



Working together to protect  
Tasmania's most precious resource.



TasWater proudly acknowledges the traditional  
and original owners of this land lutruwita,  
the Tasmanian Aboriginal people,  
pays respect to those who have passed before us,  
and acknowledges today's Tasmanian Aboriginal people,  
who are the custodians of this land.

The careful and effective management of  
Tasmania's most precious resource is a role  
we take very seriously, because water is an  
essential part of every Tasmanian's life.

For our homes, our agriculture, our  
industry, our health and even our  
enjoyment - we all depend on the ready  
supply of quality drinking water, and  
efficient removal and treatment of sewage.

Our economy depends on it.  
Our ecosystems depend on it.  
Tasmania's clean, natural brand  
depends on it.  
Our lives depend on it.

  
**taswater**



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# Welcome

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# About TasWater

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

As at 30 June 2021, our workforce comprised 919 full-time equivalent (FTE) employees distributed across the South, North and North-West of Tasmania.

We are governed by the *Corporations Act 2001* 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*.

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

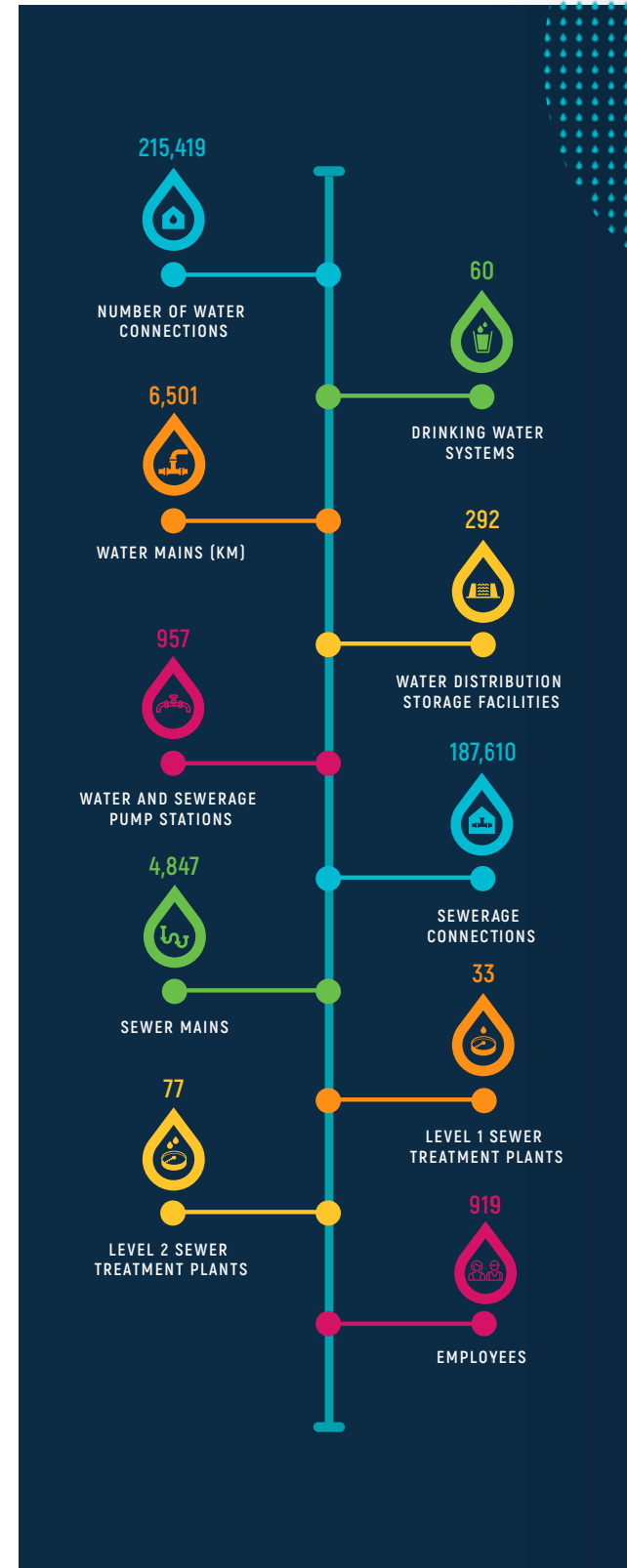
- *Water and Sewerage Industry Act 2008*
- *Water and Sewerage Corporation Act 2012*
- *Environmental Management and Pollution Control Act 1994*
- *Public Health Act 1997*
- *Land Use Planning and Approvals Act 1993*
- *Water Management Act 1999*
- TasWater's Constitution and
- Shareholders' Letter of 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 Primary Industries, Parks, Water and Environment (DPIPWE)

We also have key stakeholder relationships with several other regulatory bodies, including ShellMap.

## Business snapshot as at 30 June 2021



General Manager Service Delivery  
David Hughes-Owen and Media  
Officer North Elanor Watt at the  
Mt Leslie WTP in Blackstone Heights  
Credit: Peter Mathew







Senior Engineer Vinaykumar Patel  
Credit: Peter Mathew

Our vision

As part of the refresh of our Long-Term Strategic Plan that was undertaken during the financial year, our strategic vision was streamlined as: "To be trusted, respected and making a positive difference in Tasmania".

The key essence of the vision has remained unchanged since we commenced operations on 1 July 2013 and reflects our strong desire to focus on what really matters for our customers, Owners and the community.

To achieve this vision, we continue to remain focused on delivering four key customer promises that are outlined in our refreshed *Long-Term Strategic Plan 2021-2030*:

- Deliver a positive customer experience to you
- Provide you with safe drinking water and manage your sewage in an environmentally responsible way
- Build culture and skills for the long-term benefit of Tasmania
- Give you value for money.

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 members. The functions, duties and responsibilities of the ORG are outlined in TasWater's Constitution 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 Tony Foster AM OAM JP (part year) Councillor Leigh Gray (part year)
Burnie City Council	Mayor Steven Kons
Central Coast Council	Mayor Jan Bonde <sup>3</sup>
Central Highlands Council	Deputy Mayor Jim Allwright
Circular Head Council	Mayor Daryl Quilliam
Clarence City Council	Mayor Doug Chipman <sup>1</sup>
Derwent Valley Council	Mayor Ben Shaw
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	Mayor Kristie Johnston (part year) Tony McMullen (part year)
Hobart City Council	Councillor Will Coats
Huon Valley Council	Mayor Bec Enders
Kentish Council	Mayor Tim Wilson
Kingborough Council	Mayor Dean Winter <sup>3</sup> (part year) Gary Arnold (part year)
King Island Council	Councillor Jim Cooper
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 <sup>3</sup>
Southern Midlands Council	Councillor Tony Bisdee OAM <sup>3</sup>
Tasman Council	Mayor Kelly Spaulding
Waratah-Wynyard Council	Mayor Robby Walsh
West Coast Council	Mayor Phil Vickers (part year) David Midson (part year)
West Tamar Council	Councillor Richard Ireland <sup>2</sup>
The Crown in Right of the State of Tasmania	Tony Ferrall (part year) <sup>3</sup> David Bailey (part year) <sup>3</sup>

<sup>1</sup> Chief Owners' Representative  
<sup>2</sup> Deputy Chief Owners' Representative  
<sup>3</sup> Member of Board Selection Committee (part year or full year)

# From the Chairman and CEO



**DR STEPHEN GUMLEY AO**  
**CHAIRMAN**



**MR MICHAEL BREWSTER**  
**CHIEF EXECUTIVE OFFICER**

**In its eighth year of operations, TasWater celebrated several major achievements that will provide the foundation for sustained success over coming years as the business continues to deliver towards its vision – “to be trusted, respected and making a positive difference in Tasmania”.**

The clear highlight of the financial year was in June 2021 when the Rossarden Water Treatment Plant (WTP) won the 2021 award for the Best Municipal Water in the World at the Berkeley Springs International Water Tasting event in West Virginia, USA.

This is the first time that water from Australia has won this prestigious international title, which was awarded just over three years after the town of Rossarden had its Do Not Consume public health notice removed.

Receiving this international award is a clear testament to the quality of the staff and operations of both TasWater and its key supplier Trillity. It also demonstrates the ongoing benefits that TasWater's investment in infrastructure is providing the Tasmanian community.

Importantly, the last twelve months saw a significant acceleration in delivery of TasWater's capital program, with \$177.6 million invested in improving water and sewerage infrastructure across the state.

This included \$34.3 million on the Bryn Estyn water treatment plant upgrade, TasWater's largest ever capital project with a total project budget of \$243.9M. This important plant has reached the end of its life and the upgrade will secure quality drinking water to the greater Hobart area for the next 50 years.

It is a clear example of where the TasWater Capital Delivery Office (CDO) is complementing the skills and expertise of TasWater staff and delivering long-term benefits to the Tasmanian community.

Several important projects were also completed during the financial year, including the Latrobe Sewerage Network upgrade and augmentation, the Wellington Street Sewage Pump Station (SPS) upgrade in George Town and the Prince of Wales Sewage Treatment Plant (STP) primary digester roof replacement in Hobart.

The acceleration of the capital program reflects ongoing efforts to embed the TasWater CDO into TasWater business-as-usual operations and ensure the capital program is delivered as effectively as possible.

Consistent with this focus, a decision was made in December 2020 for TasWater to resume responsibility for simpler, lower cost infrastructure projects. This decision has streamlined delivery of these projects and enabled the CDO to focus on larger projects for which it is best suited.

During 2020-21, a significant volume of planning and investigation activities for major projects was completed, creating a solid pipeline of executable projects for years to come.

The progress made during the financial year has TasWater well positioned to deliver the \$1.8 billion of capital works envisaged in the 2018 Memorandum of Understanding with the Tasmanian Government that is now incorporated in the Shareholders' Letter of Expectations.

It would not be possible to meet this commitment in the stated timeframe without the standing up of the CDO. This model is also directly supporting the Tasmanian economy, with over 80 per cent of the total value of packages awarded by the CDO to 30 June 2021 placed to 417 Tasmanian-based suppliers.

It is also important to recognise the important financial contributions made by others.

This includes the Tasmanian Government's contribution towards the cost of relocating the Macquarie Point STP and the Tamar Estuary River Health Action Plan (part of the Launceston Combined System project). The Australian Government and City of Launceston have also committed substantial funding towards the latter project.

The health and safety of the public, staff and contractors remains TasWater's highest priority.

A major improvement in this area was delivered in 2020-21 following a disappointing result the prior year with the Total Recordable Injury Frequency Rate (TRIFR) reduced by 48 per cent.

Notwithstanding this positive result, there is further work to do to become a Zero Harm organisation and health and safety will remain a key strategic focus over coming years.

Pleasingly, TasWater's customers continue to express satisfaction with the service provided, with 98 per cent of customers expressing satisfaction with TasWater's Customer Service Team during 2020-21.

As a result of an ongoing focus on resolving customer enquiries at the first point of contact, a further reduction in complaints was achieved whilst improving the overall management of complaints by implementing a new complaints tracking system.

This does not mean the organisation has done enough, just that it is on the right path and intends to further improve outcomes for customers over coming years.

Another key achievement during 2020-21 was submission of TasWater's Price and Service Plan 4 (PSP4) proposal to the Tasmanian Economic Regulator.

This proposal sets out the prices, services, projects and outcomes TasWater intends to deliver over the period 1 July 2022 to 30 June 2026. It involved extensive engagement with customers and stakeholders over the last two years.

To truly be trusted and respected by customers, TasWater must broaden its strategic focus in relation to the natural environment.

During the financial year, development of a new Environment Strategy commenced that will outline TasWater's long-term goals and priorities in this area. A Climate Change Strategy is also in development that will guide TasWater's response to the strategic challenges associated with a changing climate.

The achievements made during 2020-21 were delivered against the backdrop of ongoing uncertainty relating to the COVID-19 pandemic and associated border closures in other Australian states.

While Tasmania has been relatively unaffected by community transmission of COVID-19 over the last twelve months, the threat of a future outbreak remains.

Staff continue to practice physical distancing and heightened hygiene procedures to keep customers, other staff and the community safe. TasWater has also adopted new ways of working, including a hybrid working model of on-site and remote work for employees.

Like many businesses, TasWater took a conservative approach to developing its 2020-21 financial projections. This included a number of provisions that recognised the risk of potential further financial impacts arising from the pandemic.

As these impacts did not materialise to the extent that were budgeted, TasWater's financial performance for 2020-21 significantly outperformed budget with a net profit of \$43.5 million achieved.

As a result, TasWater paid an interim dividend of \$5.0 million to its Owners in February 2021 and a final dividend of \$5.0 million was also made in June 2021.

Looking beyond 2020-21, TasWater's refreshed Long-Term Strategic Plan 2021-2030 identifies several strategic challenges and opportunities that are expected to influence TasWater's operating environment over the remainder of this decade.

These include climate change, greater competition for scarce water resources, the changing needs and expectations of customers, maintaining a sound financial position and providing a safe and vibrant workplace through periods of global uncertainty such as COVID.

Urban water security remains an important strategic issue with the corporation engaging with the Tasmanian Government on the importance of long-term sustainable allocations. Poor quality catchments also have the potential to increase costs for Tasmanian customers to ensure drinking water is of sufficient quality.

TasWater also continues to provide timely advice and support on water supply options for the Tasmanian Government's Renewable Hydrogen Action Plan. This includes the provision of a supply side options report to assist the Tasmanian Government with its commonwealth funding submission for a Bell Bay hydrogen hub.

While these areas will require ongoing strategic focus over coming years, TasWater is already well placed to respond as a result of the progress that has been made in recent years.

In closing, it is important to recognise the ongoing commitment, professionalism and efforts of staff and contractors throughout the financial year. TasWater has also appreciated the ongoing support of its Owners during a challenging and uncertain period.





Water Services Operator  
Mark Marriott  
Credit: Peter Mathew

# Our Year in Review



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# Our year in review

## JULY 2020

- Pilot program commences for staff to return to site at 20 per cent of building capacity.
- A new complaints management system was implemented within TasWater's Integrated Risk Information Software (IRIS) system. The system reduces the risk of staff missing committed actions and limited visibility of decisions and outcomes.

## SEPTEMBER 2020

- TasWater's 24glasses – Regional Towns Water Supply Program, was named the Tasmanian winner of the annual Australian Engineering Excellence Awards (AEEA) for 2020. The program resulted in the removal of all public health alerts on drinking water in 2018.
- TasWater partnered with the University of Tasmania (UTAS) for the Science and Engineering Challenge for 2020. TasWater is playing an important role in increasing the skills and capability of the state's workforce.

## NOVEMBER 2020

- TasWater launched its annual water conservation program raising the awareness of the need to conserve water as Tasmania entered the warmer months and in preparation for bushfire season.
- TasWater's H2Go project won the TasICT award for Project of the Year. This award recognises the collaborative and innovative approach taken to development of the application, particularly within TasWater's Service Delivery and Digital and Technology teams.
- Stephen Westgate (Senior Water Quality Scientist) is awarded the Australian Water Association's (AWA) 2020 Tasmanian Water Professional of the Year with Adela Parnell (Asset Management Systems Lead) being awarded the AWA 2020 Tasmanian Young Water Professional of the Year.
- The TasWater Summer Intern Program commenced in November 2020 and ran until February 2021. The 12-week paid program allowed university students to gain work experience and insights into the water and sewerage services industry.

