fund is a multi-employer sponsored plan, where the fund's assets and liabilities are pooled and are not allocated by employer. The actuary is therefore unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 34 of AASB 119 *Employee Benefits*, the Corporation does not use defined benefit accounting for these contributions.

The Corporation also contributes to a number of complying accumulated benefit superannuation funds in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cth). Contributions to accumulation funds are expensed as the contributions are paid or become payable. The Corporation has no ongoing responsibility to fund any deficiencies that may occur in those funds.

17 Compensation of key management personnel

	2022	2021
	\$	\$
Directors		
Short-term	495,233	492,191
Post-employment (superannuation)	49,524	46,757
Total directors	544,757	538,948
Other key management personnel		
Short-term ¹¹	2,810,420	2,541,555
Movement in accrued leave	(215,583)	36,402
Post-employment (superannuation)	214,405	207,396
Termination benefits	183,068	99,479
Total other key management personnel	2,992,310	2,884,832
Total compensation of key management personnel	3,537,067	3,423,780

¹¹ Short-term benefits includes base salary, and where applicable, vehicle allowances.

Further details on the remuneration of key management personnel can be found in the remuneration report which forms part of the Directors' Report.

18 Financial instruments

18.1 Managing financial risk

The Corporation's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Corporation uses different methods to measure and manage the different financial risks. The Board has the primary responsibility to set appropriate policies to manage these risks. This note presents information about the Corporation's exposure to each of these risks, and the objectives, policies and processes for measuring and managing risk.

18.2 Financial assets and financial liabilities

AASB 9 *Financial Instruments* classifies financial assets and liabilities by the Corporation's business model for holding the particular asset and its contractual cash flows.

Categories of financial assets and financial liabilities at balance date were:

Financial instruments	Notes	Classification	Carrying amount at 30 June 2022 \$'000	Carrying amount at 30 June 2021 \$'000
Financial assets				
Cash and cash equivalents	9.1	Amortised cost	2,900	2,878
Contractual receivables	9.2	Amortised cost	34,034	31,820
Total			36,934	34,698
Financial liabilities				
Payables	13.1	Amortised cost	48,115	45,039
Borrowings	13.2	Amortised cost	734,911	619,768
Total			783,026	664,807

Recognition and measurement

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

Financial assets are classified as cash and cash equivalents and receivables. The Corporation does not currently hold, nor is it likely to hold, any financial assets classified 'at fair value through the Statement of Comprehensive Income' or 'held-to-maturity' investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Loans and receivables exclude statutory receivables.

Impairment of financial assets

The Corporation makes use of a simplified approach in accounting for trade and other receivables, and it records expected credit loss at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Corporation used its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Impairment of receivables is calculated as a percentage of overdue receivables balances at year end after taking into account specific customer segments with reference to future payment likelihood. Debts are written off when collection is no longer probable. Impairment losses are recognised in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through the Statement of Comprehensive Income' or 'other financial liabilities'. Currently, the Corporation does not hold financial liabilities classified 'at fair value through the Statement of Comprehensive Income'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

18.3 Interest rate risk

The objectives of the Corporation's interest rate risk management policy are to contain the potential adverse financial impact from unfavourable movements in interest rates, predominantly associated with interest bearing liabilities, and to capture the potential for reducing costs by management of the Corporation's debt. The Corporation's interest rate risk is managed by setting borrowings with terms and maturity structures that reflect the medium and longer-term capital requirements and tariff structures of the Corporation. The aim of interest rate risk management is to minimise the longer-term cost of borrowings by adopting debt portfolio maturities and to spread debt between fixed and floating instruments. Debt is sourced from TASCORP and is managed within a range of Board-approved limits, with debt levels and interest being monitored regularly. The Corporation has not engaged hedging as part of its financial risk management strategy.

The Corporation has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rates.

The following table details the Corporation's exposure to interest rates risk as at 30 June.

