

Annual Report 2023-24

Building the foundations for growth



Image credit – Caleb Nichols-Mansell

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

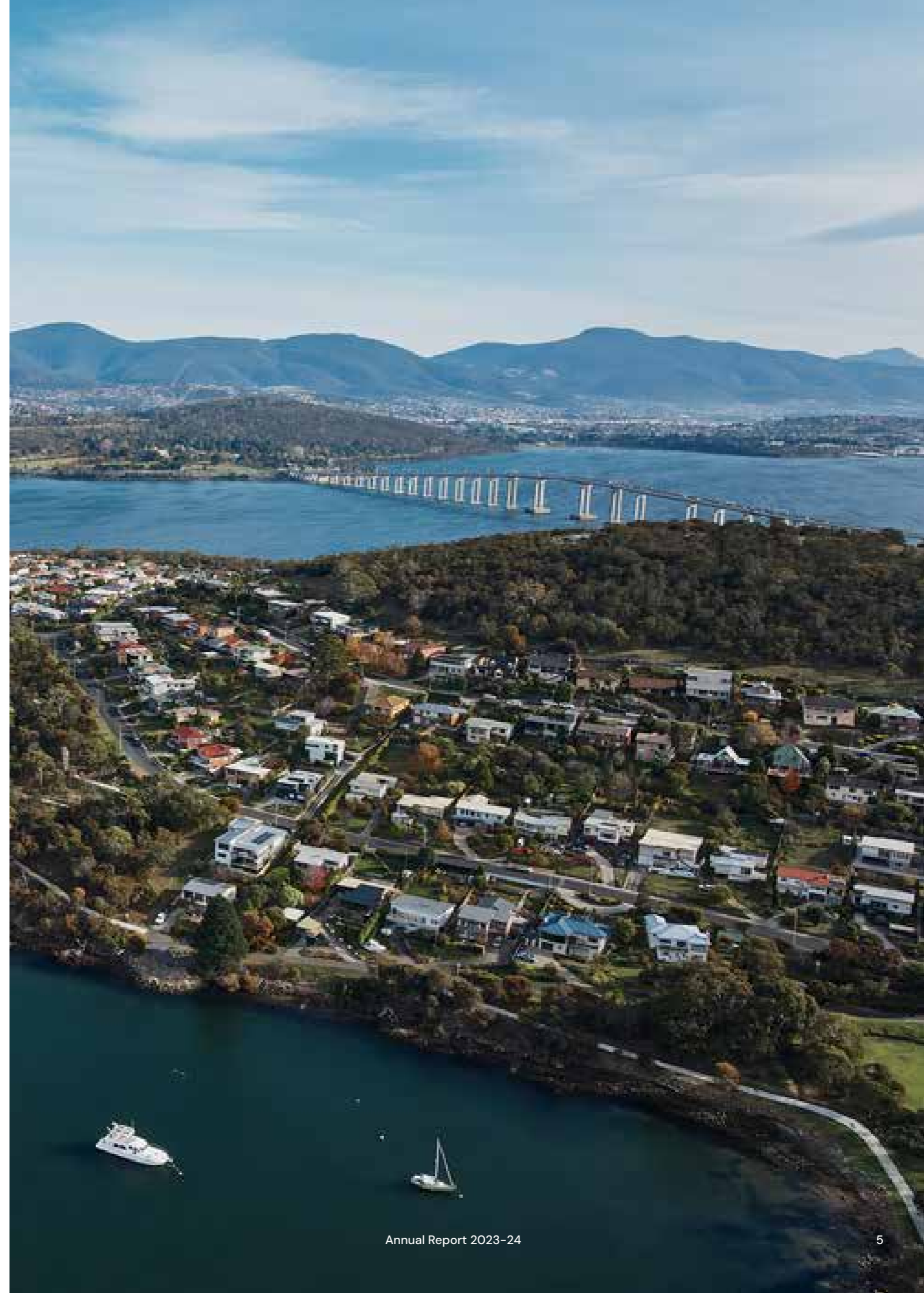
This artwork by Caleb Nichols-Mansell takes inspiration from the nine river systems – Franklin, Gordon, Huon, Mersey, Pieman, South Esk, North Esk, Tamar and Derwent – that carve through country here in lutruwita, and acknowledges the nine nations that called this land home prior to the effects of invasion and colonisation.

Surrounding these motifs and connecting all elements of the artwork is flowing water which represents our connection to the waterways that provide us with resources and food to sustain us. Water is life for all people, but particularly First Nations peoples who have relied on healthy waterways to survive for more than 60,000 years before the colonisation of these lands.

The artwork is designed for TasWater as a reflection of the caretaking for our precious waterways and as a reminder of our accountability to First Nations peoples, history and country throughout this island.

Contents

1. Chair and CEO message	6
2. Operations overview	18
3. Customer Value	26
4. Better Together	34
5. Healthier Environment	46
6. Water Forever	54
7. Corporate governance	68
8. Financial report	88



01

Chair and CEO message

Chair and CEO message

We are pleased to present the TasWater 2023–24 Annual Report, which details another 12 months of work towards providing exceptional water and sewerage services for a thriving Tasmania.

This is the first annual report guided by our new Strategy, which was developed this financial year, setting us on a bold path to unlocking water’s full potential.

Our new Strategy is not just a roadmap for our future – it is a vision designed to ensure we meet the evolving needs of our communities, the environment, and Tasmania as a whole. It will flow through everything we do as an organisation. It is a demonstration of our commitment to address the issues and challenges we face right now rather than passing them on to future generations.

In shaping our Strategy, we have focused on four core outcomes – Customer Value, Better Together, Healthier Environment and Water Forever. Now we will start work to ensure everything we do helps achieve these outcomes and aspirations and reflects our new values.

The year that was

The last 12 months has been focused on building strong foundations for growth in performance in the years to come.

On 1 July 2023, we continued to provide our customers with pricing surety, increasing prices by 3.5 per cent – keeping prices below inflation in the face of rising costs. This pricing surety of a fixed 3.5 per cent increase per annum will continue for TasWater customers through until 1 July 2026, when our Price and Services Plan 5 (PSP5) will come into effect. Pricing beyond 1 July 2026 will be determined by the independent economic regulator in early 2026.

During the year, more than 3,500 Tasmanians signed up to give us their feedback on the water future they want for Tasmania, as part of our largest ever community engagement to inform PSP5.



Chair
Dr Stephen Gumley AO



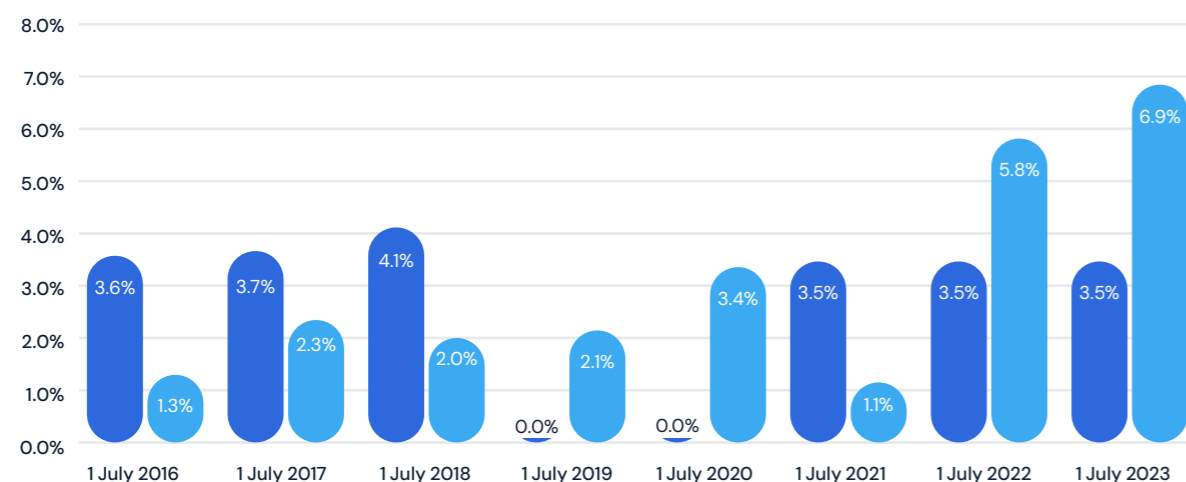
Chief Executive Officer
Mr George Theo

“Our new Strategy is not just a roadmap for our future – it is a vision designed to ensure we meet the evolving needs of our communities, the environment, and Tasmania as a whole.”

Price movement for TasWater average residential customer

% Increase

● TasWater Price Increase
● Hobart CPI



“Hobart CPI” is the March to March annual CPI increase to the Hobart Capital City Consumer Price Index, per Australian Bureau of Statistics. The preceding year March to March cycle is used as a convention in the regulated pricing context, as it’s the last known CPI figure before prices are reset at 1 July.

Over the year, we received and responded to 213,576 customer contacts, actively engaged with 1,400 individual stakeholders as we delivered our statewide capital program and we responded to almost 14,500 service call-outs at all hours of the day and night, across the state.

Pleasingly, overall customer satisfaction following interactions with our call centre was 98 per cent and we continued to make inroads into bringing down the number of customer complaints, improving slightly on our 2022–23 result.

Tasmania’s natural environment played a huge role when in November Fern Tree, located on the slopes of kunanyi / Mt Wellington, clinched the title of ‘Best Tasting Tap Water in Australia’. This is the third time in eight years Tasmania has won this prestigious national award.

The blind taste-testing contest, judged by industry experts, recognised the pure taste and clarity of Fern Tree’s water, long celebrated by the local community. The award was also a testament to our broader \$80 million investment in water assets across the state during the year.

For the sixth year in a row, we achieved full microbiological compliance with the Tasmanian Drinking Water Quality Guidelines, which means all of our customers had access to safe drinking water throughout the year.

This year, we also developed a Towards Zero Waste Roadmap, which seeks to reframe waste as a resource from which we seek to create value, while our Net Zero Emissions Roadmap outlines the opportunities and initiatives to reduce greenhouse gas emissions from our operations.



Current challenges and initiatives

TasWater manages a large, dispersed network, and while we are proud of the quality of the services we provide for our customers, we do not shy away from the challenges we face.

Reducing water loss is a continued priority and we are acting on it right now.

Two years ago, we commenced a \$4 million program to install 220 District Metered Areas (DMAs) across the state. These DMAs are a network of meters strategically positioned across our network paired with artificial intelligence to help identify hidden underground leaks and prioritise their repair.

This financial year, we installed another 92 DMAs – bringing the total to 160 – with more going in the ground every week. We have reduced non-revenue water from 28 per cent in June 2023 to 24.5 per cent in June 2024.

As well as finding the hidden leaks that do not come to the surface, TasWater crews have also been busy attending bursts above the ground that lead to unplanned interruptions. In 2023–24, we reduced the average unplanned water supply interruption time by 9.2 minutes – to 166.6 minutes compared to 175.8 minutes in 2022–23.

Our inflow and infiltration program, which is aimed at keeping stormwater out of the sewer network continues to roll out, with a budget of \$3.4 million over two years. Good progress has

been made in identifying ingress of stormwater into the sewer across the state, with rectifications taking place to prevent wet weather sewer spills.

Removing stormwater infiltration from our sewerage systems is a lower-cost option and delivers immediate customer and environment benefits compared to building bigger pipes, pumps, and treatment plants, which would increase costs that would ultimately be passed on to customers.

We have been working hard developing 18 water and sewerage master plans across the state – working suburb by suburb – to accommodate growth for the next 50 years. In addition to these master plans, we have developed a water security plan for the state to reduce the frequency of water restrictions experienced by our customers due to climate variability.

We are looking forward to publicly rolling out the master plans and water security plan in the 2024–25 financial year for public consultation.

Delivering for Tasmania

During 2023–24, in conjunction with our trusted Capital Delivery Office partners UGL, CPB Contractors and WSP, TasWater delivered our largest ever annual capital investment spend of \$269.2 million.

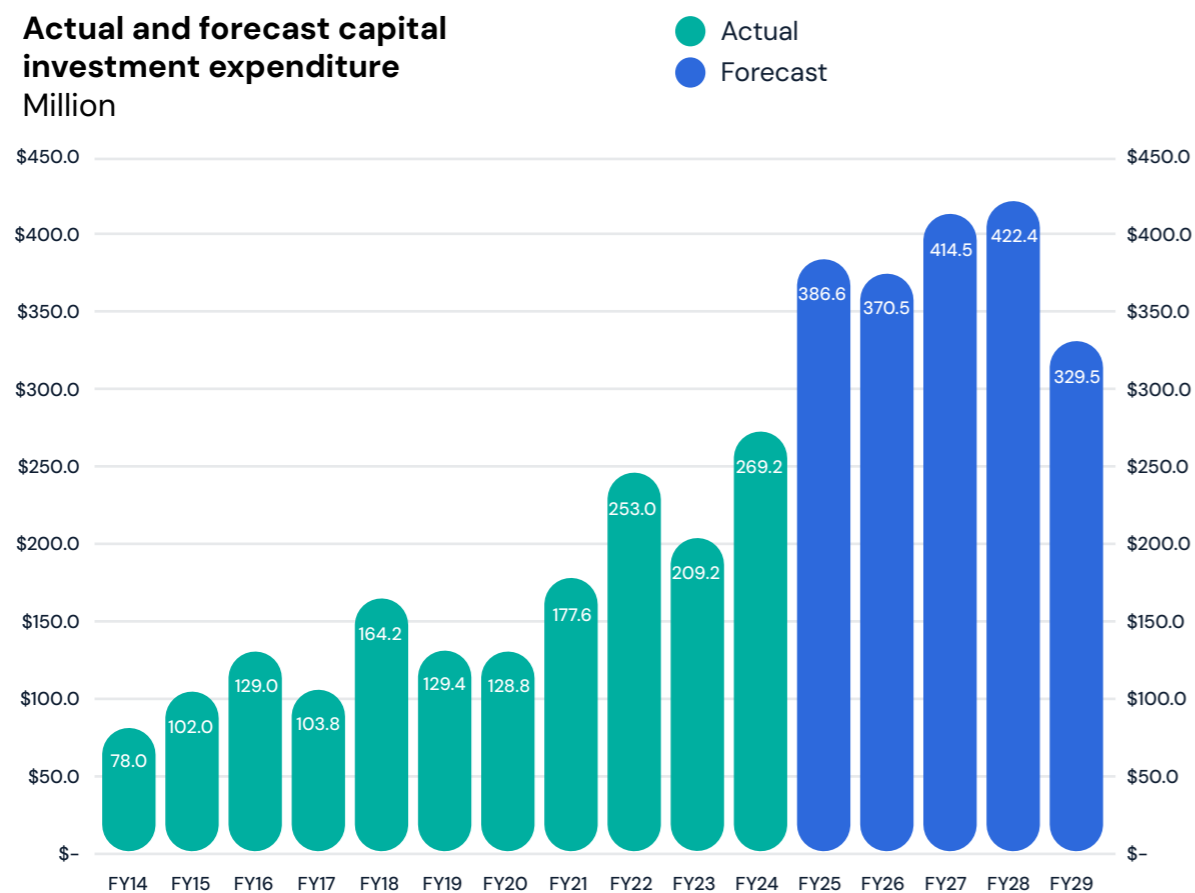
In September, 200,000 customers in southern Tasmania became the beneficiaries of a more reliable and safe water supply, with the official opening of the upgraded Bryn Estyn Water Treatment Plant. Our largest ever capital works project, it was delivered on time and under its \$243.9 million budget.

The \$129 million Tamar Estuary River Health Action Plan (TERHAP) Combined System Improvement Project also progressed significantly over the year.

This project is being funded by the Australian Government, Tasmanian Government, TasWater and City of Launceston under the Launceston City Deal to implement the key actions in the plan.

Notable project achievements included the completion of the Western Rising Main Pipeline which involved the construction of three kilometres of one metre diameter pipeline.

Actual and forecast capital investment expenditure Million



These figures include externally funded projects.

The pipeline route also includes two crossings beneath the kanamaluka / Tamar estuary at a depth of more than forty metres.