## JANUARY 2021

- The prestigious UTAS Steve Balcombe Scholarship for 2021 is awarded to Jes Lewincamp, a student enrolled to complete a Bachelor of Engineering at UTAS. Now in its 21st year, the scholarship provides financial and training support to a student studying in an area relevant to the water industry.
- The Risdon Brook Dam Park reopens to the public after significant restoration and improvement works. The park had been closed for some time due to areas damaged by multiple wet weather and storm events in June 2020.

## MARCH 2021

- TasWater permanently closed its three remaining shop fronts in Moonah, Devonport and Launceston. Like many organisations, TasWater first closed its shop fronts in March 2020 to limit the risk to customers and staff posed by COVID-19.  
Since that time most feedback from customers showed that their needs were being satisfied through TasWater's other methods of contact.
- Five graduates kick started their careers at TasWater through a new rotational based program. This program provides graduates with the full experience of being employed at TasWater, working in different areas of the organisation.
- TasWater took the opportunity to shine a light on the importance of water to celebrate World Water Day. This year's theme was 'valuing water' and we encouraged all Tasmanians to recognise that although most of us have safe, reliable and great tasting water coming out of our taps – it is not limitless.
- TasWater supported the UTAS Science and Engineering Challenge for 2021. TasWater was pleased to support the Challenge and play its part in inspiring the workforce of the future in the fields of science, technology, engineering and mathematics (STEM).

## MAY 2021

- TasWater works with the Tasmanian Government to provide inflow wastewater samples for testing as part of the state's COVID-19 monitoring program. The testing, results, data and notifications are managed by the Department of Health.
- TasWater welcomes the TER's State of the Industry Report for 2019-20 which recognises consistent and improved performance outcomes across key areas despite the impacts of COVID-19.
- Next stage of work commences to relocate the Macquarie Point STP.
- Upgrade works completed to improve the reliability of the Wellington Street SPS in George Town.

## AUGUST 2020

- The next phase of works for TasWater's largest WTP upgrade commenced. The Bryn Estyn WTP upgrade will lead to greater surety of water supply to residents of Hobart and its surrounding suburbs for years to come. The upgrade is scheduled for completion in 2023.
- Ben Halton (Wastewater Treatment Plant Operator) is recognised as the Water Industry Operators Association of Australia (WIOA) Operator of the Year for 2020. Luke Chivers (Water Services Operator) was also recognised as the 2020 WIOA Young Operator of the Year.

## OCTOBER 2020

- TasWater's Rossarden Water Treatment Plant in the Northern Midlands takes out the top prize in the Ixom Best Tasting Tap Water in Australia competition.

## DECEMBER 2020

- TasWater resumes direct responsibility for delivering lower-risk, low-complexity capital works, including those that require a level of urgency.
- As part of Tourism Tasmania's Make Yourself at Home campaign, TasWater partnered with Tourism Tasmania to encourage employees to make themselves at home and enjoy everything the state has to offer over summer.
- Bridport placed on Stage 1 water restrictions due to the increased demand on the town's water supply during the annual influx of summer holiday visitors and the longer-term weather patterns in the region.

## FEBRUARY 2021

- Stage 1 water restrictions lifted at Bridport earlier than planned due to good river flows and lower than historic demand.
- TasWater appeared before the Legislative Council Select Committee to share further information on its operations and performance.

## APRIL 2021

- Essential infrastructure upgrades begin at the Upper Reservoir Dam in the Waterworks Reserve to increase surety of water supply for our Hobart customers. The Upper Reservoir Dam is around 130 years old and is critical to Hobart's water supply. The works will include upgrading and improving the dam while maintaining its heritage elements.

## JUNE 2021

- TasWater's Price and Service Plan 4 proposal is provided to the TER following two years of engagement with customers and key stakeholders.
- TasWater's Rossarden WTP was declared the best tasting in the world after taking out the award for Best Municipal Water for 2021 at the Berkeley Springs International Water Tasting event in West Virginia, United States.
- TasWater officially completed the Latrobe Sewer Network upgrade ahead of schedule. The network upgrade will lead to a reduction in sewer spills during heavy rainfall events, protecting the health of the local community and the environment.



# Major Capital Projects

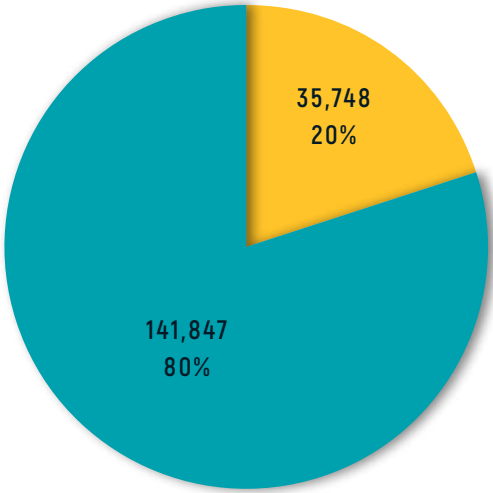
On-site construction works at the Bryn Estyn WTP at Plenty (near New Norfolk), TasWater's largest ever capital project  
Credit: Prime Perspectives



2020-21 Top 10 projects by spend

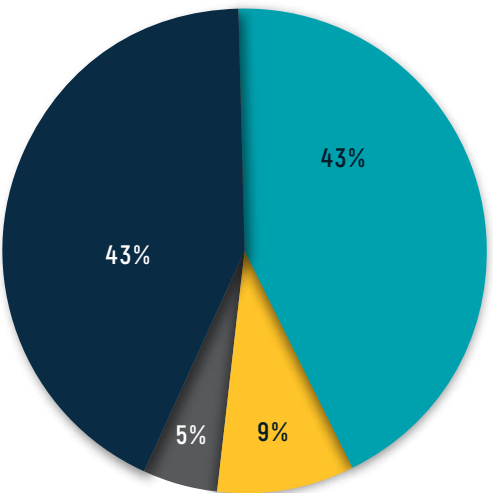
Project	Region	Total 2020-21 \$000
Bryn Estyn water treatment plant upgrade (New Norfolk)	South	34,285
Northern Midlands Sewerage Improvement Plan Longford STP Upgrade	North	16,403
Hendersons Dam Rising (Whitemark)	North	7,487
Latrobe Sewerage System	North West	5,028
UV Program - Stage 1 - Phase 1 (Burnie, Distillery, North Esk)	Statewide	3,573
Upper Reservoir Dam Upgrade (Hobart)	South	3,514
Booth Avenue Sewer Main Upgrade Stage 2 (Glenorchy)	South	2,822
Blackstone Rd SPS Upgrade (Blackstone Heights)	North	2,479
Lake Mikany Dam Upgrade (Smithton)	North West	2,036
Wellington St SPS upgrade (George Town)	North	1,852

2020-21 CDO/TasWater Spend (\$'000)



- Capital Delivery Office
- TasWater

2020-21 Spend by Driver (\$'000)



- Compliance
- Renewal
- Growth
- Improvement





The Rosny STP re-use water scheme supplies Westland Nurseries in Seven Mile Beach.  
(L) Director/General Manager of Westland Nurseries, Mark Van der Staay with (R) Senior Environmental Scientist – Biosolids, Jack Albert  
Credit: Peter Mathew

# Customers and Community

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# Customers and Community

Key performance indicators			
KPI	Result 2020-21	Target 2020-21	Result 2019-20
Customer Satisfaction with Customer Service Team	98%	90%	97%
Calls answered within 30 seconds	92%	85%	83%
First Point Resolution	95%	90%	92%
Complaints per 1,000 connected properties	4.7	11.0	6.1
Complaints processed within 10 business days	93%	90%	98%
Development Applications processed within 14 days	99%	98%	99%
Building and Plumbing Applications processed within 14 days	99%	98%	97%

## Customer service

Our Customer Service Team continued to deliver a seamless experience for customers during 2020-21 despite the challenges associated with COVID-19 restrictions experienced early in the financial year.

For the full financial year, the number of calls taken by our Customer Service Team's amounted to 138,121 compared to 168,291 for the year prior. The variance reflects the unexpected increase in calls that was experienced in 2019-20.

Pleasingly, the number of calls answered within 30 seconds increased to 92 per cent compared to 83 per cent in 2019-20, and was comfortably above the regulated service standard of 85 per cent.

As a result of our ongoing focus on resolving customer enquiries at the first point of contact, First Point Resolution of customer calls increased to 95 per cent for the financial year, exceeding the target of 90 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 28,000 customers provided feedback through our post call survey.

## Shop front closures

On 19 March 2020, we closed our three shop fronts located at Moonah, Launceston and Devonport in response to the COVID-19 pandemic.

The initial closure period provided the opportunity to consider the extent to which customers' needs were being met through alternative channels. Only seven per cent of customer interactions were attributed to shop fronts during 2019-20, compared to other communication channels such as phone (62 per cent) and e-mail (23 per cent).

Accordingly, a decision was made in March 2021 to close the shop fronts permanently. This change was communicated to our customers and key stakeholders, including contacting each customer who accessed a shop front in the twelve months prior to March 2020 to make sure they were aware of alternative options.

Automated visitor check-in centres have now been made available in previous shop front spaces.

## Supporting vulnerable customers

After expanding our Customer Support Program during 2019-20 in response to COVID-19, we continued to provide increased support for our customers experiencing financial difficulties during 2020-21.

This included ongoing COVID-19 support throughout the year for both residential and business support customers as well as continued improvements through our Retail Value Creation Program.

During the financial year, a total of 357 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 2021, we had 459 customers actively enrolled in our Customer Support Program.



Members of the Tasmanian community at Risdon Brook Park, north-east of Hobart.  
Credit: Peter Mathew

## Customer complaints

Implementation of a new complaints management system drove further improvement in our complaints management performance during 2020-21.

The total number of complaints for 2020-21 was 1,012, a reduction of 21 per cent from the 1,285 complaints received in the previous financial year. The number of formal reportable complaints received by the Tasmanian Ombudsman also reduced by 50 per cent.

Of the total complaints received, 93 per cent were processed within 10 business days, exceeding our target of 90 per cent.

## Customer billing

Including regular quarterly customer bills, invoices, and letters we issue more than 880,000 notices each year.

During 2020-21, over 30 per cent of our customer accounts and notices were issued via either email or BPAY, an increase of eight per cent from 2019-20. More than 99 per cent of our bills were issued on time.

In October 2020 we launched an eNotices campaign to encourage customers to make the switch from paper to digital notices. We also continued to encourage customers to adopt alternative payment channels following the decision to permanently close our shop fronts.

As at 30 June 2021, 14,180 customers were paying their account via direct debit arrangements, an increase of 40 per cent compared to last year.

## Customer and community engagement

During the financial year, we remained committed to engaging 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.

Community engagement during the first six months of 2020-21 was heavily impacted by the restrictions associated with COVID-19.

However, as restrictions were relaxed in the second half of the financial year we were able to engage 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.

Highlights of our engagement with customers, stakeholders and the community during the financial year include:

- Ongoing engagement with customers and community groups to inform the development of our Price and Service Plan 4 proposal
- Directly engaging with 30 community groups across the state
- Holding successful community meetings in Pioneer and Bruny Island
- Engaging with the Tasmanian construction industry on revised contractual terms and conditions with the CDO
- Partnering with the Macquarie Point Development Corporation and the Royal Tasmanian Botanical Gardens to deliver the Water Source community education event
- Recommencing site tours with select groups of UTAS environmental chemistry students as well as a professional development day with Australia Water Association young water professionals
- Restarting the portable water fountain program for community groups to utilise free of charge at their events
- Continuing our graffiti reduction and public art program





Credit: Peter Mathew

### Customer communications

During 2020-21, we continued to communicate with our customers to raise awareness of the measures in place to help those customers who may be experiencing financial difficulties relating to COVID-19.

We also highlighted projects being undertaken in regional areas to ensure that customers could see the link between our long-term capital plan and the benefits delivered in their area.

Throughout the financial year, we continued to increase the use of low-cost social media channels to emphasise the quality and reliability of the services our customers receive.



Credit: Peter Mathew

## Enhanced customer experience

Prior to 1 July 2020 formal complaints were tracked manually via a spreadsheet. This approach presented several risks, including the potential for staff to miss committed actions, a lack of ownership and limited visibility of decisions and outcomes.

To overcome these issues a new complaints management system was implemented on 1 July 2020 in our IRIS system.

The new system has proven its capability and effectiveness in providing a streamlined, smart and effective repository for complaints with comprehensive and extensive reporting capability.

The ability to assign investigations and committed actions with clear measurable and reportable timeframes has resulted in nil instances of missed actions and has allowed us to proactively engage customers and keep them informed of progress against commitments.

The system also provides timely, simple reporting of complaint data allowing us to work across teams to identify trends and potential areas for further investigation to feed into planned maintenance, policy development and capital spending. Every resolved complaint stored in the system is, in effect, building a database of invaluable case scenarios to refer to as required to ensure transparency and consistency in our approach to similar situations if/where appropriate or for learning purposes.

The system is assisting in building more effective relationships with our customers where they trust we will do what we say we are going to do.





Heavy snowfall near the  
Cradle Mountain WTP  
Credit: Terry Coates



## Water and Environment

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# Water and Environment

Water level indicator  
at Mt Leslie WTP  
Credit: Peter Mathew



## Key performance indicators

KPI	2020-21 Actual	2020-21 Target	2019-20 Actual
Percentage of customers with access to safe drinking water	100%	100%	100%
Percentage of compliant fluoride systems	84%	97%	85%
Compliant volume of treated sewage	90%	90%	90%
Number of dams above the Limit of Tolerability <sup>4</sup>	4	3	4

### Drinking water quality

During 2020-21 we achieved full microbiological compliance with the Tasmanian Drinking Water Quality Guidelines for a third year in a row. This means that all of our customers had access to safe drinking water as at 30 June 2021.

As part of our ongoing focus on drinking water quality, we continued to progress several strategies and projects during the financial year. Key areas of focus included the maintenance of chlorine residual levels throughout the network, critical control monitoring and reservoir cleaning.

The provision of safe drinking water to our customers relies on the health of drinking water catchments. We have therefore continued to advocate for the protection of our natural resources over the last twelve months and sought to better understand emerging challenges to drinking water catchments.

Fluoride compliance performance remained well below target for 2020-21 due to ongoing issues at a number of dosing stations. This does not pose a risk to public safety, and options continue to be explored to improve our performance in this area.

### Water surety and conservation

Recognising the growing importance of water security as a strategic issue for our business, a major body of work was completed during the financial year to ensure that we continue to appropriately manage our water supplies both today and into the future.

As part of this work, we developed a Demand Management Strategy to identify actions to support an acceptable level of water surety for all regions across Tasmania. We also commenced a program of technical assessments to improve surety of supply on the east coast of Tasmania.

During the financial year, we continued to educate our customers on the value of conserving water through our annual water conservation program. Pleasingly, water conservation is increasingly being seen by our customers as a mutual responsibility shared by individuals, governments and TasWater.

To meet the expectations of our customers for effective and efficient water services delivery, we also developed a Non-Revenue Water Reduction Strategy aimed at reducing the percentage of unaccounted water in our systems.

<sup>4</sup> The Limit of Tolerability is an assessment of tolerable levels of societal risk specified in guidelines administered by the Australian National Committee on Large Dams.