	Variable interest rate	Fixed interest rate maturing in			Non-interest bearing	Total carrying amount	Weighted average
at 30 June 2022	\$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000	\$'000	\$'000
Financial assets							
Cash at bank	2,900	-	-	-	-	2,900	1.10%
Contractual receivables	-	-	-	-	34,034	34,034	
Total financial assets	2,900	-	-	-	34,034	36,934	
Financial liabilities							
Payables	-	-	-	-	(48,115)	(48,115)	
Borrowings	(41,000)	(61,032)	(270,538)	(362,341)	-	(734,911)	3.17%
Total financial liabilities	(41,000)	(61,032)	(270,538)	(362,341)	(48,115)	(783,026)	
Net financial (liabilities) assets	(38,100)	(61,032)	(270,538)	(362,341)	(14,081)	(746,092)	

	Variable interest rate	Fixed interest rate maturing in			Non-interest bearing	Total carrying amount	Weighted average
at 30 June 2021	\$'000	<1 year \$'000	1-5 years \$'000	>5 years \$'000	\$'000	\$'000	\$'000
Financial assets							
Cash at bank	2,878	-	-	-	-	2,878	0.35%
Contractual receivables	-	-	-	-	31,820	31,820	
Total financial assets	2,878	-	-	-	31,820	34,698	
Financial liabilities							
Payables	-	-	-	-	(45,039)	(45,039)	
Borrowings	(28,500)	(60,363)	(220,905)	(310,000)	-	(619,768)	3.11%
Total financial liabilities	(28,500)	(60,363)	(220,905)	(310,000)	(45,039)	(664,807)	

Net financial (liabilities) assets	(25,622)	(60,363)	(220,905)	(310,000)	(13,219)	(630,109)
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The table on page 107 and above highlights that the Corporation's total exposure to variable interest rates at 30 June 2022 was a net liability of \$38,100,337 (2020-21: \$25,622,468).

There is sufficient volatility in interest rates, and it is reasonably possible rates may change over the next 12 months. The table below shows the impact on net profit and equity of a 1.5 per cent increase and a 1.5 per cent decrease in interest rates (2020-21: 0.25 per cent).

	30 June 2022		30 June 2021	
	Net profit higher/ (lower) 1.5% increase \$'000	Net profit higher/ (lower) 1.5% decrease \$'000	Net profit higher/ (lower) 0.25% increase \$'000	Net profit higher/ (lower) 0.25% decrease \$'000
Interest rate sensitivity				
Cash and cash equivalents	44	(44)	7	(7)
Interest bearing liabilities - variable	(722)	722	(113)	113
Total	(678)	678	(106)	106

18.4 Foreign exchange risk

The Corporation is exposed to an insignificant foreign currency risk relating to purchases of supplies and consumables from overseas. While there is a limited amount of purchases denominated in foreign currencies, the risk is further reduced by a short-term timeframe between commitment and settlement.

If a significant foreign currency exposure arises, a Board-approved Treasury Management Policy authorises the use of derivative instruments to limit the effect of foreign currency movements. The Board received independent specialist advice in developing the adopted Treasury Management Policy.

The Corporation has entered into several foreign exchange hedging contracts to reduce its risk exposure to foreign currency movements in the procurement of overseas equipment for the Bryn Estyn Water Treatment Plant (WTP) capital upgrade. The approved hedging strategy for projected exposures to the USD and Euro incorporated a combination of Forward Exchange Contracts (FEC) and Options and have been treated as cash flow hedges.

A realised foreign exchange loss in the current year of \$147,605 (2020-21: \$1,145,803) has been accounted for as a non-financial asset, as it is considered capital in nature given it is directly attributable to the Bryn Estyn WTP capital upgrade. The foreign exchange loss has been fully offset by lower contract prices and engineering gains.

The fair value assessment of the outstanding FECs has resulted in no foreign exchange losses at 30 June 2022 (2020-21: loss \$211,744).