Upgrade works also continued at the Margaret Street Pump Station to improve our ability to transfer more sewage and stormwater from the city to our treatment plant at Ti Tree Bend, which will undergo a significant upgrade in the coming years. Once the TERHAP project is complete, combined stormwater and sewage wet weather spill events into the estuary will reduce by 60 per cent, with a 30 per cent reduction of enterococci entering the estuary.

In May, we announced the Selfs Point Sewer Transformation Project, which will future-proof Hobart’s sewerage network. This project will deliver significant environmental benefits by removing 132 tonnes of nutrients from the River Derwent and accommodate growth for residential development out to 2050. It will also provide a pathway to retire four ageing and poor performing sewerage treatment plants commencing with Macquarie Point.

Major progress was also made on the \$18 million upgrade of the Ulverstone Sewage Treatment Plant, a major step towards increasing capacity and delivering better environmental outcomes for the region. Pleasingly, local contractors delivered the lion’s share of the upgrade, which included the installation of a new clarifier, an upgrade of the plant’s biosolids handling and electrical equipment and other plant improvements.

We thank the Tasmanian Government for their ongoing support and for their financial contribution of \$200 million, which has enabled us to accelerate asset replacement and upgrades.

Our partnership with the Australian Government has resulted in grant funding of \$10m flowing to National Water Grid Authority projects such as the Shellfish Lease Water Quality Improvement Program and the Penna Recycled Water Scheme Expansion.

Better together

In April, we undertook our first employee engagement Pulse Survey with 71 per cent of our workforce participating. The survey was designed to gauge employee sentiment and identify areas for organisational enhancement. Notably, the survey highlighted our strengths in safety leadership and role clarity, with 80 per cent of respondents affirming that their direct leaders demonstrate a strong commitment to health and safety. Additionally, 72 per cent of respondents felt clear about their role expectations, and 64 per cent expressed pride in being part of TasWater.

During the year, we delivered key health and safety projects including designing a new health and wellbeing framework, improving service levels relating to mental health support and providing comprehensive training for leaders on mental health.

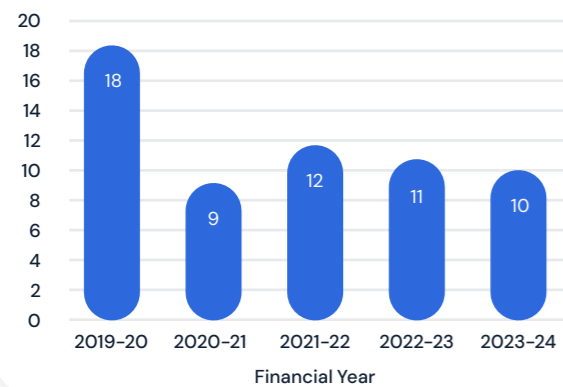
While we saw a small reduction in the total recordable injury frequency rate from 11 in 2022–23 to 10 in 2023–24, we need to be better, and we are committed to making the necessary improvements in the way we work.

In May, TasWater introduced our new Speak Up whistleblower reporting service. We want to ensure our team members feel comfortable to speak up about any suspected wrongdoing, illegal or unethical conduct. This is why we launched the independent and externally managed service as an alternative to reporting internally.

During the year, we launched our inaugural Reconciliation Action Plan, which declares our public commitment to fostering meaningful relationships with Aboriginal and Torres Strait Islander communities, promoting inclusivity, and acknowledging the rich cultural heritage of Australia. We are proud to have commenced our journey and look forward to working closely with our Aboriginal and Torres Strait Islander communities from across the state.

We continue to invest in young people with our graduate program attracting candidates from across the country. Our two-year program provides young people with an opportunity to begin their careers, undertaking meaningful work for the benefit of our community.

Total recordable injury frequency rate



Foundations for growth

As we look to the coming financial year, we know there are challenges ahead.

Across the state, we manage more than 224,000 water connections, 11,500 km of water and sewer mains, and 38 per cent of the treatment plants run by major water utilities in Australia – all to cater for 2 per cent of the nation’s population.

To secure our water future, we are set to deliver a record \$1.9 billion capital expenditure program over the next five years. This is to ensure we adequately respond to the impacts of climate change, provide water security, accommodate population growth and support economic development across the state. This investment will contribute to the replacement of poor performing assets and meeting the increasing regulatory requirements relating to drinking water quality, higher environmental standards and dam safety standards.



Financial performance

In 2023-24, TasWater delivered an underlying net profit of \$32.6 million compared to \$31.2 million in 2022-23. Total dividends paid to owners (excluding State Government) was \$24 million, the same amount as in the previous year.

TasWater will continue to focus on keeping costs down and we are committed to keeping prices fair and reasonable as we deliver the services our customers and stakeholders expect.

Thank you

We would like to thank all staff, our delivery partners, the Executive and the Board for their continued support and efforts towards unlocking water’s full potential.

Finally, we would like to thank each of our owner Councils and State Government for their ongoing support for the important work we do on behalf of the community we are privileged to serve.

Dr Stephen Gumley AO
Chair

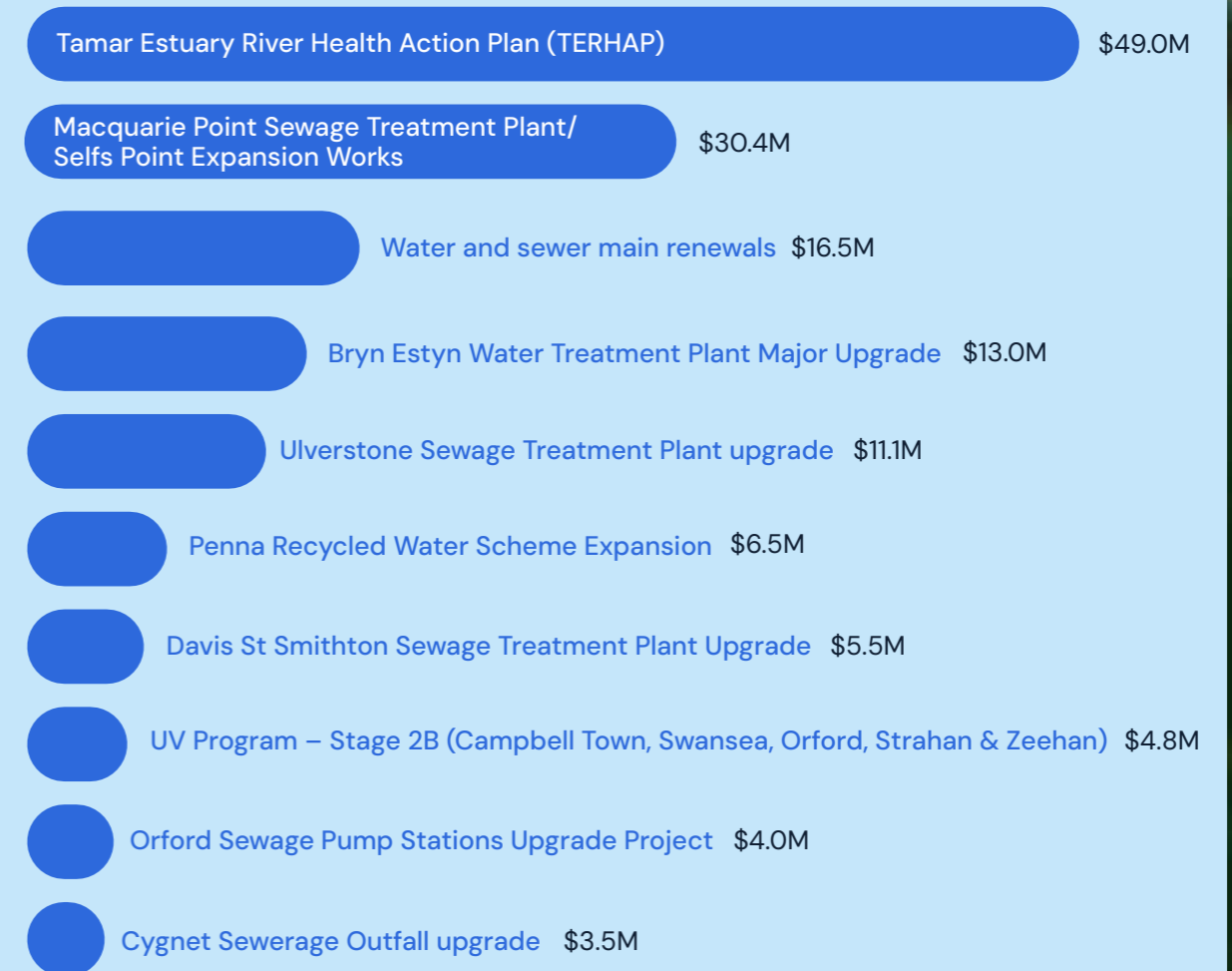
George Theo
Chief Executive Officer

Year at a glance



Capital infrastructure highlights

2023-24 top 10 projects and programs by spend



02

Operations overview

Image credit – Moon Cheese Studio

Operations overview

As at 30 June 2024



Legislative and regulatory instruments

Our operations are subject to a range of regulatory requirement, including:

- Water and Sewerage Industry Act 2008 (Tas)
- Environmental Management and Pollution Control Act 1994 (Tas)
- Public Health Act 1997 (Tas)
- Land Use Planning and Approvals Act 1993 (Tas)
- Water Management Act 1999 (Tas)
- Water and Sewerage Corporation Act 2012 (Tas)

Our purpose is to provide exceptional water and sewerage services for a thriving Tasmania. Each day, we serve more than 470,000 Tasmanians and Tasmanian businesses.

Our business is more than just taps and toilets. The services we provide help Tasmania to thrive in lots of different ways:

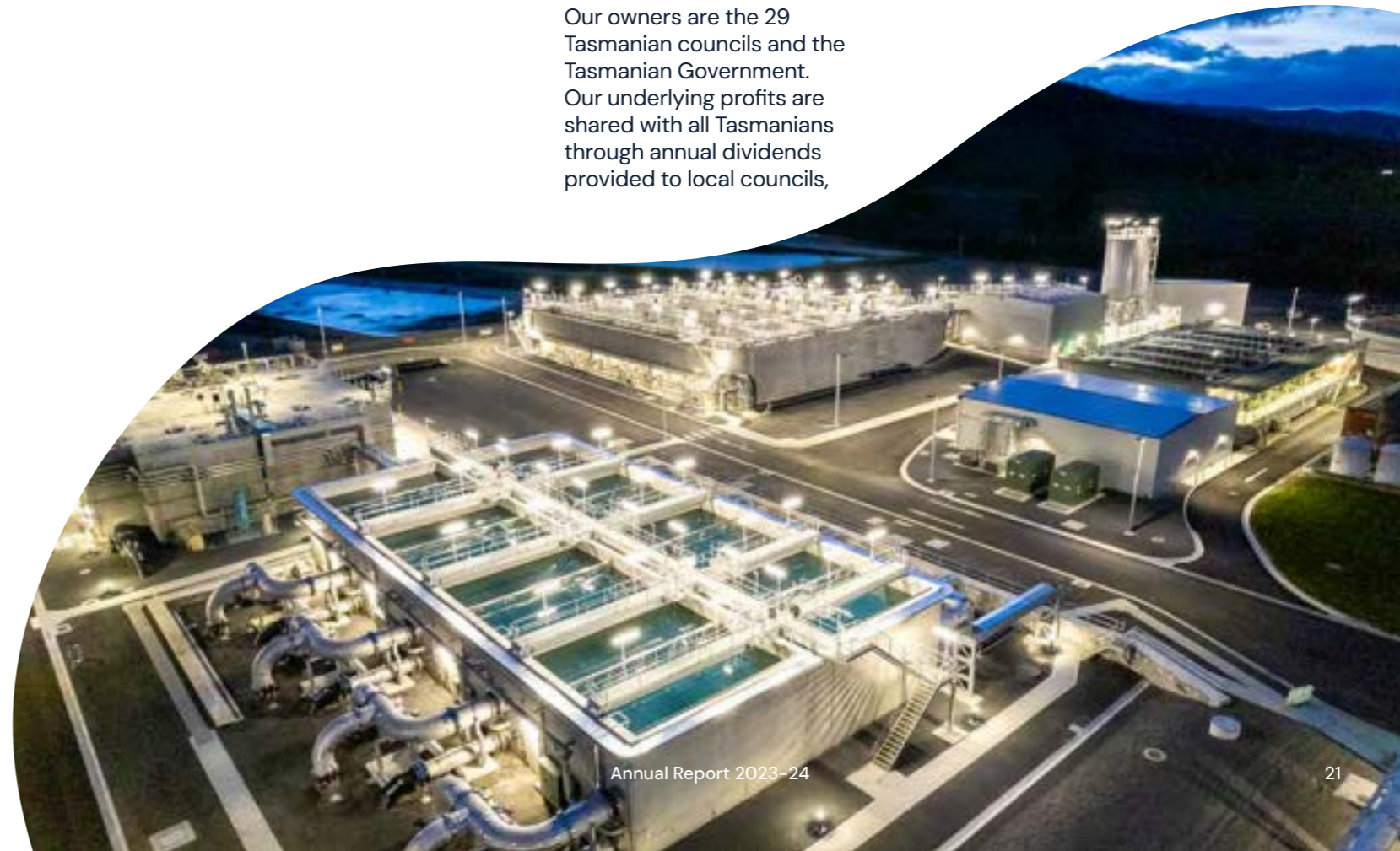
- Health and wellbeing – Clean drinking water and sanitation are human rights, fundamental to everyone’s health, dignity and prosperity
- Environment – Sourcing water and discharging wastewater means interacting with our natural environment, in a way that minimises environmental harm and enhances environmental values
- Economy – Secure, reliable, and affordable water and wastewater services are crucial to the prosperity of industry and business.

which are reinvested back into the community.

We are incorporated as a proprietary limited company under the *Corporations Act 2001* (Cth). We commenced operations as TasWater on 1 July 2013, following the merger of Ben Lomond Water, Cradle Mountain Water, Southern Water and Onstream in accordance with the *Water and Sewerage Corporation Act 2012* (Tas).

As of 30 June 2024, our workforce comprised 928 FTE employees situated across the state. Our people are passionate, skilled, and take immense pride in the role they play in delivering exceptional services for a thriving Tasmania.

Our owners are the 29 Tasmanian councils and the Tasmanian Government. Our underlying profits are shared with all Tasmanians through annual dividends provided to local councils,



Our Strategy

Our Strategy sets a bold direction for TasWater.

It states our ambition and is a demonstration of our desire to ensure we meet the evolving needs of our customers, communities, people, the environment, and Tasmania as a whole both now and in the future.

Our strategy describes our why, what, and how through the lens of our purpose, our future and our values.

Our purpose: to deliver exceptional water and sewerage services for a thriving Tasmania.

- This purpose reflects the drum beat of what we do every day, and how water and sewerage services underpin everything that makes a community and state thrive. Our purpose provides the foundation on which to build our future.

Our future: Unlocking water's full potential by delivering customer value, ensuring we are better together, enabling a healthier environment and ensuring there is water forever.

- Our vision, outcomes, aspirations and measures of success describe what our future looks like. Together they provide clear direction on what we are aiming to achieve and how we will measure our performance.

Our values: Achieve together, Be courageous, Care about our impact, Deliver on commitments.

- They describe how we will work together to achieve our desired future.

Our Strategy guides everything we do.

Our Purpose: Why we exist

To provide exceptional water and sewerage services for a thriving Tasmania.