Project Manager, ADS Environmental Services, Manfred Faust installing flow gauges as part of the Tamar Estuary River Health Action Plan.  
Photo credit - Jade Higgs

### Climate change

The changing climate remains one of the biggest strategic risks facing TasWater and the broader water industry, with lower rainfall and higher temperatures expected to have a material impact on drinking water supplies over coming years.

During 2020-21, we commenced development of a Climate Change Adaptation and Mitigation Strategy to better understand how climate change might affect the way we work both now and into the future. This strategy will establish a coordinated approach to mitigating climate change risks and identifying options to reduce our emissions.

We have also continued to work with the Tasmanian Government, Government Business Enterprises and the scientific community in relation to potential future climate-related disclosures under a framework aligned to the Taskforce for Climate Related Disclosures. Potential changes to our disclosures will be considered once the Climate Change Adaptation and Mitigation Strategy has been developed.

### Environmental focus

Since TasWater commenced on 1 July 2013, our priority has been to deliver safe drinking water and responsible sewerage services to our customers.

However, we recognise that we need to broaden our strategic focus to accommodate the growing expectations of customers, regulators and other stakeholders in relation to the management of our broader environmental obligations.

During 2020-21, we commenced development of an overarching Environment Strategy that will outline our long-term goals and priorities in relation to the natural environment. This new strategy is expected to be completed during 2021-22.

### Support for the shellfish industry

The shellfish industry makes an important contribution to Tasmania's economy and we continue to work with the industry to minimise our impact on their operations to the extent that is feasible and practical.

During 2020-21, key focus areas were improved data and information sharing, pre-emptive mitigation measures, prioritisation of projects by risk, inflow and infiltration reduction and stakeholder engagement. Areas of future focus will be improving spill awareness and delivering planned capital upgrades to sewer pump stations.





Senior Operator Sebastian Newman and Coordinator North West Services Travis Walker  
Credit: Peter Mathew



Coordinator Central North Damien Lavelle at Rossarden WTP  
Credit: Elanor Watt

## Case Study

### STP environmental reporting and performance

As at 30 June 2021, we owned and operated 110 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.

During 2020-21, significant progress was made on the upgrade of the Longford STP to improve treatment reliability and reduce our odour footprint. Upgrades to the digester at the Prince of Wales STP were also completed and will improve biogas safety and management of that system.

Over the last twelve months, we revised our Environmental Risk Assessment (ERA) for Level 2 STP discharges to assess the risk of treated effluent discharges. We also continued to progress risk reduction projects for STPs assessed to be of high risk to the environment.

We complete weekly compliance sampling at the 13 largest Level 2 STPs and report annually to the EPA on our performance relating to sewage and environmental management. For 2020-21, our STP environmental compliance performance was 90.4 per cent for our Level 2 STPs.

During 2020-21 we were issued with two Section 92 notices from the EPA, one of which resulted in an Environmental Infringement Notice (EIN) being issued in July 2021. This EIN was issued for Prince of Wales Bay STP for failure to notify of a process malfunction.

### Dam safety

We have in excess of 300 water and wastewater dams, lagoons and weirs that fall under the definition of a dam under the *Water Management Act 1999*. As at 30 June 2021, thirty-nine of our dams have consequence categories of Significant and above, largely relating to legacy issues associated with their age. Four dams were above the Level of Tolerability for societal risk. These are being managed under mitigation plans agreed with the Tasmanian Dam Safety Regulator and are regularly reported to the Board.

To ensure that our dams remain safe for both our staff and the Tasmanian community, over the last twelve months we have continued to deliver an improvement program that has been approved by the Dam Safety Regulator. Interim risk mitigation measures are also in place to reduce risks whilst the required improvements are made.

Key activities undertaken during this period include:

- Commencement of major upgrade works at Mikany Dam (Smithton) and Henderson Dam (Flinders Island)
- Continuation of upgrade works at Upper Reservoir Dam (Hobart)
- Submission and approval of a decommissioning permit for Waratah Dam (Waratah) due to safety concerns relating to the dam
- Commencement of major compliance investigations at Blackmans Dam No.1 and No.2 (Oatlands/Interlaken) and Lower Reservoir Dam (Hobart)
- An independent review of the previous structural analysis undertaken on the Ridgeway Dam (Hobart).

During the financial year, one dam safety non-compliance was recorded relating to a small embankment that presented a potential failure risk. The Dam Safety Regulator was notified in accordance with the *Water Management Act 1999* and actions have been taken to address the potential failure risk.

## World's best tasting water

### Rossarden Water Treatment Plant

Water from one of our regional WTPs won the 2021 Best Municipal Water in the World at the Berkeley Springs International Water Tasting event in West Virginia, USA. The global event, held in June 2021, featured water from five continents, 14 countries and 19 US states.

The water from our Rossarden WTP was chosen to compete in the international awards after the Water Industry Operators Association of Australia announced it as the winner of the Ixom Best Tasting Tap Water in Australia in October 2020.

The Plant was built and run in partnership with Trility, who ensured it was operating at a high standard.

This is the first-time water from Australia has ever won this prestigious award and is international recognition that TasWater is delivering great tasting, safe and reliable drinking water to Tasmania's regional communities at a world-class standard.

For Rossarden to have the best tasting drinking water in the world is an extraordinary result considering that just over three years ago the town was under a Do Not Consume notice.

This changed when Rossarden became part of our 24glasses Regional Towns Water Supply Program which was completed in 2018.

The program saw 29 towns and drinking water systems removed from public health alerts through the installation of 17 new WTPs, 16 reservoirs and more than 70 kilometres of new trunk mains.

Equitable access to safe, clean and reliable water supply underpins the health, wellbeing and economy of our communities, and was the driving motivation behind the 24glasses program.





# Our People and Culture

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# Our People and Culture

## Key performance indicators

KPI	2020-21 Result	2020-21 Target	2019-20 Result
Lost-Time Injury Frequency Rate (LTIFR)	2.8	2.4	2.9
Total Recordable Injury Frequency Rate (TRIFR)	9.4	12	18.2
Leadership Walks Undertaken	1,427	1,300	1,293
FTEs as at 30 June 2021	919 <sup>5</sup>	866	869
Employees with accrued leave in excess of 40 days	149	140	161

<sup>5</sup> FTE levels being higher than target was due, in part, to increased Electrical and SCADA contractors not being accounted for in initial targets.

### Safety performance

At the end of the financial year, our TRIFR was 9.4, a significant improvement on the 2019-20 result of 18.2 and well below our target of less than 12. The 12-month rolling LTIFR also decreased slightly to 2.8 from the result of 2.9 in 2019-20.

These improved results were driven, in part, by an increase in the number of Leadership Walks and Safety Conversations undertaken by our senior managers, which have proven to be an effective lead indicator of our overall safety performance.

Nine Notifiable events were reported to WorkSafe Tasmania in 2020-21, compared to five in the previous year. Of the nine events, eight involved contractors or actions by a member of the public. This highlights the need to continue to focus on contractor management, identifying high-risk hazards and undertaking assurance activities to determine and review control effectiveness.

### Health and safety initiatives

In December 2018, we joined the global campaign Vision Zero as a Zero Harm company. Since that time, our vision has been to achieve Zero Harm to our people, contractors and the Tasmanian community by being relentless in our focus on safety in all that we do.

During the last twelve months, we have continued to deliver towards our Zero Harm vision through implementation of our Health and Safety Improvement Plan. Highlights of our progress during the financial year include:

- Implementation of a Safety Leadership and Accountabilities framework that clearly defines safety accountabilities at each level of the business
- Continuing to develop solutions and redesign work processes to reduce exposure to tasks that can produce soft tissue injuries

- The establishment of additional dedicated health and safety resources within the Service Delivery Division to assist in meeting health and safety requirements
- A review of the majority of our Fatal Risk Control Standards
- Scoping and development of a new Fatigue Management Standard
- Delivery of our Hazardous Substance Management Project to improve awareness and management of hazardous substances
- Establishment of online Contractor and Employee Safety inductions.

### New Ways of Working

A positive impact from the disruption to our operations presented by COVID-19 in early 2020 was the new ways of working and greater opportunities for virtual collaboration that emerged.

To maintain these benefits, we launched a New Ways of Working pilot in October 2020 that considered how we could work effectively under a hybrid model of on-site and remote work.

Staying committed to a constructive culture, we used a Blue Bus approach that focused less on the team our people work in and more on the work they do and being in the office for connecting, collaborating and creating with others.

Major achievements for 2020-21 included formalisation of a New Ways of Working Policy, development of a Flexible Work Policy and implementation of new systems for desk bookings and external visitor check-in.

As at 30 June 2021, the majority of our people were continuing to operate under a hybrid model of on-site and remote work.



Senior Operator Sebastian Newman  
at the Sisters Beach STP.  
Credit: Peter Mathew





Senior Engineer Pankaj Mistry with leak detection equipment.  
Credit: Peter Mathew

### Inclusion and diversity

TasWater remains committed to developing a diverse and inclusive workplace in which employees feel valued and respected, share a sense of belonging and pride and can contribute to their fullest regardless of gender, culture background or experience.

As part of our ongoing commitment to inclusion and diversity, a Welcome to and Acknowledgement of Country Handbook was provided to our staff in May 2021. The Handbook provides general information about the process of Welcome to and Acknowledgement of Country, as well as how they are done, why to do them and when to do them.

For many of our staff, the fear of getting it wrong was creating a barrier to engagement and the Handbook is therefore expected to empower staff to engage more with traditional owners.

### Retirement and career planning

TasWater currently employs over 130 staff that are over the age of 60, equating to around 14 per cent of our total workforce.

Recognising that heading into retirement can be a daunting process, we partnered with TasPlan (now Spirit Super) during the financial year to offer our staff the opportunity to attend a transition to retirement information session.

We also conducted a successful second year of the Envisage Your Future program that provides a structured framework for our staff to consider their career and retirement options. As at 30 June 2021, over 80 staff had attended workshops as part of this program.

### Intern program

During the financial year, six interns participated in our 12 week paid intern program. This program provides university students in their second to last year of study with an opportunity to gain work experience across TasWater in areas including engineering, human resources, communication and environmental science and obtain a valuable insight into our industry.

### Staff recognition

The sixth year of our Splash reward and recognition program saw six individuals or teams receive Silver Splash awards for going above and beyond in helping our business or as representatives of TasWater in the wider community.

As at 30 June 2021, we had 60 employees working towards a qualification. These qualifications include the Diploma of Leadership & Management, Diploma of Project Management, Certificate IV in Leadership & Management, Certificate III in Customer Contact, Certificate III in Water Treatment (Combines both water and wastewater) and Certificate III in Network Operations.

### Steve Balcombe Scholarship

The Steve Balcombe Scholarship is offered by TasWater to support a student studying in an area relevant to the water industry such as engineering, environmental science and earth science.

It 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 21st recipient of the Scholarship in 2021 was Jes Lewincamp from Hobart, who has just completed year 12 at Hobart College and is enrolled to study engineering at UTAS.



## COVID 19 – Returning to work

An incident was declared in mid-March 2020 to ensure that we responded appropriately and effectively to the COVID-19 pandemic. An Incident Management Team (IMT) was established and a number of programs, procedures and protocols were developed to ensure uninterrupted delivery of safe drinking water and removal and treatment of sewage. The safety and wellbeing of staff, contractors and stakeholders was equally important, with guidelines implemented for workplace safety based on advice from authorities such as WorkSafe Tasmania and the State Government.

As restrictions started to ease from July 2020, the focus was for office-based staff to return to site in a safe manner. Office-based sites reopened in a phased manner from August 2020 onwards with seating and occupancy requirements as outlined in WorkSafe Tasmania guidelines. A COVID-19 Safety Plan was also implemented that aligned with these guidelines.

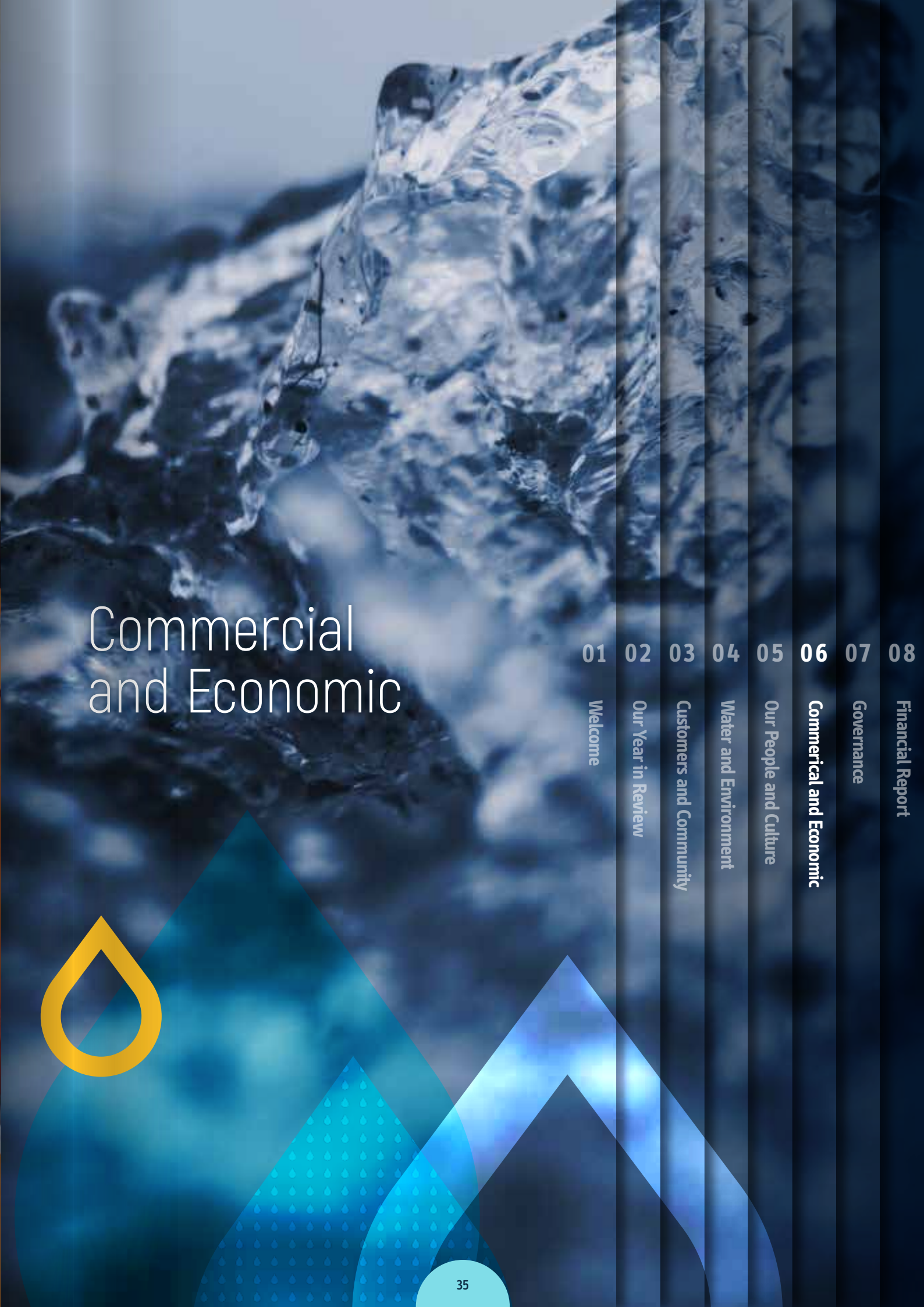
While the risk of community transmission of COVID-19 in Tasmania has remained relatively low, the business continues to operate in accordance with COVID-safe guidelines by maintaining appropriate physical distancing measures and hygiene and cleaning protocols at its sites. We will continue to monitor relevant restrictions in Tasmania, and we are well placed to respond appropriately in case of a new outbreak in Tasmania.