18.5 Credit risk

Exposure to credit risk arises from the potential default of a counterparty with respect to the Corporation's financial assets. Financial assets include cash and cash equivalents, trade and other receivables. As identified in Note 18.2, the Corporation's maximum exposure to credit risk at reporting date was \$36,934,150 (2020-21: \$34,697,128).

Credit risk is measured at fair value. All receivable balances are monitored on an ongoing basis. Trade receivables consist of a large number of customers and industries over the region. The Corporation does not hold any collateral over any trade receivable.

For cash at bank, it is the Corporation's policy to only deal with Australian banks with a minimum Standard and Poor's long-term credit rating of A. The ratings of counterparties are monitored on an ongoing basis.

Provision for impairment is recognised for receivables when there is objective evidence that the receivable is uncollectable. Usually this refers to default of payment, customer hardship or other financial difficulty.

The ageing of the Corporation's contractual receivables at reporting date was:

	30 June 2022		30 June 2021	
	Gross \$'000	Impaired \$'000	Gross \$'000	Impaired \$'000
Receivables				
Not past due	26,982	(2,374)	24,637	(2,202)
0 - 30 days	4,161	(539)	3,826	(498)
31 - 60 days	1,182	(233)	1,020	(190)
61 - 90 days	891	(222)	1,021	(245)
91 days and over	8,733	(4,547)	8,949	(4,498)
Total	41,949	(7,915)	39,453	(7,633)

18.6 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

While the Corporation has a negative working capital position of \$135,243,778 at 30 June 2022, its operating cash flows are strong. The deficiency in working capital is due to the existence of current borrowings of \$102,032,294 with short-term maturities. These debt maturities will be refinanced in line with the Corporation's Treasury Management Policy, which seeks to spread interest rate risk by having approximately 1/10th of the portfolio repricing on an annual basis. If the current borrowings are excluded, the working capital deficiency reduces to \$33,211,484.

The following tables identify the contractual maturities on rollover of financial liabilities at reporting date. The figures are undiscounted cash flows, including both principal and interest payments.

	3 months or less \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	> 5 years \$'000	Total \$'000
at 30 June 2022						
Payables	48,115	-	-	-	-	48,115
Borrowings	48,611	75,989	80,398	258,447	375,715	839,160
Total	96,726	75,989	80,398	258,447	375,715	887,275

	3 months or less \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	> 5 years \$'000	Total \$'000
at 30 June 2021						
Payables	45,039	-	-	-	-	45,039
Borrowings	39,388	68,409	77,793	198,087	333,862	717,539
Total	84,427	68,409	77,793	198,087	333,862	762,578

18.7 Net fair value

The Corporation has not disclosed a movement schedule for Level 3 items in the hierarchy, as there have been no transactions for the year ended 30 June 2022. The fair value of financial assets and financial liabilities at year end were:

Category	30 June 2022		30 June 2021	
	Total carrying amount per the statement of financial position \$'000	Aggregate net fair value \$'000	Total carrying amount per the statement of financial position \$'000	Aggregate net fair value \$'000
Financial assets				
Cash at bank	2,900	2,900	2,878	2,878
Receivables	34,034	34,034	31,820	31,820
Total financial assets	36,934	36,934	34,698	34,698
Financial liabilities				
Payables	48,115	48,115	45,039	45,039
Borrowings	734,911	698,012	619,768	657,716
Total financial liabilities	783,026	746,127	664,807	702,755

The methods and assumptions used to determine these net fair values of the financial assets and liabilities are as follows:

Cash, cash management and term deposits – the carrying amount approximates fair value due to the short-term nature of the instrument;

Receivables, trade creditors and accruals – the carrying amount approximates fair value;

Borrowings – are carried at amortised cost which is different to net fair value due to market rate sensitivity of the debt portfolio as at 30 June 2022. Borrowings held until maturity are paid at the carrying amount;

Derivative financial assets – the carrying amount is at fair value.