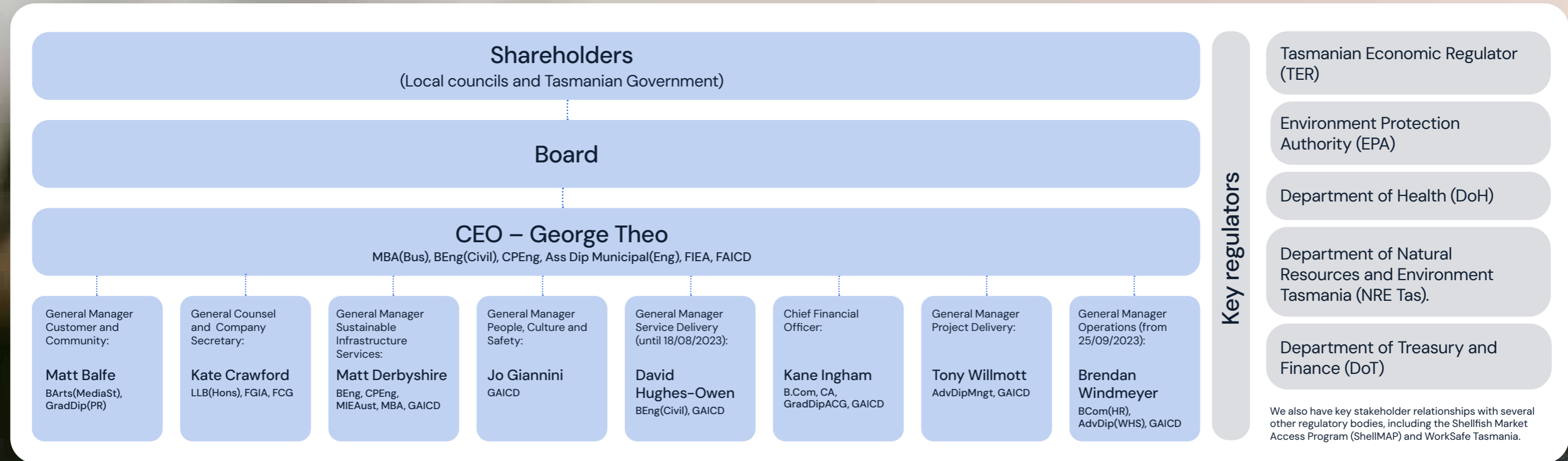
Our Future: Vision, Outcomes and Aspirations



Our Values: How we'll make it happen

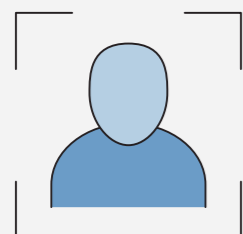


Governance structure



03

Customer Value



Customer Value

From the day-to-day services we provide, to the performance of our assets, we are striving to cater to different needs and to look at how we can innovate to provide true value for our customers.

We strive to involve the community in the decisions we make and to give back to Tasmania.

There was a decrease in water main breaks (per 100km of water main) of 42 compared to 47 in the previous year. To further reduce this number for our customers, the water mains renewals capital budget is \$21 million in 2024-25, having spent \$10.9 million this year. This was principally driven by the age and condition of water network assets. It was also partly influenced by the

effects on water pipes of the drying ground conditions, as a result of the below average rainfall experienced across the state during the year. We have increased investment year-on-year in the renewal and condition assessments of water mains, targeting those pipes that are most vulnerable to leakage and breaks.

We received 2,441 customer complaints for the year, slightly below the 2022-23 figure of 2,457. We received 24 informal Ombudsman enquiries, and no formal Ombudsman complaints.

Key performance indicator	2023-24 result	2023-24 target	2022-23 result
Residential customer trust (%) ¹	51	n/a	n/a
Total complaints per 1,000 customers (no.)	10.9	≤9.9	11.1
Water main breaks per 100km of water main (no.)	43	≤32	47
Microbiological compliance (%)	100	100	100

¹ Our Trust Driver Model is built upon two core pillars – character (which encapsulates both integrity and the intention to do what is right) and competence (representing the capability to succeed and operate efficiently)

Nailing the basics

Fair bills for all

Our customers continued to have price certainty with a 3.5 per cent annual price increase introduced on 1 July 2023, as approved by the Tasmanian Economic Regulator. This was the third consecutive year where price increases were kept at 3.5 per cent, following two years where price increases were frozen at 0 per cent.

This year, we also worked closely with our larger industrial customers on new contracts that better reflect their current and future trade waste needs, ensuring we deliver improved outcomes for the environment.

Australia's best drinking water

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

We have installed ultraviolet (UV) systems at five of our water treatment plants, improving our treatment processes. Construction of UV systems has also begun on another three sites, with two more to follow next financial year, completing our State UV Disinfection Program. A focus on fluoride monitoring and awareness has resulted in all fluoride dosing stations being 100 per cent within health targets for the second year in a row.

In November, we were proud that water from Fern Tree, located on the slopes of kunanyi / Mt Wellington, clinched the title of 'Best Tasting Tap Water in Australia' for the third time in eight years. The blind taste-testing contest, judged by industry experts, recognised the pure taste and clarity of Fern Tree's water, long celebrated by the local community.

Bolstering our defences

While we have numerous highly visible capex projects underway, it is important to remember there are other 'unseen' areas that require greater investment, such as digital and cyber security measures. Our cyber security team actively monitors TasWater accounts for any signs of data breaches to keep our customers' information safe.

“Overall, customer satisfaction following interactions with our Customer Service team was 98 per cent.”



We are committed to providing safe and reliable water services to our customers and have continued to ramp up efforts to keep our systems protected from the escalating threat of cybercrime.

Our people are integral to our cyber defences, and we are strengthening cyber awareness by tailoring needs-based training and mandatory cyber threat training.

Security surveillance systems monitor our digital environment 24/7 and we continually test and improve our controls to protect the integrity and security of our data and assets. Last year, we automatically blocked 677 malicious emails from being sent to TasWater email accounts.

We have invested significantly in identifying what cyber risks exist within our supply chain and managing those risks.

Easy and accessible

We're here to help

During the year, our 24/7 Customer Service Centre received 157,878 calls from businesses and individuals around Tasmania. Of these, 126,979 calls were directed to a Customer Service team member, and we were able to answer 58.2 per cent within 30 seconds.

Our customers have previously told us resolution at first point of contact is the most important factor for them. It was pleasing to see our ongoing focus to meet customer expectations resulted in first point resolution of 94.8 per cent of customer calls against a service standard target of 90 per cent.

Overall, customer satisfaction following interactions with our Customer Service team was 98 per cent, also exceeding our target of 90 per cent. This data was collected during the financial year, with 24,500 customers providing feedback through our post-call survey.

Customer contacts were spread across a variety of channels: phone (157,878), e-mail (45,192), face-to-face (6,298), and webchat (4,208). During the year, we attended 14,480 customer-initiated callouts to fix spills, bursts or leaks across the state.

Improving customer experience

TasWater is committed to improving our customer interactions and building stronger relationships with our community.

In December, we launched our new identity, which came about as a result of the most extensive customer research project we've ever undertaken. It revealed some significant challenges with our former visual identity, including that the former brand colours did not meet accessibility standards for contrast. We are committed to being accessible and approachable to all Tasmanians and our refreshed identity reflects this shift as well as our pride in Tasmania.

Our Customer Experience team has explored key customer information and built detailed customer personas to better understand and meet our customers' needs. One of our significant initiatives during the year included the commencement of creating a new self service digital portal, which promises to revolutionise our interaction with customers. Phase one of this initiative will include customer account and billing functionality, providing customers with a quick and easy way to manage their accounts, pay bills, set up payment arrangements and much more, from any device, at any time.

In addition to this, work was undertaken to progress eBilling, enabling customers to receive bills via email and discontinue paper billing. This system will pave the way for future self-service capabilities.

Engaged and supported communities

Helping customers in need

Supporting customers through our revamped TasWater Assist program is an important component of customer care. We understand more customers will need our support and that asking for help is never easy. During the year, we supported 1,282 customers in financial hardship – an increase of 39 per cent on the year before – a sign of the current economic climate and pressure on many Tasmanians in vulnerable situations. Through the program 355 customers were able to rebuild their financial resilience and return to a regular payment program.



Engaging with Tasmanians

We undertook community and stakeholder engagement in support of 187 capital works projects during the year, engaging with 1,400 individual stakeholders. We participated in 3,450 engagements, including face-to-face meetings, emails, written notifications, phone conversations and community meetings. We engaged with the Tasmanian community and key stakeholders to consult with and inform them about our capital works program and infrastructure upgrades in their local region. Of these engagements, 96 per cent related to general or significant project information, and 4 per cent related to complaint resolution due to issues that occurred during the planning or delivery of a project.

The engagement team used various communication channels to engage with

the community and worked closely with our communications team to keep people informed. An engagement campaign which began in 2022–23 in Launceston for the Tamar Estuary River Health Action Plan (TERHAP) projects continued into this year. The campaign is keeping residents and businesses in Launceston informed about the importance of the project and the positive outcomes our work will have as well as possible disruptions they may experience during the significant infrastructure upgrades.

Our community engagement for our Price and Service Plan 5 (PSP5) kicked off in March with our campaign 'Water. It's Tasmania's Thing'. The campaign reached more than 200,000 Tasmanians and was successful on several measures, but most importantly seeing more than 3,500 Tasmanians registering to have their say. So far, we have heard from more than 1,900 of those Tasmanians via our first survey to learn their priorities.

Leading community programs

We launched our 'Be a Refiller, not a Landfiller' program in April 2024. The program created in partnership with the Tasmanian JackJumpers, involves the installation of all-abilities water refill stations throughout Tasmania. This initiative aims to promote healthy hydration habits while significantly reducing single-use plastic bottles, which often end up in landfill or in our waterways. By December 2024, we plan to install 30 refill stations in popular locations across 16 Tasmanian councils.

In our asset artwork program, talented artists and local communities have turned mundane structures into dynamic expressions of art, brightening their surroundings and leaving a lasting impact. In September 2023, TasWater created a JackJumpers-inspired mural in collaboration with Tasmanian artist Trent Fischer at the Elwick Pump Station. This vibrant 230m² artwork, celebrating the Tasmanian JackJumpers mascot, Jack, revitalised the pump station near MyState Bank Arena, and it was a great collaborative effort that brought this vision to life.



Case study: DMAs

Reducing water loss is a top priority – something we are acting on right now to ensure our customers are not paying for large amounts of lost water.

Two years ago, we commenced a \$4 million program to install 220 District Metered Areas (DMAs) across the state.

These DMAs are a network of meters strategically positioned across our network to help identify hidden underground leaks and prioritise their repair.

This proactive measure not only conserves resources, but also enhances the overall efficiency and reliability of the water distribution network.

This financial year, we installed a further 92 DMAs bringing the total to 160, with more going in the ground every week.

When the DMAs are fully established, in late 2024, TasWater will have the ability to continuously monitor more than 90 per cent of its reticulated pipe network for hidden leakage, with the aim of triggering leak detection and repairs before a burst occurs.

As part of the ongoing increasing focus in reducing losses from the water network, while establishing DMAs, we continued to actively undertake acoustic leak detection activities. These ongoing activities last year covered more than 2,300 km, which is approximately 36 per cent of the water network – finding and repairing 53 hidden leaks, representing a savings in water loss of more than 9.7 billion litres per annum. We have now reduced our non-revenue water levels from 28 per cent in 2023 to 24.5 per cent at the end of this financial year.

By reducing our water losses, we will be able to reduce the amount of water we need to take from our rivers and streams – leaving more water for the environment and lowering our treatment and electricity costs at the same time.



04

Better Together



Better Together

At TasWater, we believe our people are our greatest asset. To unlock water’s full potential, it is vital we work together and bring our best selves to everything we do.

Key performance indicator	2023–24 result	2023–24 target	2022–23 result
Total Recordable Injury Frequency Rate	10	<8	11
Employee engagement (%)	54	n/a	n/a
Stakeholder trust (%) ¹	51	n/a	n/a
Value of capital projects awarded to Tasmanian businesses (%)	80	>80	84

1. Respondents who rate >8/10.

We know that by working together we can achieve great things. We will help our people to achieve their full potential through meaningful work, physical and psychological safety, personal growth, autonomy and purpose. We will also partner with external stakeholders to deliver better outcomes for our communities.

Safe and well

During the year, we focused on delivering key projects aligned with our four Health

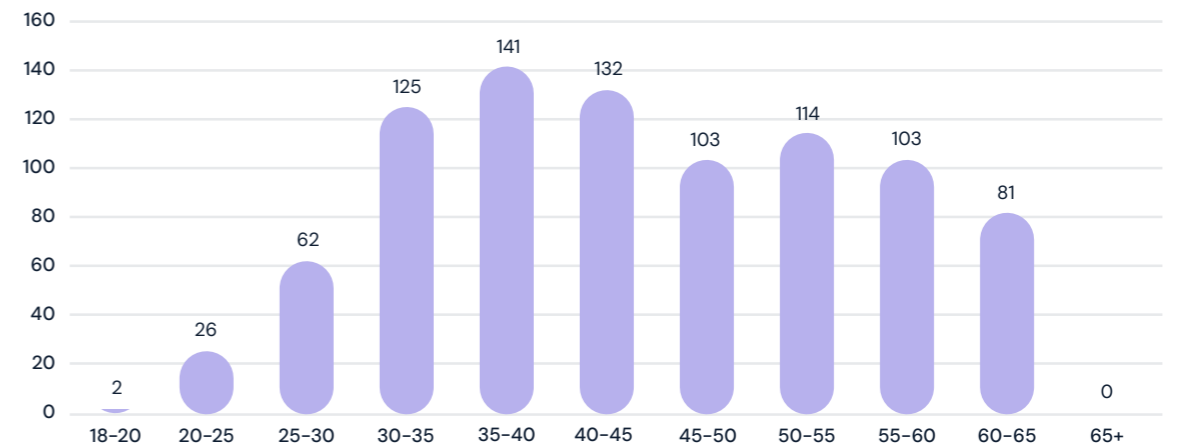
and Safety strategic roadmap pillars of:

- Effective Risk Management
- Purposeful Leadership
- Performance and Improvement, and
- Health and Wellbeing

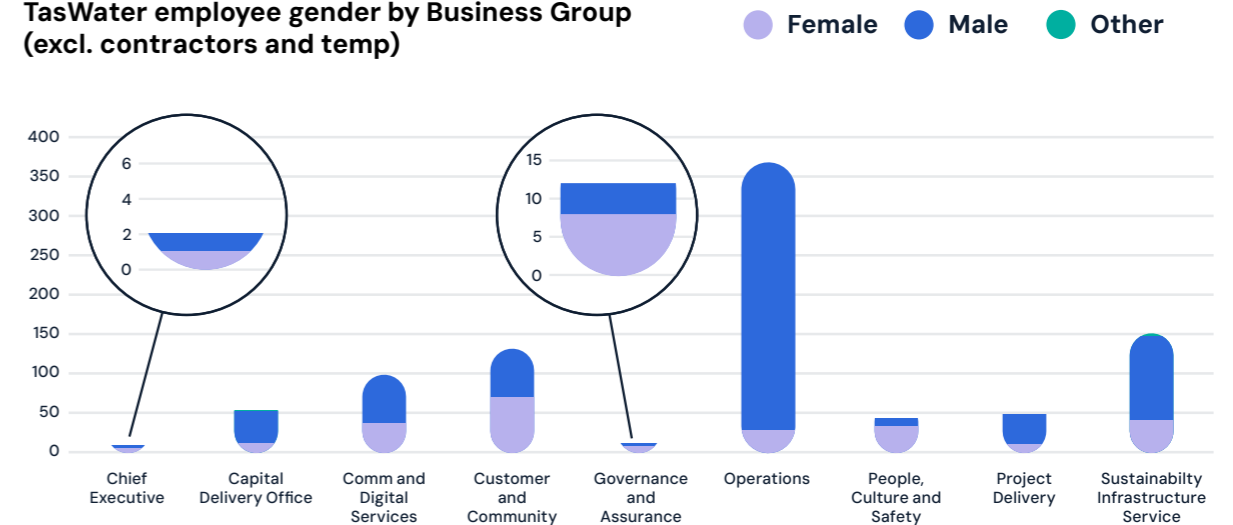
This included:

- Implementing improved risk controls for occupational hygiene exposure, emergency management, and activities associated with energy release.
- Designing a new health and wellbeing framework

TasWater employee age demographics (excl. contractors and temp)



TasWater employee gender by Business Group (excl. contractors and temp)



- Revitalising our health and safety management system including the introduction of relevant health and safety management standards
- Improving service levels relating to mental health support

Providing comprehensive training for leaders on mental health

Pleasingly in safety this year we saw a small reduction in the total recordable injury rate from 11 last financial year

to 10 in 2023–24. While this improvement is encouraging, we still have more work to do in this space and we continue to work with our people and contractors to prevent injuries from occurring.