We have worked on establishing learnings from the pandemic and embracing new ways of doing business, that will allow us to be more efficient, fast track our cultural journey and deliver better outcomes for customers.





# Commercial and Economic



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# Commercial and Economic

Key performance indicators			
KPI	2020-21 Actual	2020-21 Target	2019-20 Actual
Adjusted Net Profit after Tax	\$45.7M	-\$8.7M	\$15.0M
Capital Expenditure	\$177.6M	\$193.3M	\$128.8M
Productivity Savings	\$3.7M	\$3.3M	\$4.1M
Number of innovative ideas implemented	14	12	13

### Financial results

The Corporation reported a profit of \$43,544,163 for the year ended 30 June 2021 (2020: \$199,195,550 loss after tax). The underlying result was a profit of \$16,291,784, excluding contributed asset revenue and a non-cash asset write-down.

This is significantly higher than the 2019-20 results, largely due to the forecast impacts of COVID-19 not materialising in full and decreased depreciation following last year's net downward asset revaluation.

A reconciliation of the movement between the underlying result and the reported net profit for financial year ending 30 June 2021 is provided below:

Description	
Underlying Net Profit	16,291,784
Contributed Asset Revenue	29,428,093
Adjusted Net Profit	45,719,877
Revaluation Decrement	2,175,714
Net Profit	43,544,163

### Capital Works Program

Over the last twelve months, we 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 2020-21 was \$177.6 million, an increase of 38 per cent from the 2019-20 result of \$128.8 million. Capital expenditure at \$28.4 million in June 2021 was the largest monthly capital spend in TasWater's history.

In December 2020, TasWater resumed direct responsibility for lower-risk, low-complexity capital works, including those that require a level of urgency. This change has resulted in a more streamlined approach and enabled the CDO to concentrate on the medium and large, multi-disciplinary projects for which it is best suited.

Major achievements from the Capital Works Program in 2020-21 include:

- Commencement of on-site works at the Bryn Estyn Upgrade Project, our largest ever capital project
- Completion of the Wellington St SPS Upgrade Project in George Town
- Completion of the Latrobe Sewerage Network Upgrade and Augmentation
- Completion of the Prince of Wales STP primary digester roof replacement
- Replacement of approximately 4,500 water meters and
- Renewal of approximately 15kms of water mains.

During the financial year, we also continued to progress external funding arrangements with the Tasmanian Government for the Tamar Estuary River Health Action Plan and Macquarie Point STP relocation project.

A significant amount of planning, investigation and project development activities were also progressed during the financial year. This provides confidence that TasWater will deliver the \$1.8 billion 'best endeavours' capital program agreed in the Memorandum of Understanding with the Tasmanian Government in 2018 that is now incorporated into the Shareholders' Letter of Expectations.

Aerial view of the Longford STP construction site  
Credit: Harrison Chellis



### Price and Service Plan 4

On 30 June 2021, we submitted our proposed Price and Service Plan 4 (PSP4) to the Tasmanian Economic Regulator (TER) that sets out the prices, policies, services, projects and outcomes we intend to deliver over the period 1 July 2022 to 30 June 2026.

This milestone concluded close to two years of engagement with our customers and stakeholders that has helped build and refine program plans, policy positions and performance metrics, while balancing funding constraints.

Engagement with our customers explored a range of specific price and service issues and occurred through focus groups, telephone surveys, online surveys and individual discussions. As part of this engagement, we also tested the willingness of our customers to pay for certain services. Our approach to customer engagement for PSP4 was highlighted at the Ozwater'21 conference held in May 2021.

### Productivity Improvement Program

TasWater's Productivity Improvement Program is an important strategy to assist in keeping customers' bills as affordable as possible and contribute towards our broader financial sustainability.

During the financial year, we realised \$3.7 million in operational cost reductions, taking total business savings to \$32.5 million since TasWater commenced in 2013. We also participated in the 2020 Operating Expenditure Benchmarking Study undertaken by the Water Services Association of Australia (WSAA) and have commenced development of a roadmap of productivity initiatives to be delivered over the period of our 2022-26 Corporate Plan.





IT Service Centre Support Officer Jamie Walker  
Credit: Peter Mathew

## Innovation

In July 2018, we launched our Innovation Driving Everyday Actions (IDEA) framework to support the development of new ideas and innovative behaviours across our business.

During 2020-21, a major focus for our innovation program was to develop new ways of working within the restrictions associated with COVID-19. The introduction of design sprints saw over 40 employees participate solely via digital platforms to design two key programs for the business including the trial of new ways of working and a targeted customer experience program.

A number of innovations were also progressed aimed at improving the safety of our staff in the field. This included development of:

- the meter reader holder – a device for the car enabling both the meter reading device and mobile phone to be hands free and
- a multitool for field crew that allows ease of opening meter lids, clearing surrounding debris from meter lids, checking for hazards such as snakes and providing stability on sloping ground.

## Information and communication technology

Over the last 12 months, we continued to deliver the objectives of our Information and Communication Technology Strategy whilst supporting the business to transition to a hybrid working model.

Key achievements during the financial year include:

- Commencing our Virtual Workplace program to establish an online virtual workplace for our people to collaborate, innovate, communicate and efficiently share knowledge
- The H2Go project winning the TasICT award for Project of the Year in November 2020

- Developing a Cybersecurity Strategy to continue to uplift our ability to respond to increasing cyber threats
- Consolidating our customer data and developed an integrated customer and stakeholder information architecture
- Commencing development of a new Digital and Technology Strategy to provide the foundation for further digital transformation of the business and underpin our ability to deliver our strategic outcomes and customer promises.

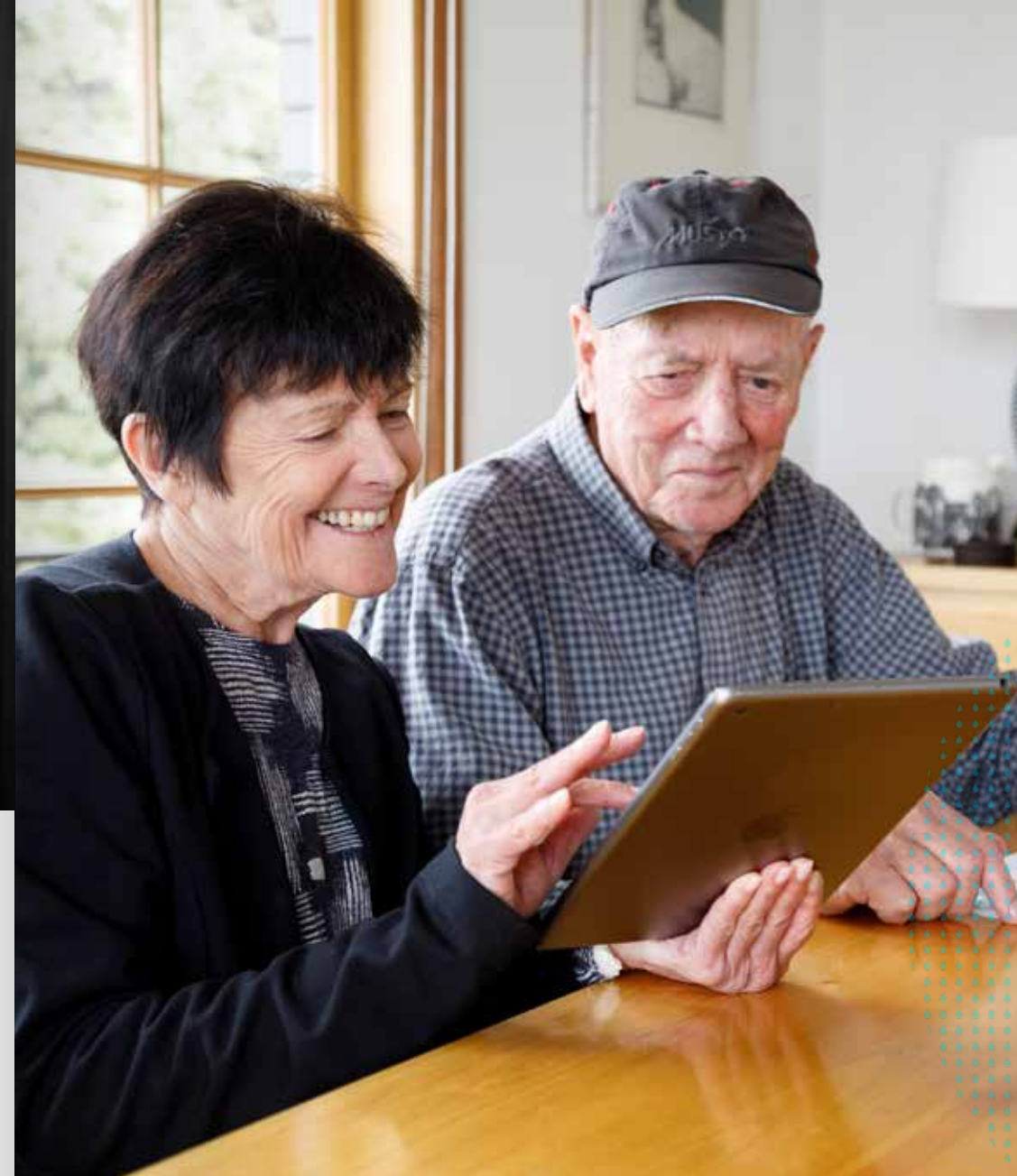
## Risk management

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.

Major risk management activities undertaken in 2020-21 included:

- A strategic risk review and 'deep dive' reviews of strategic risks and controls
- Developing revised risk tools aimed at simplifying implementation of our risk management framework across the business
- Preparation of a revised Risk Management Improvement Plan to identify future priorities for risk management
- Establishment of a Risk and Assurance Working Group to facilitate the discussion and review of risk and compliance program elements
- Development of Risk Appetite Statements aimed at ensuring a risk-based approach is taken to decision making.



Credit: Peter Mathew

# One Gentrack

In May 2021, a significant milestone was achieved with the consolidation of our customer information into one single Gentrack system. One Gentrack has major benefits for our customers and our organisation. It is simpler to manage and make necessary system changes and is more efficient to find and verify customer details when we need them. Most importantly, it provides greater consistency in our customers' experience – making it easier to do business with us.

Prior to the formation of TasWater, Gentrack Velocity was implemented separately by each of the three former water corporations. When TasWater was formed, we continued to operate the three separate systems in parallel, which brought inefficiencies and some challenges in delivering our services to customers.

One Gentrack is a key enabler in our customer and digital strategies. Unlocking the potential of the data we already hold will allow us to move forward with plans for new digital services for our customers, including automation and customer self-service.





TasWater Directors Kevin Young  
and Vincent (Tony) Kelly  
Photo credit: Peter Mathew



# Governance

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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* (WSCA). It was incorporated on 5 February 2013 as a proprietary limited company under the *Corporations Act 2001*, owned in equal shares 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* 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 2020-21 were:

- The sourcing, treatment and reliable delivery of quality drinking water to our customers; and
- 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 which 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.

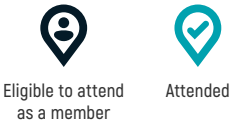
As it is not a publicly listed company, not all of the ASX Principles are relevant and, in some areas, TasWater’s governing legislation, context and structure preclude it from complying with those principles. Where this occurs, TasWater has sought to recognise the intent of the ASX Principles in its 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, rights and responsibilities of our owner councils, and formally displaces specific sections of the *Corporations Act 2001*. In most other ways, the Board’s powers, obligations, rights and responsibilities are similar to those of other privately-owned, large 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 Chairman, are non-executive and independent in terms of their external relationships with the corporation.



## Directors’ meeting attendance 2020-21

		Board		Audit & Risk Committee (AAR)		Environment & Public Health Committee (EPH)		People, Culture & Community Committee (PCC)	
Dr Stephen Gumley AO		15	15	-	4*	-	4*	-	4*
Nick Burrows (AAR Chair)		15	14	4	4	4	3	-	4*
Sally Darke (PCC Chair)		15	13	4	3	-	4*	4	4
Vincent (Tony) Kelly AM (EPH Chair)		15	15	-	4*	4	4	4	4
Dr Helen Locher		15	15	4	4	-	4*	4	4
Joanne Pearson		15	15	4	4	4	4	-	4*
Kevin Young		15	14	-	4*	4	4	4	4

Notes:  
One matter was considered by the Board through circular resolution without a meeting being held.  
\*denotes attendance by Directors who are not formal members of the relevant Board Committee.



# The Directors

Backgrounds and terms of appointment



## CHAIRMAN

**Dr Stephen Gumley AO, Hon DEng (Tas) D.Phil (Oxon) MBA (Tas), FIE (Aust), FTSE**

Appointed: 16 March 2018  
Appointed Chairman: 30 November 2018

Dr Gumley was appointed as TasWater's Chairman 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 advisor 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 Chairman for a further term, to take effect from 30 November 2021.



**Nick Burrows, B.Com, 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, Governance Institute of Australia, the Tax Institute of Australia and of the Financial Services Institute of Australasia.



**Sally Darke, B.Ec, FAICD**

Appointed: 1 January 2016  
Reappointed: 1 March 2018  
Reappointed: 1 March 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).

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 developed extensive experience in strategic human resource management, governance, strategic planning, executive recruitment and Board and CEO performance reviews.



**Vincent (Tony) Kelly AM, CPEng, Dip Civ Eng, MAICD**

Appointed: 1 March 2016  
Reappointed: 1 March 2019

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, B.Sc., M.Env.Sc., PhD (Civil Engineering), GAICD**

Appointed: 1 March 2016  
Reappointed: 1 March 2019

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 Resource Management and Planning Appeals 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 (Acct), FCPA, GAICD**

Appointed: 1 March 2020

Ms Pearson is a qualified accountant and an experienced Chief Financial Officer with years of experience in the utilities sector.

She has significant understanding of governance and risk management through her previous executive roles 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, B.E, CPEng, FAICD, FIEA**

Appointed: 20 September 2019

Mr Young has more than 17 years' experience as a Director and over 40 years' experience working for the private sector and government authorities within 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 New Zealand and Deputy Chair of WaterAid Australia.

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 Committee is comprised of 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.

The committee endorses a three-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 Audit and Risk Committee who monitor management's progress in addressing risk-rated recommendations and improvement opportunities identified by the internal auditors.

During 2020-21 the committee considered a range of matters including TasWater's annual statutory financial report and related external audit requirements, financial and accounting policies, compliance and risk management, treasury management, insurance renewal, and asset valuation methodology.