18.8 Capital management policy

The Corporation has established a Capital Expenditure Program necessary to achieve business objectives as outlined within its Long Term Strategic Plan (2021-22 to 2029-30). The Corporation manages capital to achieve those objectives within financially prudent gearing thresholds while being mindful of providing acceptable returns to shareholders, where possible.

19 Related party disclosures

19.1 Director and key management personnel transactions

A list of directors and senior executives who held positions with the Corporation during the financial year ended 30 June 2022 and up to the date of this report is provided in the directors' Report on page 4.

There were no loans made by the Corporation to any Director or key management personnel, or their related parties during the financial year.

Some directors and key management personnel, or their related parties, transacted with the Corporation in the reporting period as owners of properties to which the Corporation provides water and sewerage services. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to other customers.

There were no related party transactions requiring disclosure.

20 Commitments

20.1 Capital commitments

Capital commitments as at 30 June but not provided for in the financial statements were as follows:

	2022 \$'000	2021 \$'000
Payments within 1 year	21,980	28,055
Payments 1-5 years	1,035	300
Total capital commitments	23,015	28,355

Reconciliation of capital commitments

Building and infrastructure	20,710	23,609
Plant and equipment	1,431	2,744
Intangibles	874	2,002
Total capital commitments	23,015	28,355

20.2 Lessor income agreements

	2022 \$'000	2021 \$'000
Lease income recognised during the period	541	488
Operating lease commitments		
Income within 1 year	477	504
Income 1-5 years	1,168	1,466
Income longer than 5 years	1,026	1,275
Total lease income commitments	2,671	3,245

Future lease commitments represent income receivable in relation to operating leases for office accommodation and land.

21 Contingent assets/liabilities

The Corporation was not aware of any material contingent assets or liabilities at the time of finalising the Financial Report.

22 Remuneration of auditors

	2022 \$'000	2021 \$'000
Financial Statement audit services		
External statutory audit fee	134	129
Total	134	129

List of acronyms	
AAR	Audit and Risk Committee
AASB	Australian Accounting Standards Board
ALARP	As Low as Reasonably Practical
ANCOLD	Australian National Committee on Large Dams
APV	APV Valuers and Asset Management
ASX	Australian Stock Exchange
CDO	Capital Delivery Office
COVID-19	Coronavirus Disease 2019
DoH	Department of Health (Tasmania)
EPA	Environment Protection Authority (Tasmania)
EPH	Environment and Public Health Committee
FEC	Forward Exchange Contract
FMCG	Fast Moving Consumer Goods
FTE	Full-Time Equivalent
GST	Goods and Services Tax
IWD	International Women's Day
LoT	Limit of Tolerability
LSIP	Launceston Sewer Improvement Plan
LTIFR	Lost Time Injury Frequency Rate
ML	Megalitres
NRE Tas	Department of Natural Resources and Environment (Tasmania)
ORG	Owners' Representatives Group
PASS	Problem Accepted Solution Supplied
PCC	People, Culture and Community Committee
PIP	Productivity Improvement Program
PSP4	Price and Service Plan 4
RAP	Reconciliation Action Plan
RBF	Retirement Benefits Fund
ShellMAP	Shellfish Market Access Program
STP	Sewage Treatment Plant
TASCORP	Tasmanian Public Finance Corporation
TER	Tasmanian Economic Regulator
TERHAP	Tamar Estuary River Health Action Plan
TRIFR	Total Recordable Injury Frequency Rate
UTAS	University of Tasmania
UV	Ultraviolet
VET	Vocational Education and Training
WACC	Weighted Average Cost of Capital
WIOA	Water Industry Operators Association of Australia
WSCA	Water and Sewerage Corporation Act 2012 (Tasmania)
WTP	Water Treatment Plant
WWRMP	Wastewater Risk Management Plan





Annual Report 2021–22

© TasWater 2022 | ABN 47 162 220 653
E: enquiries@taswater.com.au | P: 13 6992
GPO Box 1393, Hobart, Tasmania 7001
taswater.com.au