A journey of understanding

On 3 October, staff from across the organisation came together to launch our inaugural Reconciliation Action Plan (RAP). Our RAP marks TasWater’s public commitment to fostering meaningful relationships with Aboriginal and Torres Strait Islander communities, promoting inclusivity, and acknowledging the rich cultural heritage of Australia. The launch event was a celebration of culture, with palawa community members sharing culture through music, dance and food.

A key learning from our first RAP is that although these plans are nationally recognised, and widely used in mainland Australia, many members of the Tasmanian Aboriginal community would prefer an approach that reflects Tasmania’s unique context and history. Next financial year, we will prioritise engaging with community to develop a tailored local plan that reflects Tasmanian Aboriginal Community sentiment.

In April, a Tasmanian Aboriginal Cultural Safety pilot workshop was delivered by a palawa cultural safety expert. The workshop was designed to build an understanding of the long rich Aboriginal history of lutruwita / Tasmania, the



impacts of colonisation, and how this knowledge can be applied in our decision making, engagement with the community, and daily work practices.

This workshop is now being delivered monthly, and over the next three years all TasWater people will attend these important workshops.

Also in April, the executive leadership team travelled to lunawanna-alonnah/Bruny Island for a cultural immersion experience – centred on building knowledge through the generous sharing of Tasmanian Aboriginal ways of knowing and being on Country. As current custodians of the waterways that have been cared for and nurtured by community for tens of thousands of years our organisation is committed to ongoing learning in this space.

Supporting the needs of our people

In September, we proudly opened our first lactation and reflection room in the Launceston office, an important mechanism to support working parents and another step towards a more inclusive TasWater. This accessible, comfortable and private space assists nursing mothers to balance professional responsibilities and family commitments. The space doubles as a reflection and prayer room, catering to the diverse needs of our people. In early 2024, dedicated lactation and reflection rooms were also opened at our Devonport and Moonah sites.

Great place to work

Employee engagement

In April 2024, we undertook our first Pulse Survey with 71 per cent of our workforce participating. The survey was designed to gauge employee sentiment and identify areas for organisational enhancement.

Notably, the survey highlighted our strengths in safety leadership and role clarity, with 80 per cent of respondents affirming that their direct leaders demonstrate a strong commitment to health and

safety. Additionally, 72 per cent of respondents felt clear about their role expectations, and 64 per cent expressed pride in being part of TasWater.

Recognising great work

As part of the launch of our new values, our people were presented with an opportunity to nominate colleagues who they see as already living the values. There were 56 people and teams nominated from across the business and at the launch of Our Strategy in May, we recognised nine standout winners – a combination of individuals and teams from across the state.

In June 2024, we set gender targets using the Workplace Gender Equity Agency’s recommended target setting approach.

We believe diverse teams perform better and are more innovative and engaged. A diverse workforce provides a variety of perspectives, improving problem-solving and decision-making.

As of 30 June 2024, female representation across the entire organisation was 26 per cent, with a target to reach 35.5 per cent by 2029.

Currently, four out of the seven TasWater Board members, one in four members of the Executive Leadership Team and just under half of the Senior Leadership Team are female.

Investing in talent and giving back

Giving back to the Tasmanian community, attracting local talent and addressing under-representation in the water industry are the driving forces behind expansion of TasWater’s scholarship program.

In addition to the existing Steve Balcombe Scholarship (now called ‘TasWater Scholarship in memory of Steve Balcombe’), which was awarded to Samuel O’Neil in 2023–24, two new scholarships were created during the year. These scholarships are aimed at addressing the underrepresentation of women and Aboriginal and Torres Strait Islander peoples in STEM (science, technology, engineering, and mathematics) in the water industry.

The Aboriginal and Torres Strait Islander Scholarship is available to Aboriginal and Torres Strait Islander students enrolled in a Bachelor or associate degree in STEM or business. The scholarship is worth \$10,000 per annum over four years. The 2023–24 recipient was Luka Mansell.

The TasWater Women in STEM Scholarship is available to women entering their third year of study in a STEM subject and is worth \$6,000 per annum over two years. The 2023–24 recipient was Obelia Wycisk.

In addition to offering financial support, recipients are offered paid work experience opportunities and are invited to apply for our graduate program upon completion of formal studies.

2023–24 summer placements

The 12-week TasWater Summer Placement Program ran from 13 November 2023 to 9 February 2024.

Ten university students were placed in our Engineering, Digital and Technology, Finance and Legal teams and worked on projects to solve a problem or explore an area of innovation. Projects involved research, analysis, and presentations, with a strong emphasis on data analysis to enhance the efficiency of TasWater’s services, cost-effectiveness, and environmental and customer outcomes.



Our 2024 Graduate Program

Our 2024 intake commenced in March, kicking off with Grad Week – a week where students get together, meet the previous year’s cohort and learn about the TasWater business, including meeting with our executive members, cross-state site tours and team building activities. In the coming months, this cohort will commence their Day in the Life Of experience, learning about teams across our business. Our 2023 intake are in their final rotation, and have recently completed a group business challenge. In small groups, they were assigned a specific business challenge and allocated time over a set number of weeks to work through the challenge, presenting findings and recommendations to the executive leadership team.

There were 11 graduates in the 2024 intake, from the following disciplines: seven engineering graduates working in Service Delivery, Capital Delivery Office and Sustainable Infrastructure Services (one also has a science degree); and one each in finance and accounting, economics, law, and information and communication technology. Seven are based in the south, with two each in the north-west and north. One graduate participated in the summer placement program prior to joining the graduate program.

There are also 11 graduates in their second year (commenced March 2023) who began their second rotation in November 2023.

The projects were well considered and validated, leaving TasWater with several potential innovations to further explore and implement. The students shared that their problem solving, analysis and teamwork skills had improved during the placement and expressed that TasWater was a great place to learn.

TasWater has top operators

In August, two outstanding TasWater team members were recognised in the annual Water Industry Operators Association of Australia Excellence in Operations Awards.

Shannon Spencer, TasWater Senior Operator at Rocherlea, was the winner of Tasmanian Operator of the Year and Jamie T Brown, Water Service Operator in the Derwent Valley, was named the Young Tasmanian Operator of the Year.

In May, Project Manager Renewals Catherine Lopy took out the prestigious National Association of Women in Construction (NAWIC) Crystal Vision Award. This Australia-wide award celebrates the achievement of individuals who actively promote and encourage participation and career progression of women in construction.

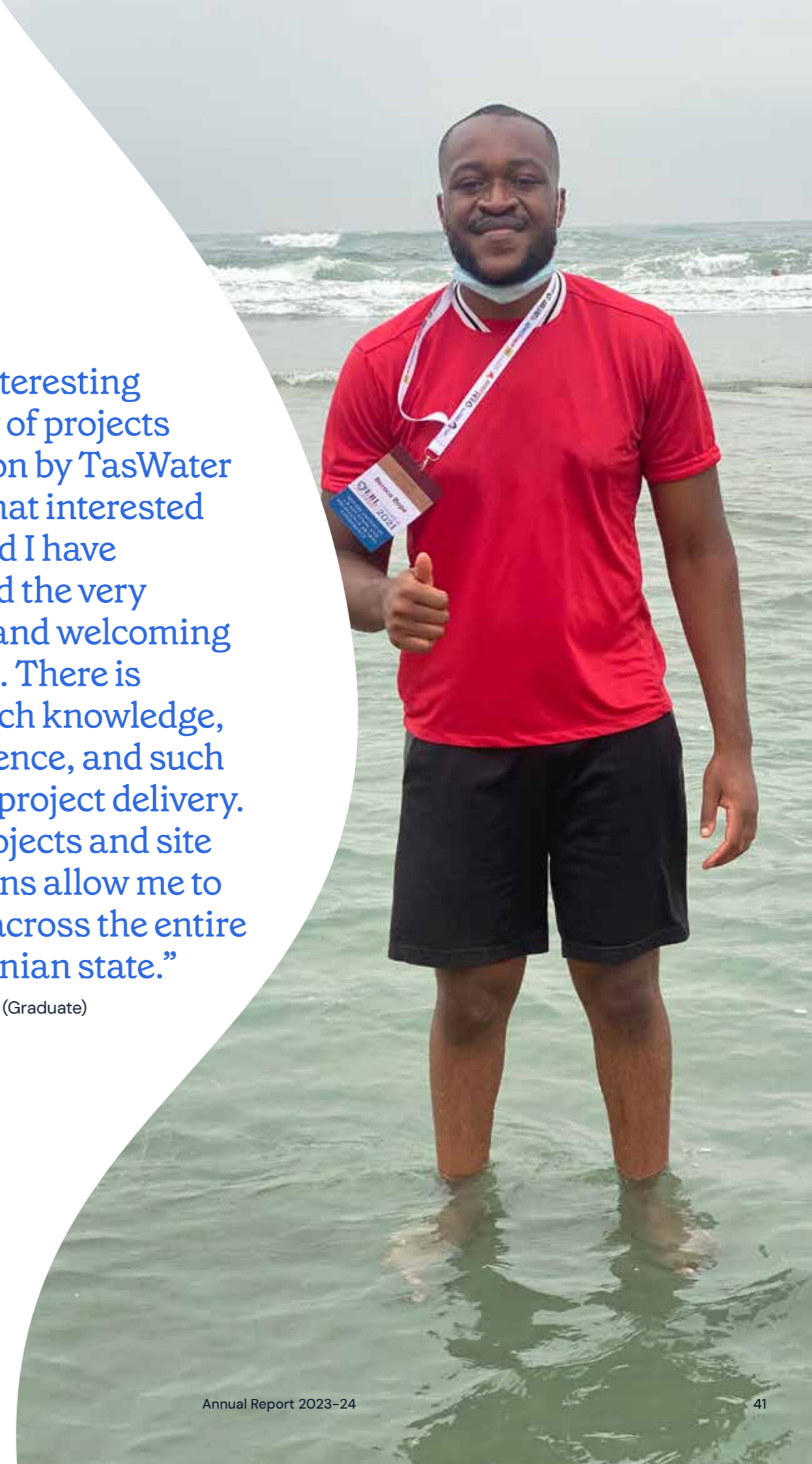
Anthony Allan, Manager Operational Improvement, was named Tasmania’s Water Professional of the Year at the 2023 Tasmanian Water Awards. Anthony went on to represent Tasmania at the 2024 Australian Water Awards in Melbourne in April.

Thomas Fair, Operational Support and Improvement Senior Engineer was a finalist for the Tasmanian Young Water Professional of the Year award.

These prestigious awards recognise the important work and contribution made by our people in the industry locally and nationally.

“The interesting variety of projects taken on by TasWater was what interested me, and I have enjoyed the very warm and welcoming feeling. There is such rich knowledge, experience, and such varied project delivery. The projects and site locations allow me to travel across the entire Tasmanian state.”

- Beraca Bope (Graduate)



Effective partnerships

We understand that delivering great outcomes for our community will only come through working more effectively with our partners including shareholders and all levels of government, peak bodies, private industry and all other stakeholders.

Throughout the year, TasWater undertook significant market engagement to assist in

developing its next capital delivery model. This engagement process has reaffirmed the importance our capital works program plays in the local economy and the benefits that can be achieved with long-term, collaborative frameworks that address the common themes impacting these various stakeholders. This engagement will be a centre piece of the next model when our current alliance model ends on 30 June 2025.

TasWater delivered several co-funded projects throughout the year, including:

- Selfs Point Sewer Transformation Project (with the State Government)
- TERHAP (State and Federal Government, Launceston City Council)
- Penna Recycled Water Scheme (Federal Government)
- Shellfish Risk Mitigation Project (Federal)
- Tolosa Dam Restoration (Glenorchy City Council)

These projects demonstrate our ability to work jointly with our funding partners to achieve great outcomes for our customers, communities and the environment.





Case study: Inflow and infiltration

We live in one of the most beautiful parts of the world and our environment is particularly close to our hearts. Tasmania is home to some of the most stunning waterways and parklands and it is important that we all do our bit to protect the environment.

Our sewerage network is not designed to manage the inflow and infiltration (I&I) of stormwater during rainfall.

Inflow is where stormwater enters the sewerage network, generally via private plumbing that is incorrectly connected to the sewer.

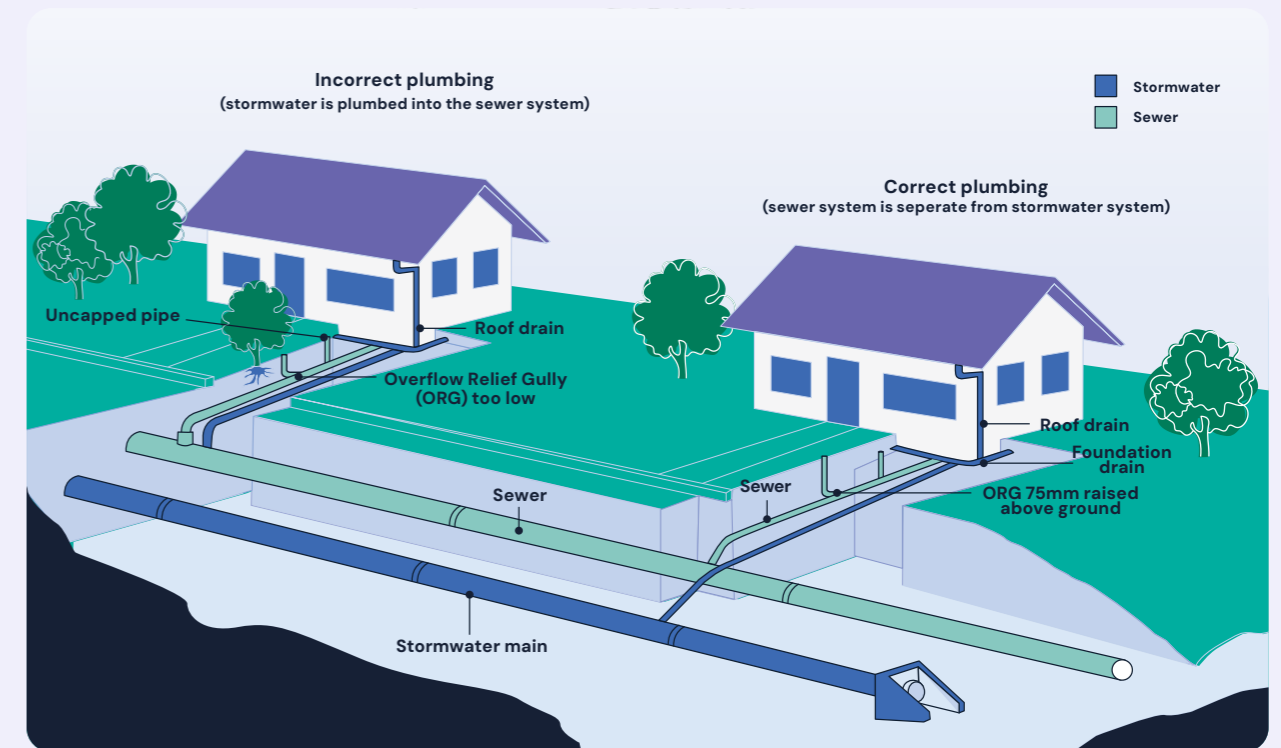
Infiltration is stormwater entering the sewerage network, generally by seeping through cracked, or unsealed underground infrastructure.

When the amount of stormwater entering the sewerage network exceeds the network's capacity, there is potential for:

- overflows to creeks, rivers and parklands
- increased risks to the health of our waterways and local environment
- increased sewage pumping and treatment
- spills in private property.



This diagram shows a correctly plumbed and incorrectly plumbed property



We are inspecting sewerage infrastructure in areas where sewage overflows occur regularly, impacting the local environment. Our crews also work to identify and rectify any leaks and cracks in our infrastructure. We notify property owners of any defects identified in their privately-owned infrastructure and provide further information on their responsibility to rectify the issue.

Removing stormwater infiltration is a low-cost option compared to building bigger pipes, pumps, and treatment plants.

The I&I team has worked closely with Northern Midlands

Council to implement our rectification strategy for private property issues.

The success of the 'keep stormwater out of sewer' program is heavily reliant on collaboration with council and their support to enforce repairs to stormwater infrastructure.