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

## 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 EPH 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 2020-21 was:

- Ongoing improvement in drinking water quality and risk reduction in water catchments and drinking water fluoridation
- Understanding the impacts of trade waste on TasWater's operations and implications for customers moving toward 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
- Commenced discussions related to climate change resilience that will lead to a climate policy and resilience strategy for incorporation into the organisation's long-term planning
- Commenced 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 of 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 PCC Committee assisted the Board through the oversight, direction and guidance of people, culture and community strategies. Its major focus in 2020-21 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 is comprised of 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 three times 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 Chairman.	
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 Chairman.	
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 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 code 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 this 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 Chairman.



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 is 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 Chairman 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 the TasWater 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 review 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 advisors as required. No remuneration advisors 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.	



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. No public interest disclosures were received during 2020-21.

Information about our Policy, and how disclosures can be made, is available on our website at [www.taswater.com.au](http://www.taswater.com.au).

**Right to information**

TasWater is subject to the *Right to Information Act 2009* (Tas).

During 2020-21 we received nine applications for assessed disclosure. Six of those were determined during the year, with information sought by the applicant being provided in full. Three applications for assessed disclosure were in progress as at 30 June 2021.

There were no requests for an internal or external review during 2020-21.

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](http://www.taswater.com.au).

Privacy

TasWater is subject to the *Privacy Act 1988* (Cth), the Australian Privacy Principles 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.

Whilst 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 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.

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](http://www.taswater.com.au).



Capital Delivery Office Delivery Manager Chris Le Grange at the site of the Berriedale trunk water pipeline replacement.  
Credit: Laura Verdouw



# Financial Report

01	02	03	04	05	06	07	08
Welcome	Our Year in Review	Customers and Community	Water and Environment	Our People and Culture	Commercial and Economic	Governance	Financial Report





# The Directors' Report

For the Year Ended 30 June 2021

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 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

## Legislative authority

TasWater was formed on 5 February 2013 under the *Corporations Act 2001* and pursuant to the *Water and Sewerage Corporation Act 2012* (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; and
  - 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 \$43,544,163 for the year ended 30 June 2021 (2020: loss \$199,195,550). The 2021 underlying result was a profit of \$16,291,784 (2020: loss \$15,829,823), excluding contributed asset revenue and the impact of the revaluation of the Corporation's freehold land and non-infrastructure buildings. This is significantly higher than the 2020 result, largely due to the impacts of the Coronavirus (COVID-19) outbreak on the prior year results as well as decreased depreciation following the net downward asset revaluation in 2020.

A reconciliation of the movement between the underlying result and the reported net profit for the financial year ending 30 June 2021 is provided below:

	30 June 2021 \$	30 June 2020 \$
Underlying Net Profit/(Loss)	16,291,784	(15,829,823)
Contributed Asset Revenue	29,428,093	30,798,098
Adjusted Net Profit	45,719,877	14,968,275
Revaluation Decrement	(2,175,714)	(214,163,825)
Net Profit/(Loss)	43,544,163	(199,195,550)

The revaluation of our freehold land and non-infrastructure buildings resulted in an overall increase of \$75,630,709 in the value of the Corporation's net assets. Land assets have been revised upwards by \$76,046,674 and non-infrastructure buildings were revised downwards by \$415,965.

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 2021, a total of \$2,175,714 was directly expensed and \$77,806,423 was allocated to the asset revaluation reserve. This has resulted in a net increase in asset values held of \$75,630,709.

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 Commonwealth and State legislation. The Board has the responsibility to monitor compliance with environmental regulations. Whilst a number of the Corporation's Sewage Treatment Plants (STPs) do not yet fully comply with effluent discharge licences set by the Environmental Protection Authority (EPA), the Corporation liaises regularly with the EPA to address their priorities regarding environmental risk and non-compliance. A draft Wastewater Risk Management Plan is being developed with input from the EPA outlining initiatives and implementation schedules.

During the year a fine was imposed on the Corporation by the EPA in relation to:

- A breach of section 32 (3) of the *Environmental Management and Pollution Control Act 1994* for failing to notify the Director within 24 hours after becoming aware of the release of a pollutant occurring as a result on an incident at Prince of Wales Sewage Treatment Plant on 28 October 2020.

Apart from the above, directors are not aware of any breaches during the year covered by the report.

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 2021 all of the Corporation's drinking water systems complied with the microbiological health guidelines contained in the Australian Drinking Water Guidelines 2011, as specified in the Tasmanian Drinking Water Quality Guidelines. A temporary boil water notice was implemented for Adventure Bay, Bruny Island on three occasions due to ultraviolet and chlorine failures impacting one customer. The chlorine hydramix system has since been upgraded.

## Dam portfolio

The Corporation manages its dams in accordance with the *Water Management Act 1999* and uses a Dam Portfolio Risk Assessment process, in accordance with the Australian National Committee on Large Dams (ANCOLD) Dam Safety Management Guidelines 2003, to prioritise the works required. A structured inspection program is in place to manage key risks associated with the dam portfolio.

The Corporation has four dams out of our extensive dam portfolio (in excess of 300 dams) that are 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. The Corporation intends on implementing permanent solutions by the end of FY2022/23 to address the four remaining dams that exceed ANCOLD tolerable risk limits.

## Distributions to councils including dividends

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

Distribution Type	30 June 2021 \$	30 June 2020 \$
Income Tax Equivalents *	-	1,620,374
Dividends	10,000,000	8,379,626
<b>Total Distributions</b>	<b>10,000,000</b>	<b>10,000,000</b>

\* Section 9 of the Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018 repealed section 23 (Payment of tax equivalents) of the *Water and Sewerage Corporation Act 2012*. As such, the Corporation ceased accruing Income Tax Equivalents from 1 January 2019. The Income Tax Equivalent payment made during the financial year ending 30 June 2020 was full and final settlement of the Corporation's final tax liability as at 31 December 2018.

## 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 2022 and beyond remains difficult to determine 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 are therefore 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 the 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 2021. 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.

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	
Ms Cathy Cuthbertson	General Manager People and Safety	09/09/2013	
Mr Matthew Derbyshire	General Manager Asset Management Services	05/07/2021	
	Acting General Manager Asset Management Services	15/03/2021	04/07/2021
Mrs Ruth Dowty	Acting General Manager Corporate and Community Relations	23/03/2020	14/02/2021
Mr David Hughes-Owen	General Manager Service Delivery	10/03/2020	
	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	
	General Manager Asset Portfolio Planning and Delivery	02/09/2013	04/03/2021
Mr Andrew Moir	Chief Financial Officer	16/03/2020	
Mr Matthew Pigden			
Ms Ailsa Sypkes	General Manager Governance and Assurance	28/04/2014	
Mr Tony Willmott	Acting General Manager Asset Portfolio Planning and Delivery	07/12/2020	14/03/2021
	General Manager Project Delivery	15/03/2021	

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

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
- 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.

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.

Senior executives in permanent roles elected not to receive an increase in remuneration for the financial year ending 30 June 2021 as a result of the impact of COVID-19 on the state's economy, the resulting financial position of TasWater and the impact on Owner Councils arising from reduced dividends. Remuneration adjustments are effective from the first pay period in September in each year that they are awarded.

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.

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

2020 Non-executive Directors	Short Term Benefits	Post-Employment Benefits	Total
	Salary \$	Superannuation \$	
Dr Stephen Gumley AO	113,364	10,770	124,134
Mr Nick Burrows	65,390	6,212	71,602
Ms Sally Darke	63,588	6,041	69,629
Mr Vincent (Tony) Kelly	67,191	6,383	73,574
Mr Peter Lewinsky (term expired 29/02/2020)	43,660	4,148	47,808
Dr Helen Locher	61,486	5,841	67,327
Ms Joanne Pearson (appointed 01/03/2020)	19,629	1,865	21,494
Mr Kevin Young (appointed 20/09/2019)	47,060	4,471	51,531
Total	481,368	45,731	527,099

Salary includes base salary and where applicable vehicle allowances and non-monetary remuneration benefits



2021 Senior Executives	Short-Term Benefits Salary \$	Other Long-Term Employee Benefits \$	Post-Employment Benefits		Total \$
			Superannuation \$	Termination Benefits \$	
Mr Michael Brewster	519,893	(17,845)	25,000	-	527,048
Ms Cathy Cuthbertson	248,638	19,387	25,000	-	293,025
Mr Matthew Derbyshire (15/03/2021-30/06/2021) (Acting)	68,145	6,325	7,900	-	82,370
Mrs Ruth Dowty (01/07/2021-14/02/2021) (Acting)	125,988	10,891	11,969	-	148,848
Mr David Hughes-Owen	267,287	15,863	22,404	-	305,554
Ms Juliet Mercer	264,713	19,476	25,000	-	309,189
Mr Andrew Moir (retired 04/03/2021)	330,823	(89,241)	25,001	99,479	366,062
Mr Matthew Pigden	293,067	10,481	25,096	-	328,644
Ms Ailsa Sypkes	265,705	11,885	25,083	-	302,673
Mr Tony Willmott (07/12/2020-14/03/2021) (Acting) (appointed 15/03/2021)	157,296	49,180	14,943	-	221,419
<b>Total</b>	<b>2,541,555</b>	<b>36,402</b>	<b>207,396</b>	<b>99,479</b>	<b>2,884,832</b>

2020 Senior Executives	Short-Term Benefits Salary \$	Other Long-Term Employee Benefits \$	Post-Employment Benefits		Total \$
			Superannuation \$	Termination Benefits \$	
Mr Michael Brewster	519,546	51,458	25,000	-	596,004
Ms Cathy Cuthbertson	232,084	18,948	23,461	-	274,493
Mrs Ruth Dowty (23/03/2020-30/06/2020) (Acting)	53,000	5,973	5,035	-	64,008
Mr David Hughes-Owen (appointed 10/03/2020)	81,770	6,450	7,314	-	95,534
Ms Juliet Mercer	262,394	11,926	24,677	-	298,997
Mr Andrew Moir	305,341	38,860	25,000	-	369,201
Mr Dean Page (resigned 03/01/2020)	192,430	(55,885)	11,780	20,373	168,698
Mr Matthew Pigden (02/12/2019-15/03/2020) (Acting) (appointed 16/03/2020)	174,042	37,830	16,055	-	227,927
Mr Bennie Smith (resigned 13/12/2019)	139,296	(23,586)	11,058	6,939	133,707
Mr Neal Synott (28/11/2019-09/03/2020) (Acting)	60,499	(1,726)	11,877	-	70,650
Ms Ailsa Sypkes	260,704	12,776	25,000	-	298,480
<b>Total</b>	<b>2,281,106</b>	<b>103,024</b>	<b>186,257</b>	<b>27,312</b>	<b>2,597,699</b>

- Salary includes base salary and where applicable vehicle allowances
- 'Other Long-Term Employee Benefits' represents the net movement in annual and long service leave provisions
- 'Termination Benefits' includes payments in lieu of notice and accrued annual and long service leave benefits.

## Key terms of employment contracts

### 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 9.50 per cent (2020: 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 contract, subject to conditions of the *Fair Work Act 2009*, 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 is dependent on individual contractual arrangements.

### 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 ten continuous years from the date of first appointment. The ten-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 and
- The Corporation is to ensure that it has appropriate directors' and officers' liability insurance.

Further information about the remuneration of directors and senior executives is set out in Note 18 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 62.

## Rounding of amounts

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

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

On behalf of the directors,

**Dr Stephen Gumley AO**

Board Chair

**Nick Burrows**

Audit and Risk Committee Chair

12 August 2021



# Auditor's Independence Declaration



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000  
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Phone: 03 6173 0900  
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19 August 2021

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 2021, 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 - Audit  
Delegate of the Auditor-General**

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## Directors' Declaration

The directors declare that for the financial year ended 30 June 2021:

- 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 2021.

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



**Dr Stephen Gumley AO**  
Board Chair



**Nick Burrows**  
Audit and Risk Committee Chair

12 August 2021

## 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 2021 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 the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 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
<b>Valuation of water and sewerage infrastructure</b> <i>Refer to note 11</i>	
Property, plant and equipment includes material long-life water and sewerage infrastructure assets recognised at fair value and carried at \$1 778.47m at 30 June 2021.  The fair value of these water and sewerage assets is determined 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.	<ul style="list-style-type: none"><li>• Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness.</li><li>• 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.</li><li>• 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.</li><li>• Evaluating the work of management on whether the discount rate applied was within a reasonable range, with reference to market data and industry research.</li><li>• Challenging the reasonableness of key assumptions based on our knowledge of the Company.</li><li>• Evaluating management's sensitivity analysis to assist in considering the</li></ul>

	potential impact of reasonably possible changes in these key assumptions. <ul style="list-style-type: none"><li>• Testing, on a sample basis, the internal mathematical accuracy of the valuation model's calculations.</li><li>• Evaluating the adequacy of disclosures made, including those regarding key assumptions used in the valuation, in light of the requirements of the accounting standards.</li></ul>
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### 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 2021, 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.

### 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



# Independent Auditor's Report

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.

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 2021. 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 2021.

### *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 – Audit**  
**Delegate of the Auditor-General**  
Tasmanian Audit Office

19 August 2021  
Hobart



## Tasmanian Water and Sewerage Corporation Pty Ltd

# Statement of Comprehensive Income for the Financial Year Ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Revenue</b>			
Sales Revenue	5	333,933	316,744
Other Revenue	5	33,143	34,249
<b>Total Revenue</b>		<b>367,076</b>	<b>350,993</b>
<b>Expenses</b>			
Raw Materials and Consumables	6	23,661	26,323
Depreciation and Amortisation Expenses	6	94,353	103,971
Employee and Related Expenses	6	98,160	95,295
Operations and Maintenance Expenses	6	61,992	60,966
Administration Expenses	6	25,355	30,083
Finance Expenses	6	17,835	19,387
Revaluation Decrement	6	2,176	214,164
<b>Total Expenses</b>		<b>323,532</b>	<b>550,189</b>
<b>Net Profit/(Loss)</b>		<b>43,544</b>	<b>(199,196)</b>
<b>Other Comprehensive Income: Items that will not be reclassified to Profit and Loss</b>			
Actuarial Gain/(Loss) on Defined Benefit Plans		1,540	(31)
Change in Net Asset Revaluation Reserve	15.1	77,768	(228,579)
Change in Net Hedging Reserve	15.2	212	-
<b>Total Other Comprehensive Income</b>		<b>79,520</b>	<b>(228,610)</b>
<b>Total Comprehensive Income for the Year</b>		<b>123,064</b>	<b>(427,806)</b>

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 2021

	Notes	2021 \$'000	2020 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	10.1	2,878	2,046
Receivables	10.2	34,383	22,874
Inventories	10.3	8,362	8,393
Prepayments		4,038	2,793
Assets Classified as Held for Sale	10.4	117	71
<b>Total Current Assets</b>		<b>49,778</b>	<b>36,177</b>
<b>Non-current Assets</b>			
Receivables	10.2	586	706
Property, Plant and Equipment	11	2,246,413	2,047,344
Intangibles	12	36,882	41,323
Right of Use Assets	13	9,215	9,710
<b>Total Non-current Assets</b>		<b>2,293,096</b>	<b>2,099,083</b>
<b>Total Assets</b>		<b>2,342,874</b>	<b>2,135,260</b>
<b>Current Liabilities</b>			
Payables	14.1	45,039	28,917
Employee Benefits	17	21,127	19,183
Borrowings	14.2	88,863	579,603
Unearned Income	14.3	1,709	2,260
Lease Liabilities	14.4	485	430
Other Current Liabilities	14.5	11,989	9,005
<b>Total Current Liabilities</b>		<b>169,212</b>	<b>639,398</b>
<b>Non-current Liabilities</b>			
Employee Benefits	17	10,218	11,336
Borrowings	14.2	530,905	-
Unearned Income	14.3	35,772	27,279
Lease Liabilities	14.4	8,798	9,239
Other Non-current Liabilities	14.5	11,834	4,937
<b>Total Non-current Liabilities</b>		<b>597,527</b>	<b>52,791</b>
<b>Total Liabilities</b>		<b>766,739</b>	<b>692,189</b>
<b>Net Assets</b>		<b>1,576,135</b>	<b>1,443,071</b>
<b>Equity</b>			
Retained Profits		(383,911)	(418,995)
Asset Revaluation Reserve	15.1	372,020	294,252
Hedging Reserve	15.2	212	-
Contributed Equity	8	1,587,814	1,567,814
<b>Total Equity</b>		<b>1,576,135</b>	<b>1,443,071</b>

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 2021

	Notes	2021 \$'000	2020 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Other Sources		344,792	352,257
Payments to Suppliers and Employees		(222,493)	(228,455)
Headwork Charges		222	142
Interest Received		11	27
Interest Paid		(17,115)	(18,807)
Income Tax Equivalents Paid to Owner Councils	7.1	-	(1,620)
<b>Net Cash inflow from Operating Activities</b>	<b>10.1</b>	<b>105,417</b>	<b>103,544</b>
<b>Cash Flows used in Investing Activities</b>			
Payments for Property, Plant and Equipment		(149,558)	(117,440)
Interest Paid for Capital Works		(1,780)	(1,383)
Payments for Capitalised Employee and Direct Costs		(11,565)	(8,994)
Government Grants		9,500	-
Proceeds from Sale of Property, Plant and Equipment		1,500	904
Equity Contributions	8	20,000	20,000
<b>Net Cash outflow used in Investing Activities</b>		<b>(131,903)</b>	<b>(106,913)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		406,500	317,200
Repayment of Borrowings		(366,335)	(306,982)
Dividends Paid to Owner Councils		(10,000)	(8,380)
Repayment of Lease Liabilities		(2,847)	(1,193)
<b>Net Cash inflow from Financing Activities</b>		<b>27,318</b>	<b>645</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>		<b>832</b>	<b>(2,724)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>		<b>2,046</b>	<b>4,770</b>
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>10.1</b>	<b>2,878</b>	<b>2,046</b>

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 2021

	Notes	Retained Profits \$'000	Reserves \$'000	Contributed Equity	Total Equity \$'000
<b>Balance as at 30 June 2019</b>		<b>(211,388)</b>	<b>522,831</b>	<b>1,547,814</b>	<b>1,859,257</b>
Net Loss		(199,196)	-	-	(199,196)
Equity Contribution	8	-	-	20,000	20,000
Dividends Paid	9	(8,380)	-	-	(8,380)
Other Comprehensive Income		(31)	(228,579)	-	(228,610)
<b>Balance as at 30 June 2020</b>		<b>(418,995)</b>	<b>294,252</b>	<b>1,567,814</b>	<b>1,443,071</b>
Net Profit		43,544	-	-	43,544
Equity Contribution	8	-	-	20,000	20,000
Dividends Paid	9	(10,000)	-	-	(10,000)
Other Comprehensive Income		1,540	77,980	-	79,520
<b>Balance as at 30 June 2021</b>		<b>(383,911)</b>	<b>372,232</b>	<b>1,587,814</b>	<b>1,576,135</b>

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 2021

## 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 State 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 the Right of Tasmania

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

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 12 August 2021.

### 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 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.

## 1.4 Significant accounting judgements, estimates and assumptions

In the application of AASB standards, management is required to make judgements, estimates and assumptions about 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 11
- Fair value of infrastructure, land, buildings and leasehold improvements, refer to note 11
- Asset impairment refer to note 10.2, note 10.3, note 11, note 12, note 13, note 19
- 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 14.5
- Customer refund provisions, refer to note 14.5
- Defined benefit obligations, refer to note 17
- Contingent assets and liabilities, refer to note 22.

### 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

The Corporation has adopted AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* for the first time for the reporting period commencing 1 July 2020 which has not had a significant impact on the Corporation's financial results.

### 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 which 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 2021	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
<b>Revenue</b>				
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
Government Funded Concessions	4,708	4,281	-	8,989
Government Grants and Compensation	1,236	59	-	1,295
Interest Received	243	283	-	526
Other	21,016	18,607	501	40,124
<b>Total Revenue</b>	<b>174,922</b>	<b>189,451</b>	<b>2,703</b>	<b>367,076</b>
<b>Expenses</b>				
Operations and Maintenance (including Raw Materials)	44,999	39,953	701	85,653
Employee Related Expenses	50,024	48,131	5	98,160
Administration Expenses	12,172	13,046	137	25,355
Depreciation Expenses	42,135	51,340	878	94,353
Finance Expenses	6,903	10,688	244	17,835
Revaluation decrement	1,089	1,078	9	2,176
<b>Total Expenses</b>	<b>157,322</b>	<b>164,236</b>	<b>1,974</b>	<b>323,532</b>
<b>Net Profit (continuing operations)</b>	<b>17,600</b>	<b>25,215</b>	<b>729</b>	<b>43,544</b>

Segment Results Year Ended 30 June 2020	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
<b>Revenue</b>				
Service Charges (including Trade Waste)	81,264	148,070	104	229,438
Usage Charges (including Trade Waste)	60,013	9,076	2,508	71,597
Government Funded Concessions	4,447	4,038	-	8,485
Government Grants and Compensation	1,299	277	-	1,576
Interest Received	241	280	-	521
Other	20,352	18,381	643	39,376
<b>Total Revenue</b>	<b>167,616</b>	<b>180,122</b>	<b>3,255</b>	<b>350,993</b>
<b>Expenses</b>				
Operations and Maintenance (including Raw Materials)	44,705	41,925	659	87,289
Employee Related Expenses	47,357	47,936	2	95,295
Administration Expenses	14,385	15,486	212	30,083
Depreciation Expenses	40,578	61,009	2,384	103,971
Finance Expenses	7,501	11,624	262	19,387
Revaluation decrement	191,782	22,382	-	214,164
<b>Total Expenses</b>	<b>346,308</b>	<b>200,362</b>	<b>3,519</b>	<b>550,189</b>
<b>Net Loss (continuing operations)</b>	<b>(178,692)</b>	<b>(20,240)</b>	<b>(264)</b>	<b>(199,196)</b>

## 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 reuse 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 11.

## 5 Revenue and other income

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

	2021 \$'000	2020 \$'000
<b>Sales revenue</b>		
Water - Service Charge	83,133	77,616
Sewerage - Service Charge	156,160	144,936
Water - Usage Charge	59,915	59,268
Irrigation Income	963	1,418
Trade Waste Income	11,010	12,982
State Government Funded Concessions	8,989	8,485
Other Fees and Charges including New Connections	13,763	12,039
<b>Total Sales Revenue</b>	<b>333,933</b>	<b>316,744</b>
<b>Other revenue</b>		
Contributed Assets and Developer Charges	29,428	30,799
Government Grants	1,295	1,576
Other	2,420	1,874
<b>Total Other Revenue</b>	<b>33,143</b>	<b>34,249</b>
<b>Total Revenue</b>	<b>367,076</b>	<b>350,993</b>



## 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 sewerage 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 or when the Corporation obtains control over the assets comprising the contributions or at a point of time when the Corporation satisfies its performance obligations in the underlying agreement. Government grants of a revenue nature 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:

	2021 \$'000	2020 \$'000
<b>Raw material and consumables</b>		
Power Costs	12,300	14,730
Chemicals	8,729	8,832
Water Commission Rights	2,632	2,761
<b>Total</b>	<b>23,661</b>	<b>26,323</b>
<b>Depreciation expenses</b>		
Infrastructure Assets	73,193	84,003
Buildings and Leasehold Improvements	1,402	1,164
Other Assets	8,055	7,515
<b>Total</b>	<b>82,650</b>	<b>92,682</b>
<b>Amortisation expenses</b>		
Intangibles	9,817	10,569
<b>Total</b>	<b>9,817</b>	<b>10,569</b>
Right of Use Assets	1,886	720
<b>Total Depreciation and Amortisation Expenses</b>	<b>94,353</b>	<b>103,971</b>
<b>Employee and related expenses</b>		
Remuneration and On-Costs	106,862	100,203
Less Capitalised Salaries	(11,565)	(8,994)
Restructure Costs	302	453
Other Employee and Related Expenses	2,561	3,633
<b>Total</b>	<b>98,160</b>	<b>95,295</b>
<b>Operations and maintenance expenses</b>		
Maintenance and Planning	49,354	47,136
Property Costs	8,383	7,513
Motor Vehicles	2,810	3,067
Other Operations and Maintenance	1,445	3,250
<b>Total</b>	<b>61,992</b>	<b>60,966</b>
<b>Administration expenses</b>		
Insurance	2,662	2,333
Billing Costs	2,651	2,795
Property Costs	290	441
Information Systems and Communications	8,214	7,160
Regulatory Fees	2,391	2,701
Doubtful Debt Provision	(1,406)	8,054
Account Adjustment Provision (refer to note 14.5)	5,143	-
Other Administration	5,410	6,599
<b>Total</b>	<b>25,355</b>	<b>30,083</b>
<b>Finance Expenses</b>		
Interest Expense - Borrowings	18,937	20,071
Less Amount Capitalised <sup>1</sup>	(1,780)	(1,383)
Interest Expense - Lease Liabilities	417	422
Interest Expense - Superannuation	261	277
<b>Total</b>	<b>17,835</b>	<b>19,387</b>
<b>Asset Revaluation Decrement</b>		
Revaluation decrease on water infrastructure assets	-	191,782
Revaluation decrease on sewerage infrastructure assets	-	22,382
Revaluation decrease on Level 2 Land and Buildings	2,176	-
<b>Total</b>	<b>2,176</b>	<b>214,164</b>
<b>Total Expenses</b>	<b>323,532</b>	<b>550,189</b>

<sup>1</sup> Average capitalisation rate is 3.11 per cent per annum (2020: 3.45 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 occur due to legacy data which 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 Income tax equivalents

Under Section 9 of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018*, which repealed section 23 (Payment of tax equivalents) of the *Water and Sewerage Corporation Act 2012*, the Corporation was withdrawn from the National Tax Equivalent Regime from 1 January 2019. There was no Income tax equivalents expense on the profit for the year.

7.1 Current tax equivalent assets and liabilities

Current tax equivalent liabilities comprise:

	2021 \$'000	2020 \$'000
Opening balance liability/(asset)	-	1,620
National tax equivalent payable	-	-
Instalments paid - in respect of prior years	-	(1,620)
Instalments paid - current year	-	-
Closing balance liability/(asset)	-	-

The Income Tax Equivalent payment made during the financial year ending 30 June 2020 was full and final settlement of the Corporation's final tax liability as at 31 December 2018.

Recognition and measurement

Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Income tax equivalent payments were distributed to Owner Councils in accordance with the Corporation's Constitution.

8 Contributed Equity

	2021 Shares '000	2021 Amount \$'000	2020 Shares '000	2020 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 the Right of Tasmania				
Shares issued and fully paid:				
- beginning of the period	2,000	40,000	1,000	20,000
- share issue	1,000	20,000	1,000	20,000
Crown shares issued and fully paid	3,000	60,000	2,000	40,000
Total shares issued and fully paid	93,000	1,587,814	92,000	1,567,814
Total authorised share capital				
	100,000		100,000	

The Corporation has 30 shareholders, comprising 29 Councils and the Tasmanian State Government (The Crown in the 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) and
- 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 the 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 of the payment from the State Government.

9 Dividends

On 29 January 2021, the Board of the Corporation approved the payment of an interim dividend to Councils of \$5,000,000 (2020: \$8,379,626). This interim dividend was paid on 15 February 2021.

On 26 May 2021, the Board approved the payment of a final dividend of \$5,000,000 (2020: \$0). The final dividend was paid on 18 June 2021.

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.



## 10 Current assets

### 10.1 Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at Bank and on Hand	2,878	2,046
<b>Total cash and cash equivalents</b>	<b>2,878</b>	<b>2,046</b>

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

Net Profit/(Loss)	43,544	(199,196)
Depreciation and Amortisation Expenses	94,353	103,971
Revaluation Decrement	2,176	214,164
Grants of Assets	(1,295)	(1,576)
(Gain)/Loss on Sale of Non-current Assets	(504)	1,372
Contributed Assets	(28,918)	(30,225)

<b>Changes in assets and liabilities</b>		
(Increase) Decrease in Receivables	(11,389)	18,268
(Increase) Decrease in Inventory	31	(1,709)
(Increase) Decrease in Prepayments	(1,245)	(311)
Increase (Decrease) in Payables	(5,247)	(1,048)
Increase (Decrease) in Employee Benefits	826	2,487
Increase (Decrease) in Unearned Income	7,942	(1,033)
Increase (Decrease) in Account Adjustment Provision	5,143	-
Income Tax Equivalents Paid	-	(1,620)
<b>Cash Inflows from Operating Activities</b>	<b>105,417</b>	<b>103,544</b>

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

<b>Cash at Bank and on Hand</b>	<b>2,878</b>	<b>2,046</b>
<b>Cash as per Statement of Cash Flows</b>	<b>2,878</b>	<b>2,046</b>

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

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

30 June 2020 Liabilities	Cash Flows			
	Opening balance \$'000	Cash Received \$'000	Cash Repayment \$'000	Closing balance \$'000
Borrowings	569,385	317,200	(306,982)	579,603

### Recognition and measurement

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

### 10.2 Receivables

	2021 \$'000	2020 \$'000
<b>Current Receivables</b>		
<b>Contractual</b>		
Trade receivables	26,620	25,277
Less allowance for impaired trade receivables	(7,633)	(9,752)
Unbilled water and sewerage income	11,947	4,269
Other current receivables	300	928
	<b>31,234</b>	<b>20,722</b>

<b>Statutory</b>		
GST input tax credit receivables	3,149	2,152
<b>Total Current Receivables</b>	<b>34,383</b>	<b>22,874</b>

<b>Non-current Receivables</b>		
Deferred payment receivables	586	706
<b>Total Non-current Receivables</b>	<b>586</b>	<b>706</b>

<b>Total Receivables</b>	<b>34,969</b>	<b>23,580</b>
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An ageing analysis of receivables is provided in Note 19.5

	2021 \$'000	2020 \$'000
<b>Movement in expected credit loss in trade receivables</b>		
Opening balance	(9,752)	(2,906)
(Increase)/Decrease in allowance	(217)	(7,832)
Reversal of prior year write off	1,624	-
Amounts written off during the year	712	986
<b>Closing balance</b>	<b>(7,633)</b>	<b>(9,752)</b>

### 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. 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.



### 10.3 Inventories

	2021 \$'000	2020 \$'000
Stores and consumables	8,794	8,895
Less allowance for obsolete stock	(432)	(502)
<b>Total Inventories</b>	<b>8,362</b>	<b>8,393</b>

#### 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.

### 10.4 Assets classified as held for sale

	2021 \$'000	2020 \$'000
Land	40	11
Vehicles	77	60
<b>Total</b>	<b>117</b>	<b>71</b>