Working with the Northern Midlands Council, we have had some significant wins in the remediation of private property stormwater to sewer connections. In Cressy, 13 properties were identified as having significant incorrect stormwater connections to the sewer network. Property owners were visited in person

by TasWater and Northern Midlands Council to discuss the issues found, the impacts on the local environment and the importance of rectifying the issues. Just three months after initial contact with residents, 70 per cent of properties had rectified issues or committed to having issues rectified in the coming months. A total of 732.5KL per annum of stormwater inflow has now been removed from the network, minimising the risk of wet weather overflows to the nearby creek from the William Street Sewage Pump Station in Cressy, a great outcome for the local environment.

05

Healthier Environment



Healthier Environment

Tasmania is one of the most beautiful places in the world. We want to work with our precious environment, not against it.

We are looking at how to do things differently to regenerate and improve Tasmania's environment both today and for generations to come. This includes improving assets, rethinking services, and going beyond minimising environmental harm.

We are still at the beginning of our journey of building the foundation for a healthier environment but have a clear path ahead to achieve our goals.

There has been an increase in the number of breaks and chokes occurring within the sewer network, influenced by

the dry climatic conditions and ageing infrastructure, throughout the year. The drying ground conditions, and subsequent intrusions and impact of tree roots and ground movements, contributing to the increase.

Consequently, we have increased the maintenance activities such as jet washing or cleaning the affected pipes and the relining or renewing of infrastructure to reduce sewer breaks and chokes.

We also cleaned 52km and renewed/relined 8km of sewer mains during the year.

We have achieved a 16 per cent reduction in nitrogen and 22 per cent reduction in phosphorous discharges compared with our baseline data for 2021-22 used to inform our Environment Strategy. This has been achieved through increases in recycled water uptake during the reporting year and lower overall flows to the environment following a drier year in comparison to previous years.

Net zero emissions

TasWater is aiming to achieve net zero greenhouse gas (GHG) emissions (scope 1 and 2) by 2050. This year, we developed our Net Zero Emissions Roadmap, which outlines the opportunities and initiatives to reduce GHGs for the organisation. The Net Zero Emissions Roadmap focuses on actions to reduce our largest emission sources, which include emissions from our sewage treatment plants, decarbonising our vehicle fleet, improving energy efficiency and increasing renewable energy. We have already started transitioning our fleet by removing three petrol vehicles and introducing four electric vehicles

Self-generation of renewable energy has great potential for TasWater, with a target of 30 per cent self-generation by 2050. Our Renewable Energy Roadmap identified significant opportunities in bioenergy and solar generation. The upgrade

Key performance indicator	2023-24 result	2023-24 target	2022-23 result
Greenhouse gas emissions (CO ₂ -e)	43,959 tonnes	50,213 tonnes	51,501 tonnes
Total solid waste sent to landfill (tonnes)	9,610	NA	213 tonnes ¹
Nitrogen / phosphorus discharge (tonnes)	1,117 / 205	NA	1335 / 254
Sewer main breaks and chokes per 100km of sewer main (no.)	63.9	40	48.1

1. Biosolids only

to our Self's Point Sewage Treatment Plant will include a biogas cogeneration engine, with scope to increase biogas production through the addition of high strength commercial organic waste. Several solar projects are also being progressed, with the first project expected to be completed in 2025 at the Wynyard Sewage Treatment Plant.

We are also working to improve the data on GHG emissions through increased monitoring and participation in fugitive (unintentional) emissions research. TasWater is currently participating in the latest research projects with universities and other water utilities across Australia and New Zealand, to study and better understand the emissions from wastewater treatment plants and lagoons. These collaborations will support us in our emissions reduction efforts, share resources and tools as well as continue to build capacity within the industry in this area.

Through the Net Zero Emissions Roadmap, we continued to explore opportunities in our unique landscapes for carbon

sequestration projects such as increasing soil carbon storage (biochar), planting and native forest regeneration, and tidal and wetlands restoration. Not only will these initiatives contribute to the net zero target, but they will also provide other co-benefits such as improved biodiversity, improved catchment health, and social and community benefits.

Towards zero waste

TasWater is committed to the efficient use of resources and to transition to a circular economy. By 2050, we aim to have zero waste sent to landfill, with an interim target of a 25 per cent reduction by 2030. This year, we have developed a Towards Zero Waste Roadmap, which seeks to reframe waste as a resource that we seek to create value from

The first step in our journey has been to develop better waste tracking to allow us to assess the impacts of waste reduction initiatives. This improved waste tracking has resulted in a significantly larger waste total for the year. Our first initiative has been to improve waste flows at our offices. The improved management of recyclables and organic waste is diverting one tonne of material from landfills every month. We are also piloting some enhanced waste segregation and diversion at some of our construction sites. This work will divert waste from landfills and aims to reduce the cost of waste management by 50 per cent.



Healthy land and waterways

We are increasingly focused on improving catchments and waterways. We actively support the Tasmanian natural resources management organisations and are program partners in the Tamar Estuary and Esk Rivers Partnership (TEER) and Derwent Estuary Program (DEP), supporting improvements to waterways.

Many of our large capital works projects will have significant environmental benefits – both now and into the future.

The Tamar Estuary River Health Action Plan (TERHAP) will deliver new sewerage infrastructure for Launceston to improve the health of kanamaluka/Tamar estuary and the environment that surrounds it. Once the project is complete, combined stormwater and sewage wet weather spill events into the estuary will reduce by 60 per cent, with a 30 per cent reduction of enterococci entering the estuary. We are also working with the Launceston City Council to identify any 'high value' reuse opportunities.

In May, a final decision was made to relocate the outfall from the Geeveston Sewage Treatment Plant from the Kermadie River to the deeper water of the Huon

River, where there is better dilution and dispersion and ultimately, better environmental outcomes.

During the year, we upgraded outfalls at Dover and Cygnet to improve environmental outcomes by diverting treated effluent into deeper water where it provides better mixing and dilution.

At Port Sorell Sewage Treatment Plant, we completed improvement works to reduce odour and improve effluent quality. The improvements included the control system which allows greater visibility of the mechanical operations of the plant, monitoring of operational parameters such as dissolved oxygen and temperature and inflow controls. This gives operators remote visibility of issues onsite, reducing the reaction time. Historically, we would have to rely on operators going to site once a day or following a complaint, but now issues can be resolved much quicker. Control improvements have ensured optimal treatment performance in the mechanical treatment process. Combined, this has significantly reduced odour complaints and improved the effluent quality discharged from the mechanical process.

We have also been working with the shellfish industry around Tasmania, with the Shellfish Lease Water Quality

Improvement Program (referred to as the Shellfish Mitigation Project) aimed at reducing avoidable spills in these locations.

We have also been investigating innovative ways of treating wastewater through alternative technologies such as nanobubbles, ozofractionation and floating wetlands.

In an Australian first, we are trialling a new nanobubbles system that offers a cost-effective and chemical-free way to improve sewage treatment.

Installed at the Prince of Wales Bay Sewage Treatment Plant (STP) in Hobart in May, the technology has the potential to increase the capacity of treatment plants and improve the quality of the effluent, delivering a win for growing communities and the environment.

We have increased the resilience of the Ranelagh Sewage Treatment Plant to significant wet weather events. Using a new 'storm flow mode' changed the way we operate the treatment plant, reducing the detrimental effects such as high effluent turbidity and low chlorine during wet weather, giving better environmental outcomes during wet weather events.

Cameron Bay Sewage Treatment Plant was the second last major treatment

plant using chlorination that did not have online chlorine analysers in place to monitor the dosing effectiveness. Chlorine analysers have now been installed at the inlet and outlet of the chlorine contact tank to facilitate 24/7 monitoring, with further work to allow the analysers to be used to control the chlorine dose rate based on both the effluent flow and measured chlorine concentration. This will improve chlorine disinfection efficacy and give better outcomes for the environment. We are progressing trade waste improvements to ensure our customers meet discharge requirements which will improve environmental outcomes.

Growth in recycled water

We are responsible for three recycled water schemes in the north west, 15 in the north and 14 in the south of the state.

Recycled water is wastewater that has been treated to remove solids and pathogens. Depending on the level of treatment, recycled water

can be safely used for a variety of non-domestic purposes including irrigation of farm land, golf courses, vineyards, horticulture and nurseries. The total volume of recycled water we supplied in 2023–24 was 5,776ML, which was an increase from 4,135ML the previous year. Overall, a drier year saw the irrigation season start earlier and more demand throughout the season in comparison to previous recent years.

This year, we completed the Penna Recycled Water Scheme (RWS) expansion.

The existing recycled water scheme delivered an average of 80 Kilolitres (KL) of recycled water annually, but now with the expanded scheme, this has increased by an approximate additional 100 KL per year.

Expansion of the Penna RWS has enabled the surplus

treated effluent volume to be sustainably and beneficially re-used therefore ending discharge to the Pittwater Nature Reserve and eliminating future environmental impact to this significant wetland area.

Approximately 200 ML of winter discharges from Sorell and Midway Point STPs have been removed from Pittwater following the completion of the Penna reuse expansion project.

This project was one of four in Tasmania to secure funding from the Federal Government's National Water Grid Fund to the value of \$5M.





Case study: Bridport aerators

Over several months of this year, we successfully trialled two new aerators to reduce odour at the Bridport Sewage Treatment Plant.

The aerators were trialled to increase oxygen transfer efficiency to address historical odour issues and improve environmental outcomes.

Over the 2023–24 summer peak tourist season, there were zero odour complaints received – a win for both locals and visitors to the popular seaside town.

As a result of the successful trial, the aerators are being kept in place permanently.

An additional benefit of the new system is improved effluent quality, with preliminary evidence of a decrease of up to 68 per cent in Biochemical Oxygen Demand (BOD).

BOD is a measure of the amount of oxygen required to remove waste organic matter from water, and this decrease is a win for the local environment.

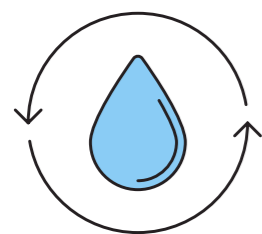
Additional improvements are better remote monitoring of the system, reduced short-circuiting, and a decrease of onsite power consumption.

We are now looking at where else this type of aerator can bring efficiency, environmental improvements, and reduce odour at our STPs across Tasmania.



06

Water Forever



Water Forever

We must ensure our infrastructure and our business are always able to support the delivery of high quality, reliable water, and the safe, efficient treatment of wastewater – whatever the weather or economic conditions.

Water is essential to life, so we must make sure all our water services are reliable, affordable, accessible and available at the right quality, for the right purpose and for the long-term.

This also means striking the right balance between providing services now and into the future, at a price that is affordable yet keeps us open for business.

Key performance indicator	2023-24 result	2023-24 target	2022-23 result
Infrastructure leakage index ¹	2.37	NA	2.93
Return on equity (%)	4.0	3.8	3.5
Underlying earnings (\$ million)	32.6	33.1	31.2

¹ The 2024 Corporate Plan measure of Reducing non-revenue water (%) is now measured by the Infrastructure leakage index. Infrastructure leakage index is a performance indicator of real (physical) water loss from the supply network of water distribution systems.

Climate resilience

Tasmania's changing climate has the potential to present both physical and transitional risks for TasWater's operations.

Physical risks

Physical risks are driven by extreme weather and long-term shifts in climate patterns that have direct impacts on TasWater's operations.

Physical risks can also have indirect policy and legal implications as well as issues for customers and employees.

Acute

Risk of increasing severity of extreme weather including heatwaves, drought, floods and bushfire conditions

Chronic

Risk of longer-term changes in climate including rainfall decline, sea level rise and temperature rise

Transition risks

Transition risks are driven by policy, regulation, technology development, reputation and market shifts resulting from goals to decarbonise and curb the increase of greenhouse gas emissions.

Policy and legal

Risk from existing and emerging regulations to address climate change and flowing from increased losses suffered

Reputation

Risk of damage to reputation and loss of customer confidence due to shifting public sentiment about climate change

Technology

Emerging technologies driving redundancies, impairment risks and more complexity in investment decisions

Markets

Risk from disruption to supply and demand as economies react to climate change

Physical & transition opportunities

Resilience

Adaptive capacity to respond to climate change

Markets

Access to new markets and opportunities to capture new value streams
Achieve cost and emissions benefits through low-carbon and alternative energy options that are more resilient to acute climatic events

Reputation

Improved public sentiment, increased brand recognition and rating

Workforce

Enhanced employee satisfaction, retention and development of a more skilled and diverse workforce

Resource efficiency

Cost of security of supply, and improved productivity through improved water, energy and natural capital resource utilisation

TasWater is focused on building our capacity and capability to manage climate risks and opportunities. This financial year, planning was undertaken to support the delivery of our first organisation-wide climate change risk and opportunity assessment. This has included the delivery of a TasWater-commissioned study by the University of Tasmania's Climate Futures, which reviewed all available climate science for Tasmania and provides guidance on the best models to use.

We are collaborating with Federal, State and Local Governments and other Tasmanian organisations to ensure our adaptation work is underpinned by best practice approaches and has the potential to achieve shared climate change adaptation outcomes.

A climate change risk and opportunity assessment will commence in 2024-25, and will help to identify where more detailed work is required to understand risks, and identify where adaptation options may be required.

Mandatory climate-related financial reporting will start for financial periods beginning on or after 1 January 2025. As TasWater's financial reporting period starts on 1 July, we will prepare our first Sustainability Report, including climate-related financial reporting, for the 2025-26 financial year.

More than 100 disclosures aligned to the Task-Force on Climate-related Financial Disclosures themes of Governance, Strategy, Risk management and Metrics and targets will be required.

Subject matter experts from across TasWater have formed the Sustainability Reporting Delivery Group to prepare for this change. Early actions include performing a gap analysis of the expected disclosures to identify areas which require capability uplift.

Water security

Reducing water losses

Currently, about 24.5 per cent of the water we treat and put into the supply system is lost through leakage or is otherwise unaccounted for before it reaches our customers. This is a decrease from 28 per cent last year.

Unaccounted for water includes water used for operational, cleaning and water quality purposes, metering inaccuracies, and water losses occurring directly from the network.

For the size and type of the underground water network within Tasmania, some losses occurring directly from the network are recognised as unavoidable. There will always be leaks occurring due to ageing infrastructure, damage

by third parties and changes in ground conditions.

This year's decrease can be attributed to our strengthened focus on water efficiency across our water networks by:

- improving the accuracy in measuring and monitoring of the water supplied into the network
- increasing the monitoring of the reticulation network through progressively establishing district metered areas (DMAs) leading to identifying non-visible leakage
- increasing non-visible leak detection and repair activities predominantly across the reticulation network (389 leaks identified with a potential annual saving of 1.1 billion litres)
- increasing the renewals program for ageing and poor condition assets across the water networks.

These initial activities have influenced the approximately 15 per cent reduction in the number of leaks and bursts occurring this year compared to last year, within the reticulation network and the identification and repair of some significant leakage from the larger distribution mains.

But, we know our water losses are still too high. With increasing demand from a growing population and shifting rainfall patterns due to climate change, we need to

reduce the water losses in our systems to make sure more of the water we source reaches our customers.

When our District Metered Area project is fully established in late 2024, we will have the ability to continuously monitor more than 90 per cent of the pipe network for hidden leakage with the aim of triggering leak detection and repairs before a burst occurs.

New and conventional technology continues to be deployed across about 1,200 km of our larger distribution mains and within the majority of the 289 reservoirs to monitor and identify leakage.

A significant increased focus on the repair and replacement of water meters has commenced, addressing defective and old meters, ensuring greater accuracies in measuring water flows and usage. This enhanced program will ensure more than 20,000 meters are repaired or replaced each year. In 2023-24, we repaired and replaced approximately 7,250 meters.

Planning for the future

We have developed our draft Water Security Strategy, focused on setting context and providing high-level objectives to guide improvements through strategies and planning initiatives. The strategy is not intended to describe infrastructure interventions for individual systems, however infrastructure upgrades and associated investments will continue to be developed through regional master plans, with contingency management guided through system-specific drought response plans.

The draft strategy has an initial focus on better understanding the current capability of TasWater systems to meet Level of Service (LoS) objectives for water security, providing improved information for planning investments and tracking improvements into the future.

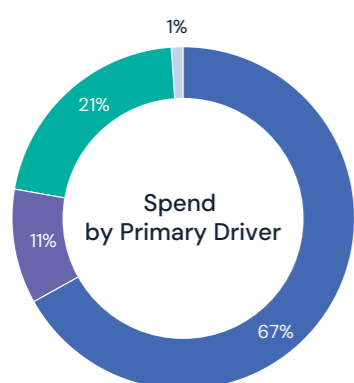
Addressing water security and achieving LoS improvements

will have a direct impact on capital investment required to meet targets. As such, the draft strategy has been developed as an external facing document to support informed discussions around trade-offs through the PSP5 community engagement process.

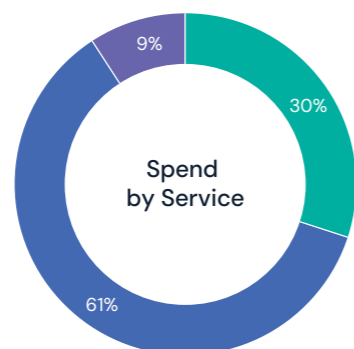
Under the draft strategy, we also propose to deliver community education programs and help our customers to reduce their water consumption, including exploring options to improve the water efficiency of homes and businesses.

Drought response plans have been completed for all water systems across Tasmania. These plans outline contingency measures and trigger levels for responses based on demand and supply forecasts. The plans enable robust, transparent and timely implementation of restrictions and alternative supply arrangements.

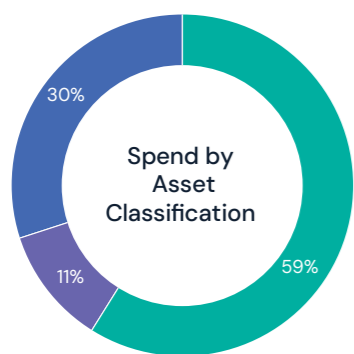
Capital investment spend by driver, service, asset classification and project classification:



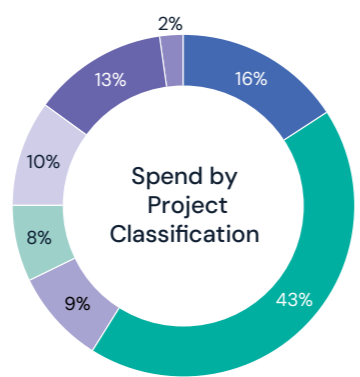
- **Compliance** 178.1M
- **Improvement** 29.2M
- **Renewal** 55.9M
- **Growth** 3.9M



- **Water** 80.6M
- **Sewer** 162.4M
- **Other** 24.8M



- **Network** 161.3M
- **Other** 28.8M
- **Treatment** 77.6M



- **Distribution** 37.0M
- **Collection Sewer** 116.0M
- **Other** 24.8M
- **Disposal/reuse** 19.5M
- **Sewage Treatment** 26.8M
- **Water Treatment** 33.1M
- **Catchment** 10.5M

Infrastructure for the future

To secure our water future, we will invest \$1.9 billion in water and sewerage infrastructure over the next five years. This is on top of the 'catch up' investment of the last ten years. Of this spend, more than \$1 billion is to meet compliance requirements related to drinking water, the environment and dams, and to meet commitments to government.

Approximately 60 per cent of our capital expenditure is in treatment – water and sewage – as well as addressing water losses, an issue where we know we need to do better.

When it comes to water security, we will need to explore climate-independent solutions, and significant capital investment will be required across the state to accommodate growth in each municipality.



Financial sustainability

We must remain financially sustainable to reinvest in our network for the future benefit of all Tasmanians. Balancing this to ensure financial sustainability while having price increases capped at 3.5 per cent is a challenging task in the current financial climate, with the cost of operating and maintaining treatment plants increasing alongside rising customer expectations for service.

Key performance indicator	2023-24 result	2023-24 target	2022-23 result
Net profit	\$80.5M	\$64.5M	\$70.9M
Underlying net profit	\$32.6M	\$33.1M	\$31.2M
Gearing ratio %	31.2	31.5	30.9
Interest cover times	3.6	3.0	3.3

TasWater reported a profit of \$80.5 million for the year ended 30 June 2024. The underlying result was a profit of \$32.6 million, excluding contributed asset revenue and revaluation increment.

A reconciliation of the movement between the underlying result and the reported net profit for the financial year ending 30 June 2024 is reported below:

Description	2023-24 result
Underlying net profit	\$32.6M
Contributed asset revenue	\$47.5M
Revaluation increment	\$0.4M
Net profit	\$80.5M

Our net asset position at 30 June 2024 was \$1.89 billion, an increase of \$139.3 million from the previous year. The main drivers of the increased net asset position included strong financial performance, final issue of State Government shares and revaluation of our freehold land.

The revaluation of our freehold land resulted in an overall increase of \$33.3 million in the value of our net assets. The Australian Accounting Standards requires increases in net asset values to be recognised in the net profit only to the extent that it reverses a revaluation decrease of the same asset previously recognised in net profit only. At the end of June 2024, a total of \$0.4 million was directly recognised to revenue and \$32.9 million was allocated to the asset revaluation reserve. This has resulted in a net increase in asset values held of \$33.3 million.

Economic development

We continued to support economic development by promptly processing planning, building, and plumbing applications. We continue to work closely with the PlanBuild Project Team as its central portal for the lodgement, tracking, assessment and approval of development applications nears launch of application services for City of Hobart, TasWater and Heritage Tasmania. We processed 2008 planning applications referred to us by councils during the year. We engaged with our developer community through statewide forums in which we provided updates on TasWater’s developer charges approach and took feedback and suggestions for our next regulatory period.

Working with Brighton Council, we facilitated construction of an orderly, efficient and cost-effective infrastructure network for South Brighton, thereby enabling developments by Homes Tasmania (housing), Department of Education, Children and Young People (new high school) and private developers (housing, retail and community services). TasWater took the lead to avoid incremental, inefficient installation of multiple small sewage pumping stations and to avoid a first mover potentially being disadvantaged by having to install significant infrastructure at a cost disproportionate to the investment in their specific development.

Productivity improvement program

TasWater’s productivity improvement program continued to play an important role in keeping customer bills as affordable as possible. During the financial year, we achieved \$1.5 million in operational cost reductions by focusing on improving processes to ensure we work as efficiently and effectively as possible.

We are committed to driving ongoing productivity and efficiency outcomes for the benefit of our teams and customers.

Breakdown of costs

For every \$100 we receive from a customer, it is invested as follows:

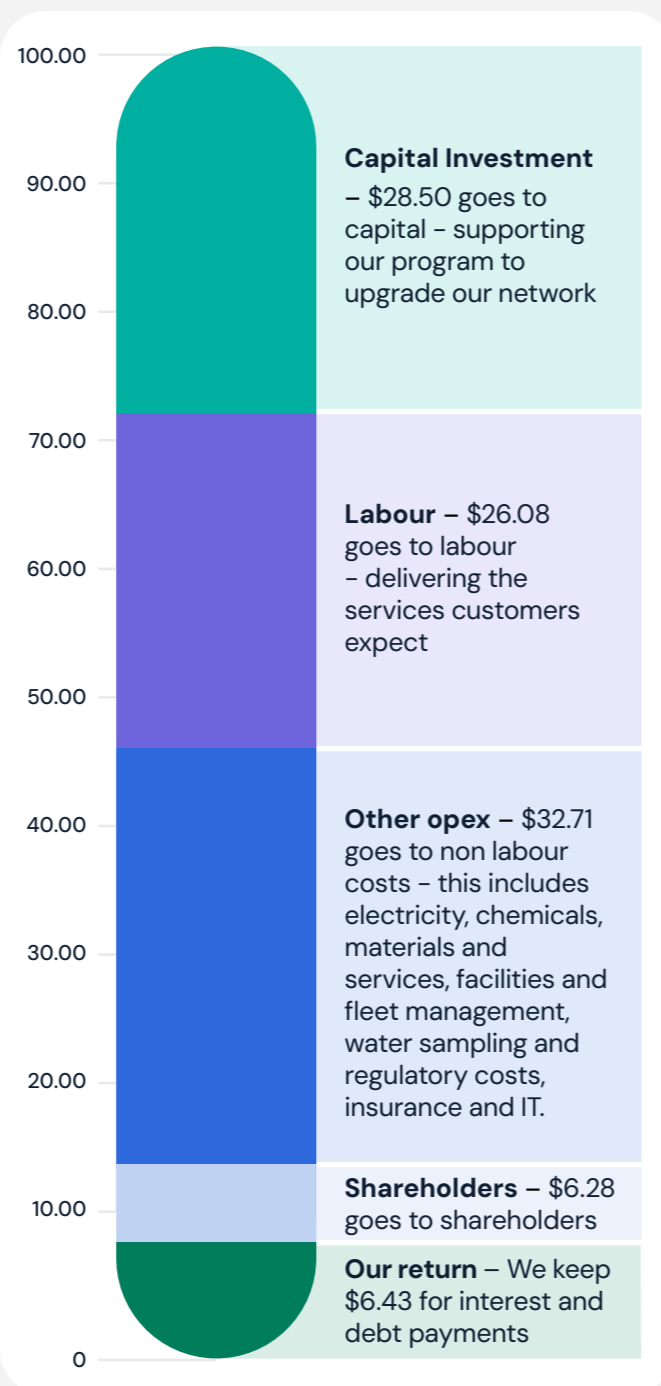
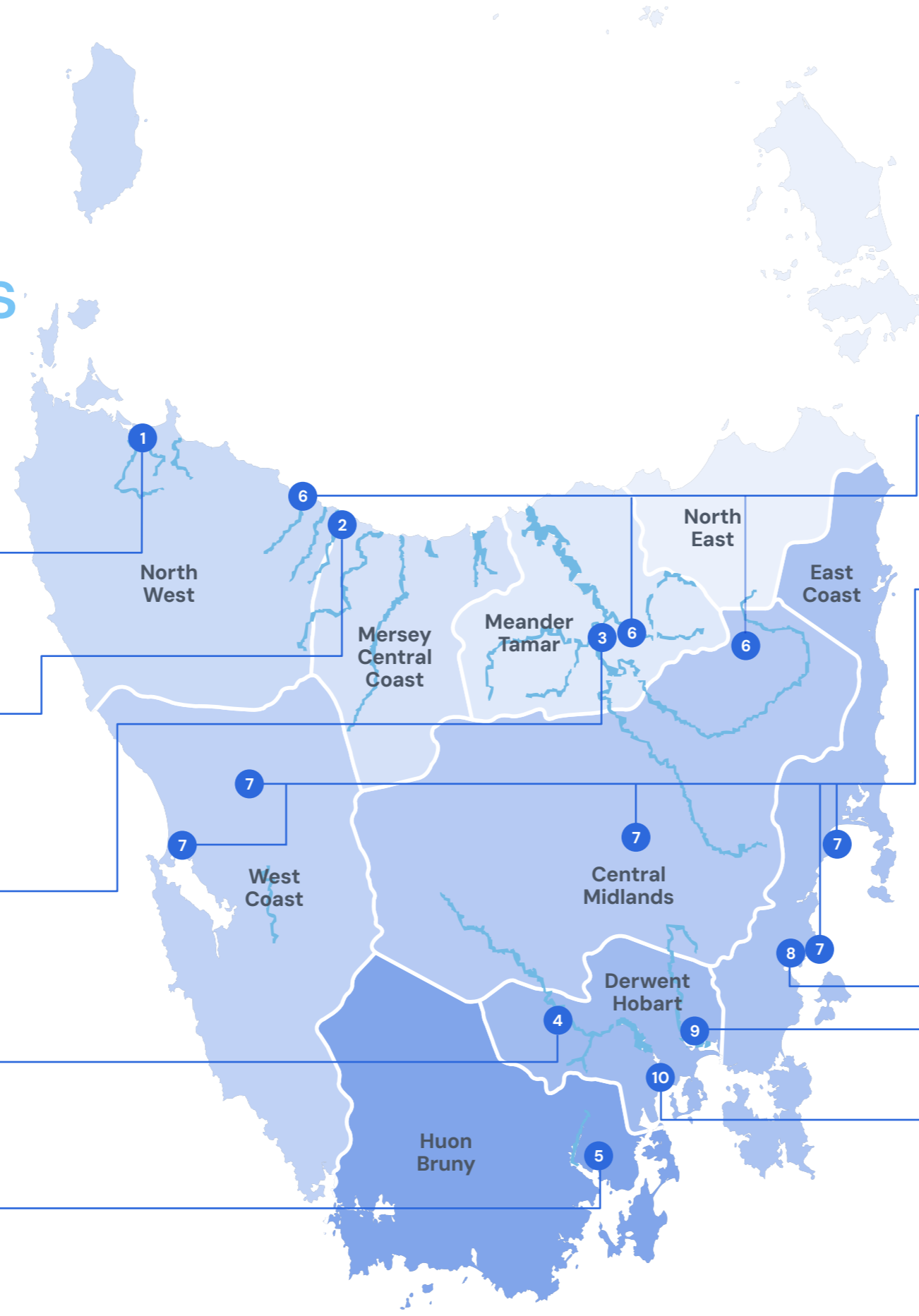


Image credit – Moon Cheese Studio

Major Projects

In 2023–24 we delivered a record capital program of \$269.2 million.

Major achievements from the Capital Works Program in 2023–24 include:



1 Ongoing upgrade to the Davis St Smithton Sewage Treatment Plant \$5.5M

2 Ongoing upgrades to the Ulverstone Sewage Treatment Plant to enhance capacity and efficiency \$11.1M

3 Continued progress on Tamar Estuary River Health Action Plan (TERHAP) works including pipeline construction and installation \$49.0M

4 Completed the Bryn Estyn Water Treatment Plant Major Upgrade \$13.0M

5 Completed the Cygnet Sewerage Outfall upgrade \$3.5M

6 Ongoing statewide UV Program – Stage 2A (Burnie, Chimney Saddle – North Esk, Distillery Creek, Mt Leslie, West Tamar – Reatta Rd) \$3.4M

7 Ongoing upgrades to UV Program – Stage 2B (Campbell Town, Swansea, Orford, Strahan and Zeehan) \$4.8M

8 Ongoing upgrade to the Orford Sewage Pump Stations \$4.0M

9 Completed the Penna Recycled Water Scheme Expansion \$6.5M

10 Commenced early works and planning for the decommissioning of the Macquarie Point Sewage Treatment Plant and the expansion of Selfs Point \$30.4M



CASE STUDY: Regional Master Plans

Planning for growth

Regional master plans are being developed across nine geographic areas statewide to plan for future growth in Tasmania. These plans are our 50-year vision for infrastructure investment in water, sewerage, and recycled water.

The boundaries consider council areas, population, availability of water, the existing network, economic growth and industry investment potential.

The master plans include details such as analysis of system capabilities, supply and demand forecasts, expected climate change impacts, proposed short, medium and long term infrastructure strategies, financial implications, and emerging concerns and risks to be monitored.

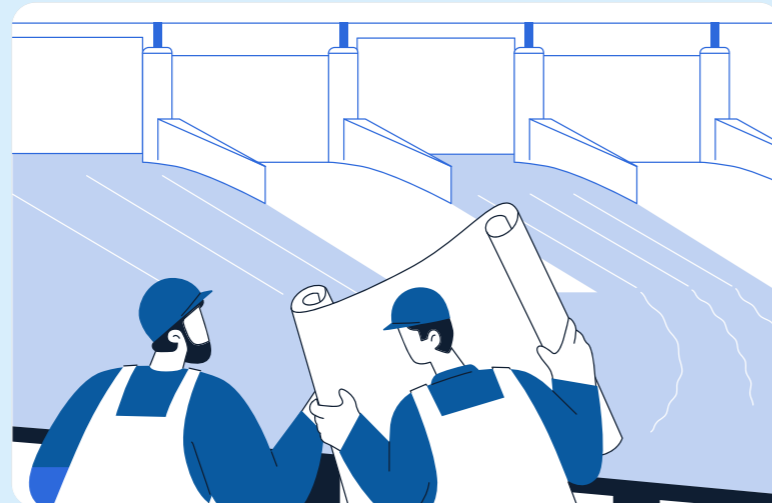
We have been working to identify the potential for residential development across the entire state and a plan to provide additional capacity required to service projected growth.