#### 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.

## 11 Property, plant and equipment

	2021 \$'000	2020 \$'000
<b>Infrastructure assets - water</b>		
At Fair Value	945,833	907,455
Accumulated Depreciation	(258,673)	(225,657)
<b>Net book value</b>	<b>687,160</b>	<b>681,798</b>
<b>Infrastructure assets - sewerage</b>		
At Fair Value	1,352,915	1,331,323
Accumulated Depreciation	(261,609)	(220,169)
<b>Net book value</b>	<b>1,091,306</b>	<b>1,111,154</b>
<b>Freehold land</b>		
At Fair Value	161,460	83,807
<b>Net book value</b>	<b>161,460</b>	<b>83,807</b>
<b>Buildings and leasehold improvements</b>		
At Fair Value	33,107	29,301
Accumulated Depreciation	(8,833)	(7,423)
<b>Net book value</b>	<b>24,274</b>	<b>21,878</b>
<b>Other Assets</b>		
At Cost	72,861	62,771
Accumulated Depreciation	(42,248)	(36,836)
<b>Net book value</b>	<b>30,613</b>	<b>25,935</b>
<b>Work in progress</b>		
At Cost	251,600	122,772
<b>Net book value</b>	<b>251,600</b>	<b>122,772</b>
<b>Total property, plant and equipment</b>	<b>2,246,413</b>	<b>2,047,344</b>

#### 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), 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), 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 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)
<b>Net Book Values as at 30 June 2021</b>	<b>687,160</b>	<b>1,091,306</b>	<b>158,007</b>	<b>3,453</b>	<b>14,937</b>	<b>9,337</b>	<b>30,613</b>	<b>251,600</b>	<b>2,246,413</b>

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 2019	749,863	1,291,389	81,904	1,586	21,259	938	30,065	255,702	2,432,706
Contributed Assets at Fair Value	16,496	13,267	-	-	-	-	-	-	29,763
Additions at Cost	1,999	3,378	-	-	-	-	36	119,933	125,346
Transfers from Work in Progress	128,052	115,133	15	523	1,010	-	8,130	(252,863)	-
Transfers between Asset Classes	12,473	(11,830)	-	-	(18)	-	(3,936)	-	(3,311)
Disposals	(1,021)	(166)	(60)	-	-	-	(785)	-	(2,032)
Revaluation increment	-	-	-	-	-	-	-	-	-
Revaluation (decrement)	(191,639)	(250,439)	-	(150)	-	(147)	-	-	(442,375)
Assets transferred to Held for Sale	-	-	(11)	-	-	-	(60)	-	(71)
Depreciation Expenses	(34,425)	(49,578)	-	-	(1,107)	(57)	(7,515)	-	(92,682)
<b>Net Book Values as at 30 June 2020</b>	<b>681,798</b>	<b>1,111,154</b>	<b>81,848</b>	<b>1,959</b>	<b>21,144</b>	<b>734</b>	<b>25,935</b>	<b>122,772</b>	<b>2,047,344</b>

### 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 and

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 & 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.

Based on the outcomes of the fair values determined under this approach the Corporation increased the carrying values of freehold land by \$76,046,674 and decreased building improvements by \$415,965. These fair value adjustments are primarily due to strong growth rates relating to freehold land across the State over the last five years.

#### 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 (2020: \$442,375,466 decrease in the Corporation's net assets, comprised of water assets \$191,894,789 and sewerage \$250,480,677).

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 on fair value measurement of the Corporation's infrastructure assets.



Unobservable Input	Basis for inputs 30/06/2020	Basis for inputs 30/06/2021	Range of Sensitivities to Base Considered	Relationship of Unobservable inputs to Fair Value
<b>Discount Rate</b>	Real pre-tax weighted average cost of capital of 4.55% per annum. The Risk Free Rate of 2.90% 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 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.	None	The higher the discount rate, the lower the fair value.
<b>Perpetuity Factor</b> (calculated by using the Gordon Growth formula)	10 year discount period with a terminal value, based on a perpetuity factor of 23.53 applied for subsequent years	10 year discount period with a terminal value, based on a perpetuity factor of 24.54 applied for subsequent years	None	The higher the perpetuity factor, the higher the fair value.
<b>Expected Revenue growth</b>	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
<b>Nominal average cost increase</b>	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 2.40% per annum.	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 2.34% per annum.	None	The higher the nominal average cost increase, the lower the fair value.
<b>Nominal labour cost increase</b>	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 3.00% per annum	None	The higher the nominal average labour related cost increase, the lower the fair value.
<b>Renewal capital expenditure</b>	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 41% to 51% Sewerage Renewal range 49% to 59%	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 property, plant and equipment were measured at depreciated replacement cost, the carrying amounts at 30 June would be as follows:

As at 30 June 2021:

Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets under Construction	Total
Depreciated replacement cost	2,025,241	1,946,986	66,794	41,870	97,804	251,600	4,430,295
Accumulated depreciation	(701,322)	(667,101)	-	(25,700)	(97,804)	-	(1,491,927)
<b>Net Carrying Amount</b>	<b>1,323,919</b>	<b>1,279,885</b>	<b>66,794</b>	<b>16,170</b>	<b>-</b>	<b>251,600</b>	<b>2,938,368</b>

As at 30 June 2020:

Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets under Construction	Total
Depreciated replacement cost	1,988,258	1,925,262	65,159	37,656	85,054	122,772	4,224,161
Accumulated depreciation	(612,227)	(595,655)	-	(21,472)	(85,054)	-	(1,314,408)
<b>Net Carrying Amount</b>	<b>1,376,031</b>	<b>1,329,607</b>	<b>65,159</b>	<b>16,184</b>	<b>-</b>	<b>122,772</b>	<b>2,909,753</b>

The Corporation deemed cost as at 1 July 2013 to be the depreciated replacement cost as noted above. If plant and equipment were measured using the cost model, the carrying amounts at 30 June would be as follows:

As at 30 June 2021:

Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets under Construction	Total
Cost	3,301,763	2,813,480	66,794	36,591	99,890	251,600	6,570,118
Accumulated depreciation	(1,977,844)	(1,533,595)	-	(20,421)	(99,890)	-	(3,631,750)
<b>Net Carrying Amount</b>	<b>1,323,919</b>	<b>1,279,885</b>	<b>66,794</b>	<b>16,170</b>	<b>-</b>	<b>251,600</b>	<b>2,938,368</b>

As at 30 June 2020:

Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets under Construction	Total
Cost	3,264,780	2,791,756	65,159	32,377	87,140	122,772	6,363,984
Accumulated depreciation	(1,888,749)	(1,462,149)	-	(16,193)	(87,140)	-	(3,454,231)
<b>Net Carrying Amount</b>	<b>1,376,031</b>	<b>1,329,607</b>	<b>65,159</b>	<b>16,184</b>	<b>-</b>	<b>122,772</b>	<b>2,909,753</b>



## 12 Intangibles

	2021 \$'000	2020 \$'000
<b>Intangibles</b>		
At Cost	73,095	69,410
Accumulated Amortisation	(49,580)	(39,770)
<b>Net book value</b>	<b>23,515</b>	<b>29,640</b>
<b>Work in progress</b>		
At Cost	13,367	11,683
<b>Total</b>	<b>13,367</b>	<b>11,683</b>

<b>Total intangibles</b>	<b>36,882</b>	<b>41,323</b>
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### Movements in carrying amounts

	Intangibles \$'000	Work in Progress \$'000	Total \$'000
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)
<b>Net Book Values as at 30 June 2021</b>	<b>23,515</b>	<b>13,367</b>	<b>36,882</b>
Net Book Values as at 1 July 2019	27,777	11,965	39,742
Additions at Cost	-	8,839	8,839
Transfers from Work in Progress	9,121	(9,121)	-
Transfers between Asset Classes	3,311	-	3,311
Amortisation Expenses	(10,569)	-	(10,569)
<b>Net Book Values as at 30 June 2020</b>	<b>29,640</b>	<b>11,683</b>	<b>41,323</b>

### 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.

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

#### 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 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.

## 13 Right of use Assets

	2021 \$'000	2020 \$'000
<b>Property</b>		
At cost	11,436	10,280
Disposals	(115)	-
Accumulated Depreciation	(2,532)	(694)
<b>Net book value</b>	<b>8,789</b>	<b>9,586</b>

<b>Car Parking</b>		
At Cost	389	47
Accumulated Depreciation	(37)	(11)
<b>Net book value</b>	<b>352</b>	<b>36</b>

<b>Communication</b>		
At Cost	103	103
Accumulated Depreciation	(29)	(15)
<b>Net book value</b>	<b>74</b>	<b>88</b>

<b>Total right of use Assets</b>	<b>9,215</b>	<b>9,710</b>
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Details on right of use asset movements during the year are provided in note 16.

### Recognition and measurement

The Corporation measures at cost in accordance with *AASB 16 Leases*. The Corporation has applied this standard from 1 July 2019 using the modified retrospective approach.

The right of use asset is measured at cost at the commence date. The cost of the right of use asset comprises of 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 measure the right of use asset applying the cost model.



## 14 Current and non-current liabilities

### 14.1 Payables

	2021 \$'000	2020 \$'000
<b>Contractual</b>		
Trade Creditors	8,389	9,724
Accrued Expenses	36,650	19,193
<b>Total</b>	<b>45,039</b>	<b>28,917</b>

### 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. The increase in accrued expenses as at 30 June 2021 is attributable to the significant acceleration in the Corporation's capital works program.

### 14.2 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.

	2021 \$'000	2020 \$'000
Current Borrowings	88,863	579,603
Non-current Borrowings	530,905	-
<b>Total borrowings</b>	<b>619,768</b>	<b>579,603</b>

The reclassification of the Corporation's borrowings to current in the prior year relates to the significant revaluation of the Corporation's infrastructure assets as at the 30 June 2020 which triggered a 'Material Adverse Change' under the Corporation's Master Loan Facility Agreement (MLFA) with Tascorp. The MLFA breach resulted in all borrowings being reclassified as current at the 30 June 2020, following the temporary loss in ability to defer settlement, as this breach would allow Tascorp to give notice for immediate payment. Reclassification of all borrowings as current is also a requirement of Australian Accounting Standard AASB 101 – *Presentation of Financial Statements*.

On 7 August 2020, the Corporation received a 'no action waiver' from Tascorp with a reinstatement of previous terms and conditions of all existing borrowings under MLFA, including maturity dates. Had the waiver been received on or before 30 June 2020, the prior year comparative would have reported current borrowings of \$88,334,649 and non-current borrowings of \$491,268,045.

#### Credit facilities

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

	2021 \$'000	2020 \$'000
<b>Master loan borrowing limit - Tascorp</b>		
Facility	735,300	711,215
Less used/committed	(619,768)	(579,603)
<b>Unused facility</b>	<b>115,532</b>	<b>131,612</b>

#### Corporate MasterCard

	2021 \$'000	2020 \$'000
Facility	300	300
Less used/committed	(20)	(13)
<b>Unused facility</b>	<b>280</b>	<b>287</b>

### 14.3 Unearned Income

	2021 \$'000	2020 \$'000
<b>Current</b>		
Government grants	1,478	1,734
Customer contributions	61	360
Other	170	166
<b>Total current</b>	<b>1,709</b>	<b>2,260</b>

#### Non-current

	2021 \$'000	2020 \$'000
Government grants	35,772	27,279
<b>Total non-current</b>	<b>35,772</b>	<b>27,279</b>

<b>Total unearned income</b>	<b>37,481</b>	<b>29,539</b>
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### 14.4 Lease Liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>	<b>485</b>	<b>430</b>
<b>Total current</b>	<b>485</b>	<b>430</b>
<b>Non-current</b>	<b>8,798</b>	<b>9,239</b>
<b>Total non-current</b>	<b>8,798</b>	<b>9,239</b>
<b>Total Lease Liabilities</b>	<b>9,283</b>	<b>9,669</b>

### Recognition and measurement

The Corporation measures fair value in accordance with AASB 16 *Leases*. The Corporation has applied this standard from 1 July 2019 using the modified retrospective approach. 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.



## 14.5 Other Liabilities

	2021 \$'000	2020 \$'000
<b>Current</b>		
Provision for rehabilitation	10,343	9,005
Provision for account adjustments	1,646	-
<b>Total current</b>	<b>11,989</b>	<b>9,005</b>
<b>Non-current</b>		
Provision for rehabilitation	8,337	4,937
Provision for account adjustments	3,497	-
<b>Total non-current</b>	<b>11,834</b>	<b>4,937</b>
<b>Total Other Liabilities</b>	<b>23,823</b>	<b>13,942</b>
<b>Movement in Provision</b>		
Opening Balance	13,942	9,401
New provisions raised for account adjustments	5,143	-
New provision raised for rehabilitation	3,605	3,313
Outflows for rehabilitation during the year	(20)	(222)
Re-measurement for rehabilitation	1,153	1,450
<b>Closing Balance</b>	<b>23,823</b>	<b>13,942</b>

### 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 are not reflective of actual services provided. These situations occur due to legacy data which 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.

## 15 Reserves

### 15.1 Asset Revaluation Reserve

	2021 \$'000	2020 \$'000
<b>Asset Revaluation Reserve</b>	<b>372,020</b>	<b>294,252</b>
<b>Movement in Reserve</b>		
Opening Balance	294,252	522,831
Disposals - Level 2 assets	(34)	(367)
Disposals - Level 3 assets	(5)	-
Revaluation (decrement)/increment - Level 2 assets	77,807	-
Revaluation (decrement)/increment - Level 3 assets	-	(228,212)
<b>Closing Balance Asset Revaluation Reserve</b>	<b>372,020</b>	<b>294,252</b>

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets – refer to Note 11.

### 15.2 Hedging Reserve

	2021 \$'000	2020 \$'000
<b>Hedging Reserve</b>	<b>212</b>	<b>-</b>
<b>Movement in Reserve</b>		
Opening Balance	-	-
Additions - Level 1 assets	212	-
<b>Closing Balance Hedging Reserve</b>	<b>212</b>	<b>-</b>

The hedging reserve is used to record increments and decrements on the movement in foreign exchange rates related to financial instruments – refer to Note 19.4.

<b>Total movement in reserves</b>	<b>77,980</b>	<b>(228,579)</b>
<b>Total Reserves</b>	<b>372,232</b>	<b>294,252</b>



## 16 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 which 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 is 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 with a limited number of leases with 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 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	-	-	-	-
<b>Total</b>	<b>19</b>			<b>17</b>	<b>-</b>	<b>-</b>	<b>2</b>

Right of use asset at 30 June 2020	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	1-29	8	11	-	-	2
Car Parking	1	3	3	1	-	-	-
Communication	1	6	6	-	-	-	-
<b>Total</b>	<b>17</b>			<b>12</b>	<b>-</b>	<b>-</b>	<b>2</b>

### Right of Use Assets

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

Asset Class at 30 June 2021	Opening Balance \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Impairment \$'000	Closing Balance \$'000
Property	9,586	1,156	(115)	(1,837)	-	8,790
Car Parking	36	342	-	(26)	-	352
Communication	88	-	-	(15)	-	73
<b>Total</b>	<b>9,710</b>	<b>1,498</b>	<b>(115)</b>	<b>(1,878)</b>	<b>-</b>	<b>9,215</b>

Asset Class at 30 June 2020	Opening Balance \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Impairment \$'000	Closing Balance \$'000
Property	9,954	326	-	(694)	-	9,586
Car Parking	47	-	-	(11)	-	36
Communication	103	-	-	(15)	-	88
<b>Total</b>	<b>10,104</b>	<b>326</b>	<b>-</b>	<b>(720)</b>	<b>-</b>	<b>9,710</b>

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 14.4.