The regional master plans also identify future preferred system configurations including interlinking systems, building capacity, improving treatment, and optimising our existing systems. The master plans set out steps toward achieving our strategic targets and allow us to prioritise our works.

Our regional master plans are in their first version, establishing core infrastructure requirements. Each future revision of the plans will further refine the plans, identifying adaptive pathways so we can be flexible and respond to future uncertainty. Changes in demand, environment

and health regulations, community expectations, and technological advancements will all affect the pathways we choose in future.

During the year, we completed Phase 1 investigations for sewerage master plans covering Meander Tamar, Mersey Central Coast, and North East, and also completed water master plans covering Meander Tamar, Mersey Central Coast, and Derwent Hobart. Investigations for the remaining regions will be completed in 2024–25. A customer-facing website is being prepared to share our plans and begin discussions with the community and key stakeholders.



07

Corporate governance

Corporate governance

The Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater, was established under the *Water and Sewerage Corporation Act 2012 (Tas) (WSCA)*.

TasWater was incorporated on 5 February 2013 as a proprietary limited company under the *Corporations Act 2001 (Cth)*, owned collectively by the 29 Tasmanian councils.

The constitution was adopted on incorporation and ratified by the owners at a general meeting on 16 May 2013 and operations commenced on 1 July 2013.

At a special general meeting on 27 September 2018, the council owners approved entry by TasWater into a share subscription and implementation agreement, which, together with the passage of the water and sewerage legislation (*Corporate Governance and Pricing Amendment Act 2018 (Tas)*), facilitated the State Government becoming a shareholder in TasWater in early 2019. Consequential amendments to TasWater's Constitution and the 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 owners
 - to deliver water and sewerage services to customers in the most cost-efficient manner.

Principal activities

Our principal activities during 2023–24 were:

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

Role of the Board

The Board of Directors is accountable to TasWater's owners for TasWater's overall performance. The Board has a Charter that sets out its authority, responsibilities and the arrangements by which it operates.

The role of the Board is to provide overall strategic leadership of TasWater and effective oversight of management in delivering TasWater's strategic objectives. The specific responsibilities reserved to the Board are set out in the Board Charter.

To assist the Board to discharge these responsibilities the Board has established three Board Committees:

- Audit and Risk Committee
- Environment and Public Health Committee
- People, Culture and Community Committee

The responsibility for the day-to-day management of TasWater is delegated to the Chief Executive Officer (CEO), and through the CEO to other senior executives. The scope of, and limitations to, these delegations are clearly documented in the Board Delegations Manual, which is approved by the Board.

Corporate governance framework

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

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

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

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

The Board

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

The TasWater Board comprises a maximum of seven non-executive directors, including the Chair appointed by TasWater’s Board Selection Committee, comprised of nominated Owners’ Representatives and the Board Chair.

Nick Burrows retired from the Board on 30 September 2023 and Kathryn Westwood was appointed to the Board for a term commencing from 1 December 2023.

Sally Darke retired from the Board on 28 February 2024 and Yvonne Rundle was appointed to the Board for a term commencing from 1 March 2024.



Chair

Dr Stephen Gumley AO
HonDEng (Tas), BE (Hons), DPhil (Oxon),
MBA (Tas), FIE (Aust), FTSE

Dr Gumley is a professional engineer and business manager with more than 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 held a diverse portfolio of board positions since the 1980s, including with the University of Tasmania, the Tasmanian Development Authority, AMOG Holdings, the independent Chair/Director of Lightning Protection International, the Victoria Defence Council and as a board adviser on Goulburn-Murray Water’s \$2 billion irrigation asset renewal program and Murray Irrigation’s \$200 million infrastructure program.

Appointed 16 March 2018

On 23 June 2021, Dr Gumley was reappointed as Chair for a further term, which took effect from 30 November 2021. Dr Gumley’s current term expires on 29 November 2024.



Director

Vincent (Tony) Kelly
CPEng, DipCivEng, MAICD

Mr Kelly has more than 40 years’ experience in the water industry and was previously Managing Director of Yarra Valley Water (2003–2014). He is a current director of Echo Managed Services Ltd and Adjunct Professor at the University of Technology Sydney. His previous board roles include Aptumo Australia, the Public Housing Maintenance Taskforce for Homes Victoria, Isle Utilities Australia, the Lower Yarra Future Directions Group and WaterLinks.

In addition, he has held numerous positions on water industry and not-for-profit bodies, including chair of WaterAid Australia, the Savewater Alliance and the Victorian Water Industry Association’s Sustainability Taskforce.

Appointed 1 March 2016

On 23 June 2021, Mr Kelly was reappointed as a director for a further term, which took effect from 28 February 2022. On 27 March 2024, Mr Kelly was extended for a further and final 9 month term to commence on 1 March 2025. Mr Kelly’s term expires on 30 November 2025.



Director

Dr Helen Locher

BSc, MEnvSc, PhD (Civil Engineering), GAICD

Dr Locher has more than 30 years' experience working in 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 more than 30 countries on sustainability issues relating to hydropower and has received several international awards recognising her contributions to the field.

In addition to her role at TasWater, Dr Locher is currently a non-executive director of Icon Water, Icon Retail Investments Limited and Icon Distribution Investments Limited. She is a former member of the Tasmanian Civil and Administrative Tribunal (formerly known as Resource Management and Planning Appeals Tribunal) and has previously held a board role for the Tasmanian Environment Protection Authority.

She has also held a commissioner role with the (then) Resource and Planning Commission (now The Planning Commission).

Appointed 1 March 2016

On 23 June 2021, Dr Locher was reappointed as a director for a further term, which took effect from 28 February 2022. Dr Locher's term expires on 28 February 2025.



Director

Kevin Young

MBA, BEng, FAICD, Hon FIEA

Mr Young has more than 20 years' experience as a director and more than 40 years' experience working for the private sector and government authorities in Australia and overseas.

He is the immediate past Managing Director of Sydney Water Corporation and prior to that was Managing Director of Hunter Water Corporation. He is currently a Director of Banlaw Pty Ltd and is also the Deputy Chancellor of the University of Newcastle. His previous board roles include CityCare, Apex Water New Zealand, Water Aid Australia and the Water Services Association of Australia.

Appointed 20 September 2019

On 23 June 2021, Mr Young was reappointed as a director for a further term, which took effect from 20 September 2022. Mr Young's term expires on 28 February 2027.



Director

Yvonne Rundle

BBus, FCA, FAICD

Ms Rundle is a former owner and director of a statewide chartered accounting practice and has more than 30 years' experience in consulting practice, as well as extensive board experience across Tasmanian public sector, government-owned, not-for-profit and private organisations.

In addition to her role at TasWater, Ms Rundle is a non-executive director at TasTAFE, TT-Line, Metro Tasmania and Metro Coaches Tasmania and a number of private companies. Her past board roles include Aurora Energy, AGW Funds Management Ltd, the University of Tasmania, the Port of Devonport Corporation and a number of not-for-profit entities.

Appointed 1 March 2024

On 7 August 2023, Ms Rundle was appointed as a director for a term, to take effect from 1 March 2024. Ms Rundle's term expires on 28 February 2027.



Director

Joanne Pearson

MBA, BBus (Acct), FCPA, GAICD

Ms Pearson is a qualified accountant with many years of financial experience, primarily in the regulated utilities sector. Her last executive role was Chief Financial Officer for energy company Jemena.

She has significant knowledge and understanding of financial and risk management governance and oversight through her previous executive roles in listed entities, large privately owned businesses, and public sector businesses, as well as her roles on various boards and committees. Currently, Ms Pearson is a director and chair of the Audit and Risk Committee of Westernport Water in Victoria, a Member of the Safety, Audit and Risk Committee of ActewAGL in the ACT, and a member of the Audit and Risk Committee of the United Church of Australia – Synod of Victoria and Tasmania.

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.

Appointed 1 March 2020

On 30 June 2022, Ms Pearson was reappointed as a director for a further term which took from 1 March 2023. Ms Pearson's term expires on 28 February 2026.



Director

Kathryn Westwood

BComm, GAICD, FIPA, ASA, MRMIA

Ms Westwood has more than 25 years' experience in commercial, finance and risk management within the forestry, water, metals processing, insurance industries and local government in Tasmania. She also has extensive board experience across government, commercial, mutual and 'for purpose' sectors.

She is currently a non-executive director of Sustainable Timber Tasmania and Chair of Blueline Laundry Inc. Kathryn is the former chair of RACT, non-executive director of RACT Insurance and the former independent chair of the Department of Premier and Cabinet's Risk and Audit Committee.

Appointed 1 December 2023

On 7 August 2023, Ms Westwood was appointed as a director for a term, to take effect from 1 December 2023.

Ms Westwood's term expires on 30 November 2026.



Director

Nick Burrows

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

Mr Burrows is currently a member of the boards of Genembryomics Limited and Plastic Fabrications Pty Ltd and associated entities, an independent member of the Audit, Finance and Risk Committee of Brand Tasmania, an advisory board member of 2PM Services, an independent member of the Audit, Finance and Risk Committee of Tourism Tasmania, the independent chair and board advisor to Kriticos Group and advisory boards, the independent chair of the Audit and Risk Committee of Ta Ann Pty Ltd, the Independent non-executive director of Morwell Asset Management Pty Ltd, and the independent non-executive director of Seafood Industry Australia.

Mr Burrows has more than 30 years' commercial experience in Tasmania's public, state government and local government sectors, as well as the listed sector, large private/family companies, community organisations, membership-based bodies and not-for-profits.

Appointed 26 March 2015

On 30 June 2022 Mr Burrows was reappointed as a director for a further term, which took effect from 1 March 2023 to 30 September 2023,



Director

Sally Darke

BEC, FAICD

Ms Darke is chairperson of the Tasmanian Community Fund, the independent non-executive director of Stadiums Tasmania, and past chairperson and non-executive director of Scotch Oakburn College, non-executive director of TasPorts, 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 more than 30 years' experience as a human resources professional and is a former director of professional services firm KPMG. As a consultant for 10 years with KPMG, she developed extensive experience in strategic human resource management, governance, strategic planning, executive recruitment and board and CEO performance reviews.

Appointed 1 January 2016

On 4 December 2020, Ms Darke was reappointed as a director for a further term, which took effect from 28 February 2021 to 29 February 2024.

Directors' meeting attendance 2023–24

Director	Board	Audit & Risk Committee	Environment & Public Health Committee	People, Culture & Community Committee
Number of meetings held	10	4	3	3
Dr Stephen Gumley AO	10 (C)			
Sally Darke ^[1]	5	2		1 (C)
Vincent (Tony) Kelly AM	10		3 (C)	3
Dr Helen Locher ^[2]	10	3	1	3
Kevin Young ^[3]	10	4	2	3 (C)
Joanne Pearson ^[4]	10	4 (C)	3	
Kathryn Westwood ^[5]	6	2	2	
Yvonne Rundle ^[6]	4	1		2
Nick Burrows ^[7]	2	2 (C)	1	

Notes:

The above table reflects meetings attended by directors as members of the Board and Committees. Directors attend additional engagements and activities, including guest attendance at Committee meetings of which they are not a member, as well as workshops, site visits, stakeholder and employee engagement events. The Board held a strategy session with the Executive Leadership Team on 29 November 2023. This session is not counted as a directors' meeting. The Board reviewed committee memberships in February 2024.

(C) denotes Chair

No matters were considered by the Board through circular resolution without a meeting being held.

^[1] Ms Darke retired from the Board effective 28 February 2024.

^[2] Dr Locher retired from the Audit and Risk Committee and joined the Environment and Public Health Committee in February 2024.

^[3] Mr Young retired from the Environment and Public Health Committee and joined the Audit and Risk Committee in February 2024. Mr Young was appointed Chair of the People, Culture and Community Committee effective 1 March 2024.

^[4] Ms Pearson was appointed Chair of the Audit and Risk Committee effective 1 October 2023.

^[5] Ms Westwood was appointed to the Board effective 1 December 2023.

^[6] Ms Rundle was appointed to the Board effective 1 March 2024.

^[7] Mr Burrows retired from the Board effective 30 September 2023.

Committees

Audit and Risk Committee

TasWater's Audit and Risk (AAR) Committee comprises four independent directors. The committee was chaired by Nick Burrows until November 2023 and is currently chaired by Joanne Pearson. The committee met four times during the year.

The responsibilities of the AAR Committee are documented in the AAR Committee 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 TasWater's compliance with all legislative and regulatory obligations.

Internal Audit provides independent and objective assurance on the adequacy and effectiveness of TasWater's internal control environment. TasWater engages an external audit services provider to provide the internal audit function. Internal Audit operates under a Charter and Annual Audit Plan approved by the AAR Committee.

Environment and Public Health Committee

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

The responsibilities of the EPH Committee are documented in the EPH Committee Charter. The committee assists the Board by reviewing, monitoring and overseeing matters relating to environmental and public health strategy, outcomes and compliance, including infrastructure planning and asset management, climate change and sustainability.

People, Culture and Community Committee

The People, Culture and Community (PCC) Committee comprises four independent directors. It was chaired by Sally Darke until February 2024 and is currently chaired by Kevin Young. The committee met three times during the year.

The responsibilities of the PCC Committee are documented in the PCC Committee Charter. The committee assists the Board through the oversight, direction and guidance of people, culture, customer and community strategies.

TasWater’s Owners’ Representative Group

Each of TasWater’s Owners is represented by an appointed Owner’s Representative, which together form the Owners’ Representative Group.

Owner Name	Owner’s Representative
Break O’Day Council	Mayor Mick Tucker
Brighton Council	Mayor Leigh Gray
Burnie City Council	Mayor Teeny Brumby
Central Coast Council	Mayor Cheryl Fuller
Central Highlands Council	Deputy Mayor Jim Allwright
Circular Head Council	Mayor Gerard Blizzard
Clarence City Council	Mayor Brendan Blomeley
The Crown	Sarah Christopher until 18.3.24 David Bailey from 19.3.24
Derwent Valley Council	Mayor Michelle Dracoulis
Devonport City Council	Mayor Councillor Alison Jarman
Dorset Council	Commissioner Andrew Wardlaw
Flinders Council	Councillor Garry Blenkhorn
George Town Council	Mayor Greg Kieser
Glamorgan Spring Bay Council	Councillor Neil Edwards until 27.5.24 Mayor Cheryl Arnol from 28.5.24
Glenorchy City Council	Mayor Alderman Bec Thomas until 9.5.24 Mayor Sue Hickey from 10.5.24
Hobart City Council	Councillor Ben Lohberger
Huon Valley Council	Mayor Sally Doyle
Kentish Council	Mayor Kate Haberle
Kingborough Council	Mayor Councillor Paula Wriedt
King Island Council	Deputy Mayor Vernon Philbey
Latrobe Council	Mayor Peter Freshney

Owner Name	Owner’s Representative
Launceston City Council	Mayor Matthew Garwood
Meander Valley Council	Mayor Wayne Johnston
Northern Midlands Council	Mayor Mary Knowles
Sorell Council	Mayor Kerry Vincent until 9.5.24 Councillor Melinda Reed as proxy from 24.5.24
Southern Midlands Council	Councillor Tony Bisdee
Tasman Council	Mayor Kelly Spaulding
Waratah–Wynyard Council	Mayor Dr Mary Duniam
West Coast Council	Mayor Shane Pitt
West Tamar Council	Councillor Richard Ireland

Board Selection Committee

Committee Member	Name
TasWater Chair	Dr Steve Gumley AO
TasWater Company Secretary	Kate Crawford
Chief Owner’s Representative	Mayor Wayne Johnston
Sorell Council	Mayor Kerry Vincent until 9.5.24
Glenorchy City Council	Mayor Alderman Bec Thomas until 9.5.24
Clarence City Council	Mayor Brendan Blomeley from 19.6.24
Derwent Valley Council	Mayor Michelle Dracoulis from 21.6.24
Waratah–Wynyard Council	Mayor Dr Mary Duniam
West Tamar Council	Councillor Richard Ireland
The Crown	Sarah Christopher until 18.3.24 David Bailey from 19.3.24

Corporate governance disclosure obligations

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, which is disclosed on TasWater's website: www.taswater.com.au/about-us/governance-and-policies	✓
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 through the Board Selection Committee established by shareholders in accordance with TasWater's Constitution.	✓
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. A performance evaluation was undertaken in the reporting period.	✓
TasWater has a process for periodically evaluating the performance of its senior executives. A performance evaluation was undertaken in the reporting period in accordance with that process.	✓

KEY

Complies ✓

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

Principle 2 – Structure the Board to be effective and add value

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

The process of recruiting directors is undertaken by a Board Selection Committee in accordance with the WSCA, comprising representatives appointed by the Owners' Representatives in each of the three regions and the Board Chair.	✓
The Board Selection Committee has a charter that is regularly reviewed.	✓
Succession planning for the Board is managed by the Board Selection Committee in consultation with the Board Chair.	✓
The members of the Board Selection Committee are disclosed 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.