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

Minimum lease payments due									
at 30 June 2021	Within 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5-10 years \$'000	10-25 years \$'000	Over 25 years \$'000	Total \$'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)
<b>Total</b>	<b>485</b>	<b>467</b>	<b>419</b>	<b>389</b>	<b>409</b>	<b>1,930</b>	<b>5,154</b>	<b>30</b>	<b>9,283</b>

Minimum lease payments due									
at 30 June 2020	Within 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3-4 years \$'000	4-5 years \$'000	5-10 years \$'000	10-25 years \$'000	Over 25 years \$'000	Total \$'000
Lease payments	832	840	858	835	793	3,366	6,724	45	14,293
Finance charges	(402)	(387)	(365)	(344)	(323)	(1,334)	(1,466)	(3)	(4,624)
<b>Total</b>	<b>430</b>	<b>453</b>	<b>493</b>	<b>491</b>	<b>470</b>	<b>2,032</b>	<b>5,258</b>	<b>42</b>	<b>9,669</b>

### 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:

	2021 Total \$'000	2020 Total \$'000
Short term Leases	-	-
Leases of low value assets	50	56
<b>Total</b>	<b>50</b>	<b>56</b>



## 17 Employee benefits

	2021 \$'000	2020 \$'000
Current		
Annual Leave	9,527	8,699
Long Service Leave	10,615	9,651
Accrued Days Off	258	273
Defined Benefit Superannuation	727	560
<b>Total current</b>	<b>21,127</b>	<b>19,183</b>
Non-current		
Long Service Leave	3,474	2,859
Defined Benefit Superannuation	6,744	8,477
<b>Total non-current</b>	<b>10,218</b>	<b>11,336</b>
<b>Total employee benefits</b>	<b>31,345</b>	<b>30,519</b>

The employee benefits provision at 30 June 2021 included attributable on-costs and superannuation of \$3,999,785 (2020: \$3,608,850).

### Defined Benefits Superannuation Plans

Statement of financial position results as at 30 June – Net liability/(asset)	Quadrant		RBF		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Current net liability/(asset)	-	-	727	560	727	560
Non-current net liability/(asset)	(219)	962	6,963	7,515	6,744	8,477
<b>Total</b>	<b>(219)</b>	<b>962</b>	<b>7,690</b>	<b>8,075</b>	<b>7,471</b>	<b>9,037</b>

Reconciliation of Fair Value of Scheme Assets	Quadrant		RBF		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Fair value of plan assets at beginning of the year	12,696	14,170	1,585	1,784	14,281	15,954
Employer contributions	382	378	359	468	741	846
Contributions by plan participants	192	190	20	21	212	211
Taxes and expenses paid	(105)	(108)	-	-	(105)	(108)
Benefits paid	(1,387)	(2,100)	(455)	(566)	(1,842)	(2,666)
Expected return on plan assets (including interest income)	164	255	294	(122)	458	133
<b>Expected assets at year end</b>	<b>11,942</b>	<b>12,785</b>	<b>1,803</b>	<b>1,585</b>	<b>13,745</b>	<b>14,370</b>
Actuarial gain/(loss) on assets	2,278	(89)	-	-	2,278	(89)
<b>Individual plan assets at year end</b>	<b>14,220</b>	<b>12,696</b>	<b>1,803</b>	<b>1,585</b>	<b>16,023</b>	<b>14,281</b>

<b>Actual return on plan assets</b>	<b>2,442</b>	<b>166</b>	<b>294</b>	<b>(122)</b>	<b>2,736</b>	<b>44</b>
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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.

Present Value of the Defined Benefit Obligations	Quadrant		RBF		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Present value of defined benefit obligations at beginning of the year	13,658	14,721	9,660	10,364	23,318	25,085
Current service cost	421	412	33	32	454	444
Interest cost	179	266	294	322	473	588
Contributions by plan participants	192	190	20	21	212	211
Taxes and expenses paid	(105)	(108)	-	-	(105)	(108)
Benefits paid	(1,387)	(2,100)	(455)	(566)	(1,842)	(2,666)
<b>Expected defined benefit obligations at year end</b>	<b>12,958</b>	<b>13,381</b>	<b>9,552</b>	<b>10,173</b>	<b>22,510</b>	<b>23,554</b>
Actuarial loss/(gain) on liabilities	1,043	277	(59)	(513)	984	(236)
<b>Present value of defined benefit obligations at end of the year</b>	<b>14,001</b>	<b>13,658</b>	<b>9,493</b>	<b>9,660</b>	<b>23,494</b>	<b>23,318</b>

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 services 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.

Quadrant 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 Quadrant 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 the 30 June 2021, the Corporation's actuaries (GM Actuaries Pty Ltd in the case of Quadrant 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 Quadrant sub-fund, the Quadrant Defined Benefits Fund. The Quadrant 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*. 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.



## 18 Compensation of Key Management Personnel

	2021 \$	2020 \$
Directors		
Short-Term	492,191	481,368
Post-Employment (superannuation)	46,757	45,731
<b>Total directors</b>	<b>538,948</b>	<b>527,099</b>
Other key management personnel		
Short-Term	2,541,555	2,281,106
Other Long-Term	36,402	103,024
Post-Employment (superannuation)	207,396	186,257
Termination Benefits	99,479	27,312
<b>Total other key management personnel</b>	<b>2,884,832</b>	<b>2,597,699</b>
<b>Total compensation of key management personnel</b>	<b>3,423,780</b>	<b>3,124,798</b>

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

## 19 Financial instruments

### 19.1 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.

### 19.2 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 2021 \$'000	Carrying amount at 30 June 2020 \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	10.1	Amortised cost	2,878	2,046
Contractual Receivables	10.2	Amortised cost	31,820	21,428
<b>Total</b>			<b>34,698</b>	<b>23,474</b>
<b>Financial Liabilities</b>				
Payables	14.1	Amortised cost	45,039	28,917
Borrowings	14.2	Amortised cost	619,768	579,603
<b>Total</b>			<b>664,807</b>	<b>608,520</b>

### 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 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.

## 19.3 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 which 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 2021	\$'000	<1 year	1-5 years	>5 years	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Cash at Bank	2,878	-	-	-	-	2,878	0.35%
Contractual Receivables	-	-	-	-	31,820	31,820	
<b>Total financial assets</b>	<b>2,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,820</b>	<b>34,698</b>	
<b>Financial Liabilities</b>							
Payables	-	-	-	-	(45,039)	(45,039)	
Borrowings	(28,500)	(60,363)	(220,905)	(310,000)	-	(619,768)	3.11%
<b>Total financial liabilities</b>	<b>(28,500)</b>	<b>(60,363)</b>	<b>(220,905)</b>	<b>(310,000)</b>	<b>(45,039)</b>	<b>(664,807)</b>	
<b>Net financial (liabilities) assets</b>	<b>(25,622)</b>	<b>(60,363)</b>	<b>(220,905)</b>	<b>(310,000)</b>	<b>(13,219)</b>	<b>(630,109)</b>	

	Variable interest rate	Fixed interest rate maturing in			Non-interest bearing	Total carrying amount	Weighted Average
at 30 June 2020	\$'000	<1 year	1-5 years	>5 years	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Cash at Bank	2,046	-	-	-	-	2,046	0.70%
Contractual Receivables	-	-	-	-	21,428	21,428	
<b>Total financial assets</b>	<b>2,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,428</b>	<b>23,474</b>	
<b>Financial Liabilities</b>							
Payables	-	-	-	-	(28,917)	(28,917)	
Borrowings	(27,500)	(552,103)	-	-	-	(579,603)	3.34%
<b>Total financial liabilities</b>	<b>(27,500)</b>	<b>(552,103)</b>	<b>-</b>	<b>-</b>	<b>(28,917)</b>	<b>(608,520)</b>	
<b>Net financial (liabilities) assets</b>	<b>(25,454)</b>	<b>(552,103)</b>	<b>-</b>	<b>-</b>	<b>(7,489)</b>	<b>(585,046)</b>	

The table above highlights that the Corporation's total exposure to variable interest rates at 30 June 2021 was a net liability of \$25,622,468 (2020: \$25,454,279).

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 0.25 per cent increase and a 0.25 per cent decrease in interest rates (2020: 0.5 per cent).

	30 June 2021		30 June 2020	
	Net Profit higher/ (lower) 0.25% increase	Net Profit higher/ (lower) 0.25% decrease	Net Profit higher/ (lower) 0.5% increase	Net Profit higher/ (lower) 0.5% decrease
Interest Rate Sensitivity	\$'000	\$'000	\$'000	\$'000
Cash and Cash Equivalents	7	(7)	10	(10)
Interest Bearing Liabilities - Variable	(113)	113	(145)	145
<b>Total</b>	<b>(106)</b>	<b>106</b>	<b>(135)</b>	<b>135</b>



## 19.4 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.

In October 2020 the Corporation 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 of \$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 at 30 June 2021 has resulted in an unrealised foreign exchange loss of \$211,744. The loss has been recognised as a hedging reserve as at 30 June 2021.

## 19.5 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 19.2, the Corporation's maximum exposure to credit risk at reporting date was \$34,697,128 (2020: \$23,474,475).

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 2021		30 June 2020	
	Gross \$'000	Impaired \$'000	Gross \$'000	Impaired \$'000
Receivables				
Not past due	24,637	(2,202)	14,205	(2,946)
0 - 30 days	3,826	(498)	6,135	(1,412)
31 - 60 days	1,020	(190)	1,135	(395)
61 - 90 days	1,021	(245)	1,343	(550)
91 days and over	8,949	(4,498)	8,362	(4,449)
<b>Total</b>	<b>39,453</b>	<b>(7,633)</b>	<b>31,180</b>	<b>(9,752)</b>

In addition to its trade receivables, on 5 November 2020 the Corporation entered into a forward start loan arrangement for \$3.1 million with the Tascorp. The forward start loan is due to commence on the 1 September 2021 for an initial 10-year period, with the expectation that a further 10-year loan will be entered into at expiration of the initial period. The loan was entered into based on the terms and conditions outlined in a Customer Agreement, which requires reimbursements to be made to the Corporation in accordance with the loan schedule.

## 19.6 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 \$119,435,119 at 30 June 2021, its operating cash flows are strong. The deficiency in working capital is due to the existence of current borrowings of \$88,863,259 with short-term maturities. These debt maturities will be refinanced in line with the Corporation's treasury 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 \$30,571,861.

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 2021						
Payables	45,039	-	-	-	-	45,039
Borrowings	39,388	68,409	77,793	198,087	333,862	717,539
<b>Total</b>	<b>84,427</b>	<b>68,409</b>	<b>77,793</b>	<b>198,087</b>	<b>333,862</b>	<b>762,578</b>

	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	28,917	-	-	-	-	28,917
Borrowings	38,104	635,134	-	-	-	673,238
<b>Total</b>	<b>67,021</b>	<b>635,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>702,155</b>

## 19.7 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 2021. The fair value of financial assets and financial liabilities at year end were:

Category	30 June 2021		30 June 2020	
	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
<b>Financial Assets</b>				
Cash at Bank	2,878	2,878	2,046	2,046
Receivables	31,820	31,820	21,428	21,428
<b>Total financial assets</b>	<b>34,698</b>	<b>34,698</b>	<b>23,474</b>	<b>23,474</b>
<b>Financial Liabilities</b>				
Borrowings	619,768	657,716	579,603	627,404
Payables	45,039	45,039	28,917	28,917
<b>Total financial liabilities</b>	<b>664,807</b>	<b>702,755</b>	<b>608,520</b>	<b>656,321</b>

Category	30 June 2021	30 June 2020
	Fair value \$'000	Fair value \$'000
<b>Derivative Financial Assets</b>		
EUR forward contract - cash flow hedge	212	-
<b>Total derivative financial assets</b>	<b>212</b>	<b>-</b>

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 2021. Borrowings held until maturity are paid at the carrying amount;

**Derivative Financial Assets** – the carrying amount is at fair value.

## 19.8 Capital management policy

The Corporation has established a Capital Expenditure Program necessary to achieve business and regulatory objectives as outlined within the Corporation's Price and Service Plan (2018-19 to 2020-21) and 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.

## 20 Related party disclosures

### 20.1 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 2021 and up to the date of this report, is provided in the Directors' Report on page 56.

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.

## 21 Commitments

### 21.1 Capital commitments

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

	2021 \$'000	2020 \$'000
Payments within 1 year	28,055	35,949
Payments 1 - 5 years	300	10,317
<b>Total capital commitments</b>	<b>28,355</b>	<b>46,266</b>

#### Reconciliation of Capital Commitments

Building and infrastructure	23,609	40,519
Plant and equipment	2,744	1,697
Intangibles	2,002	4,050
<b>Total capital commitments</b>	<b>28,355</b>	<b>46,266</b>

### 21.2 Lessor income agreements

	2021 \$'000	2020 \$'000
Lease income recognised during the period	488	505
<b>Operating Lease Commitments</b>		
Income within 1 year	504	458
Income 1 - 5 years	1,466	1,597
Income longer than 5 years	1,275	1,278
<b>Total lease income commitments</b>	<b>3,245</b>	<b>3,333</b>

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

## 22 Contingent assets/liabilities

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

## 23 Remuneration of auditors

	2021 \$'000	2020 \$'000
<b>Financial Statement Audit Services</b>		
Annual external statutory audit fee	129	143
<b>Total</b>	<b>129</b>	<b>143</b>



List of Acronyms	
AAR	Audit and Risk Committee
AEEA	Australian Engineering Excellence Awards
ANCOLD	Australian National Committee on Large Dams
AWA	Australian Water Association
CDO	Capital Delivery Office
COVID-19	Coronavirus Disease 2019
EIN	Environmental Infringement Notice
EPA	Environment Protection Authority (Tasmania)
EPH	Environment and Public Health Committee
EPN	Environmental Protection Notice
DOH	Department of Health (Tasmania)
DPIPWE	Department of Primary Industries, Parks, Water and Environment (Tasmania)
IDEA	Innovation Driving Everyday Actions framework
IMT	Incident Management Team
IRIS	Integrated Risk Information Software
LTIFR	Lost Time Injury Frequency Rate
ORG	Owners' Representatives Group
PASS	Problem Accepted Solution Supplied
PCC	People, Culture and Community Committee
SPS	Sewage Pumping Station
STEM	Science, Technology, Engineering and Mathematics
STP	Sewage Treatment Plant
TASICT	Tasmanian Information, Communication and Technology
TER	Tasmanian Economic Regulator
TRIFR	Total Recordable Injury Frequency Rate
UTAS	University of Tasmania
VET	Vocational Education and Training
WIOA	Water Industry Operators Association of Australia
WSAA	Water Services Association Australia
WSCA	Water and Sewerage Corporation Act 2012
WTP	Water Treatment Plant

Productivity Lead Davide Palermo  
Credit: Peter Mathew





## ANNUAL REPORT 2020/21

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