TasWater's Code of Conduct and the Corporation's Values are articulated.	✓
The Code of Conduct is published on TasWater's website: www.taswater.com.au/about-us/governance-and-policies	✓
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 the Annual Report.	✓
TasWater's Whistleblower Policy is published on TasWater's website: www.taswater.com.au/about-us/governance-policies	✓
Any material incidents reported under the Whistleblower Policy are reported to the Audit and Risk Committee and the Board.	✓
The Fraud and Corruption Prevention Policy is disclosed on TasWater's website: www.taswater.com.au/about-us/governance-policies	✓
Any incidents of fraud or corruption are reported to the Audit & Risk Committee and Board.	✓

Principle 4 – Safeguard the integrity of corporate reports

Companies should have appropriate processes to verify the integrity of its corporate reports.

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

Principle 5 – Make timely and balanced disclosure

Companies should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Our key governance documents prescribe two General Meetings of Owners' Representatives each year.	✓
The Board's continuous disclosures policy is encompassed in its Shareholders Relations Policy disclosed on TasWater's website: www.taswater.com.au/about-us/governance-policies TasWater is not a listed entity, so does not make market announcements.	✓

Principle 6 – Respect the rights of security holders

Companies should provide their security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

TasWater's key governance documents are published on TasWater's website.	✓
In the reporting period, TasWater held two General Meetings of Owners' Representatives and a Half-Year Report Update.	✓
In the reporting period, the Owners' Representatives received a Half-Yearly Report.	✓
The Owners' Representatives General Meetings and Half-Yearly Update provide forums for shareholders to communicate with TasWater.	✓
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 reviewed the Risk Management Framework in the period.	✓
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.	✓

Principle 8 – Remunerate fairly and responsibly

Companies should pay director remuneration sufficient to attract and retain high-quality directors and design their 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.

TasWater has a People, Culture and Community Committee comprising four independent non-executive directors, chaired by an independent non-executive director, that oversees the remuneration policy and remuneration framework applying to senior executives.	✓
The People, Culture and Community Committee Charter is published on the TasWater website.	✓
The number of People, Culture and Community Committee meetings held and the directors' attendance figures are disclosed in this Annual Report.	✓
Directors have taken advice from independent expert advisers as required.	✓
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 (i.e. a remuneration scheme including shares or options)	✓

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. Two disclosures were received during 2023–24. None were determined by TasWater to meet the threshold as a public interest disclosure or whistleblower disclosure.

The Ombudsman requested further information relating to one of the disclosures in order to complete a review of the decision and the matter has been closed.

There were no recommendations from the Ombudsman during 2023–24.

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

Right to information

TasWater complies with the *Right to Information Act 2009* (Tas) including through active disclosure of information without the need for formal right to information applications.

During 2023–24 the following formal assessed disclosures were provided:

Right to Information Act assessed disclosures 2023–24

Number of applications received for assessed disclosure	9
Number of applications where information was disclosed in full	3
Number of applications refused	0
Number of applications partially released with exempt information (inc. sections)	6 Sections 29, 36, 37 and 38
Number of applications for internal review and the outcomes	0
Number of applications for external review and the outcomes	0

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

Personal Information Protection

TasWater is subject to the *Personal Information Protection Act 2004* (Tas). TasWater's Privacy Policy, which was updated on 27 May 2024, sets out how it collects, uses, discloses and otherwise manages personal information it holds.

TasWater was not the subject of any complaints to the Ombudsman in relation to the *Personal Information Protection Act 2004* (Tas) in 2023–24.

08

Financial Report

Directors' Report for the Financial Year Ended 30 June 2024

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 2024. 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; and
- The collection, transportation, treatment and safe return of wastewater to the environment.

Review of operations

The following table outlines the key financial information for the Corporation.

Indicator	30 June 2024 (\$M)	30 June 2023 (\$M)	Variance
Revenue	441.3	409.5	31.8
Net Profit	80.5	70.9	9.6
Underlying Profit	32.6	31.2	1.4
Net Assets	1,891.4	1,752.1	139.3
Borrowings	866.2	784.4	81.8

The Corporation reported a profit of \$80.5 million for the year ended 30 June 2024 (2023: profit \$70.9 million). The 2024 underlying result was a profit of \$32.6 million (2023: profit \$31.2 million), excluding contributed asset revenue and the impact of any revaluation of the Corporation's assets.

A reconciliation of the movement between the underlying result and the reported net profit for the financial year ending 30 June 2024 and for the year ending 30 June 2023 is provided below:

	30 June 2024 (\$M)	30 June 2023 (\$M)	Variance
Underlying net profit	32.6	31.2	1.4
Contributed asset revenue	47.5	39.7	7.8
Revaluation increment	0.4	-	0.4
Net profit	80.5	70.9	9.6

The Corporation's net asset position at the 30 June 2024 was \$1,891.4 million, an increase of \$139.3 million from the previous year. The main driver of the increased net asset position included strong financial performance, final issue of State Government shares and revaluation of our freehold land.

The revaluation of our freehold land resulted in an overall increase of \$33.3 million in the value of the Corporation's net assets. The Australian Accounting Standards requires increases in net asset values to be recognised in the net profit to the extent that it reverses a revaluation decrease of the same asset previously recognised in net profit. At the end of June 2024, a total of \$0.4 million was directly recognised to revenue and \$32.9 million was allocated to the asset revaluation reserve. This has resulted in a net increase in asset values held of \$33.3 million.

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. The Corporation has a Wastewater Risk Management Plan (WRMP), developed in consultation with the Environment Protection Authority (EPA), which outlines initiatives and implementation schedules to address the EPA's priorities with respect to environmental risk and licence condition non-compliances. The Corporation has a statewide approach to resolving licence non-compliances during the year including development of digital Operational Management manuals to resolve a number of legacy non-compliances.

The Corporation has continued to work with the EPA and Glamorgan-Spring Bay Council to resolve a legacy permit issue for Bicheno Sewerage Treatment Plant (STP), in alignment with the WRMP. On the 18 June 2024 a permit to operate the site was issued by the EPA.

During the year minor fines were imposed on the Corporation by the EPA in relation to:

- A breach of section 53(2) of the *Environmental Management and Pollution Control Act 1994* for emitting offensive odours from Port Sorell STP and that odour unreasonably interfered with a person's enjoyment of the environment on 17 May 2023.
- A breach of Regulation 8(1) of the Environmental Management and Pollution Control (Waste Management) Regulations 2020 for depositing a controlled waste following the break of a rising main into Wynyard STP which spilled untreated sewage for a period of five days undetected between 9 – 14 June 2023.

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 ensure compliance with all 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 2024 all of the Corporation's drinking water systems complied with the microbiological health guidelines contained in the Australian Drinking Water Guidelines, as specified in the Tasmanian Drinking Water Quality Guidelines, and the *Tasmanian Public Health Act 1997*. The Corporation achieved 100% microbiological compliance during the financial year with no boil water alerts issued.

Dam portfolio

The Corporation manages its dams in accordance with its responsibilities under the *Water Management Act 1999* and the Australian National Committee on Large Dams (ANCOLD) Guidelines. The Corporation uses a structured portfolio, evidence-based and risk-based compliance program to prioritise management, surveillance, monitoring, upgrade and decommissioning of dams to mitigate identified risks.

The Corporation has five dams (2022-23: two) out of the portfolio of 353-dams that are currently known to exceed ANCOLD tolerable risk limits. Of these five dams, two currently have

interim risk mitigation measures in place whilst the Corporation is implementing permanent upgrade solutions. Delays have been experienced due to the complexity of the upgrades, with detailed planning now expected to be completed by the end of FY2024-25 and works scheduled immediately thereafter. The remaining three dams recently identified as having intolerable risk, are subject to interim risk mitigation measures whilst the Dam Safety Review process is undertaken to confirm condition and required permanent mitigation strategies. The next stage will be the development of strategic business cases for any required upgrade works.

In addition, there are a further five significant to extreme consequence category dams in the portfolio for which the Corporation has implemented risk-informed management strategies, including the implementation of interim risk reduction actions, and prioritised dam upgrades. The Corporation is currently investigating opportunities for divestment or decommissioning of three of these dams in the Greater Hobart area which are no longer in service.

All dams are being managed under dam safety management plans approved with the Tasmanian Dam Safety Regulator. Progress is regularly reported to the Board and annually to the Regulator.

Distributions to Owner Councils including Dividends

The Corporation distributed \$24,000,000 to Owner Councils during the year (2023: \$24,000,000). A reconciliation of the individual components of the distributions is provided below:

Distribution type	30 June 2024 \$	30 June 2023 \$
Ordinary dividends	20,000,000	20,000,000
Special dividends	4,000,000	4,000,000
Total distributions	24,000,000	24,000,000

The Board of the Corporation approved the payment of a \$4,000,000 special dividend during the financial year. The special dividend payment reflects the Corporation's endeavour to return \$20,000,000 in forgone dividends during COVID-19 to Owner Councils over a five-year period between FY2021-22 to FY2025-26.

Events after balance date

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

Likely future developments

Selfs Point Sewer Transformation Project

On 31 October 2023 the Corporation satisfied the legal obligations as defined in the Grant deed with State Government to commence the project to relocate the sewerage treatment plant from Macquarie Point to Selfs Point. The total cost of the project as outlined in the agreed plan is \$314 million, of which State Government will contribute \$224 million. The first instalment of \$20 million was received by the Corporation on 13 November 2023.

The Selfs Point Sewer Transformation Project is expected to be completed in December 2026.

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

Remuneration Report – Audited

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 2024. The prescribed details for each person covered by this report are detailed below under the following headings:

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

Director and senior executive details

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

- Dr Stephen Gumley AO (Chair)
- Nick Burrows retired 30 September 2023
- Sally Darke retired 28 February 2024
- Vincent (Tony) Kelly AM
- Dr Helen Locher
- Joanne Pearson
- Kathryn Westwood commenced 1 December 2023
- Yvonne Rundle commenced 1 March 2024
- Kevin Young

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

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

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

Senior Executive	Title	Commencement Date	End Date
George Theo	Chief Executive Officer	15/03/2022	
Kane Ingham	Chief Financial Officer	17/10/2022	
Kate Crawford	General Counsel and Company Secretary	13/02/2023	
Matt Balfe	General Manager Customer and Community	03/10/2022	
Joanna Giannini	General Manager People, Culture and Safety	13/08/2022	
Tony Willmott	General Manager Project Delivery	15/03/2021	
Tim Cubit	Acting General Manager Project Delivery	18/12/2023	26/01/2024
Brendan Windmeyer	General Manager Operations	25/09/2023	
David Hughes-Owen	General Manager Service Delivery	10/03/2020	18/08/2023
Matthew Derbyshire	General Manager Sustainable Infrastructure Services	05/07/2021	

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

Remuneration policy

Senior executives' remuneration

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

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

Non-executive directors' remuneration

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

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

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

Relationship between the remuneration policy and the Corporation's performance

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

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

Remuneration of directors and senior executives

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

2024 Non-executive Directors			Short-Term Benefits	Post-Employment Benefits	
Name	Position	Period	Base Salary \$	Superannuation \$	Total \$
Dr Stephen Gumley	Chair	Full Year	120,725	13,280	134,005
Nick Burrows	Director	To 30/09/2023	19,389	2,133	21,522
Sally Darke	Director	To 28/02/2024	48,473	5,332	53,805
Vincent (Tony) Kelly	Director	Full Year	70,761	7,784	78,545
Dr Helen Locher	Director	Full Year	66,537	7,319	73,856
Joanne Pearson	Director	Full Year	69,603	7,656	77,259
Yvonne Rundle	Director	From 01/03/2024	20,704	2,277	22,981
Kathryn Westwood	Director	From 01/12/2023	37,163	4,088	41,251
Kevin Young	Director	Full Year	67,851	7,464	75,315
Total			521,206	57,333	578,539

2023 Non-executive Directors			Short-Term Benefits	Post-Employment Benefits	
Name	Position	Period	Base Salary \$	Superannuation \$	Total \$
Dr Stephen Gumley	Chair	Full Year	117,589	12,347	129,936
Nick Burrows	Director	Full Year	68,923	7,237	76,160
Sally Darke	Director	Full Year	68,923	7,237	76,160
Vincent (Tony) Kelly	Director	Full Year	68,923	7,237	76,160
Dr Helen Locher	Director	Full Year	64,808	6,805	71,613
Joanne Pearson	Director	Full Year	64,808	6,805	71,613
Kevin Young	Director	Full Year	64,957	6,821	71,778
Total			518,931	54,489	573,420

Base salary includes Board and Committee Fees.

2024 Senior Executives			Salary ¹	Movement in accrued Leave Benefits ²	Superannuation ³	Total
Name	Position	Period	\$	\$	\$	\$
George Theo	Chief Executive Officer	Full Year	567,500	7,620	27,500	602,620
Kane Ingham	Chief Financial Officer	Full Year	316,944	868	27,456	345,268
Kate Crawford	General Counsel and Company Secretary	Full Year	247,094	6,607	27,212	280,913
Matt Balfe	General Manager Customer and Community	Full Year	289,045	10,118	27,456	326,619
Joanna Giannini	General Manager People, Culture and Safety	Full Year	288,481	6,534	27,557	322,572
Tony Willmott	General Manager Project Delivery	Full Year	311,938	(10,593)	27,456	328,801
Brendan Windmeyer	General Manager Operations	From 25/09/2023	251,073	14,920	20,865	286,858
David Hughes-Owen	General Manager Service Delivery	To 18/08/2023	44,630	(16,818)	4,019	31,831
Matthew Derbyshire	General Manager Sustainable Infrastructure Services	Full Year	323,495	30,036	27,396	380,927
Sub-Total			2,640,200	49,292	216,917	2,906,409
Acting						
Tim Cubit	General Manager Project Delivery	18/12/2023 to 26/01/2024	34,681	(2,156)	3,815	36,340
Sub-Total			34,681	(2,156)	3,815	36,340
Total			2,674,881	47,136	220,732	2,942,749

¹ Base Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² 'Movement in accrued Leave Benefits' represents the net movement in annual and long service leave provisions, including accrued benefits for long service leave and annual leave paid as a consequence of termination.

³ Superannuation means payments to the contribution fund of the individual, including accrued superannuation.

2023 Senior Executives			Salary ¹	Movement in accrued Leave Benefits ²	Superannuation ³	Total
Name	Position	Period	\$	\$	\$	\$
George Theo	Chief Executive Officer	Full Year	504,375	28,702	27,663	560,740
Kane Ingham	Chief Financial Officer	From 17/10/2022	204,917	1,560	17,802	224,279
Matthew Pigden	Chief Financial Officer	To 12/08/2022	122,142	(8,476)	3,087	116,753
Kate Crawford	General Counsel and Company Secretary	From 13/02/2023	91,316	6,226	9,588	107,130
Matt Balfe	General Manager Customer and Community	From 03/10/2022	206,031	9,001	18,969	234,001
Ailsa Sypkes	General Manager Governance and Assurance	To 14/10/2022	164,185	(14,434)	10,060	159,811
Joanna Giannini	General Manager People, Culture and Safety	From 13/08/2022	232,840	11,906	21,980	266,726
Tony Willmott	General Manager Project Delivery	Full Year	296,099	(6,530)	25,429	314,998
David Hughes-Owen	General Manager Service Delivery	Full Year	304,620	4,976	27,606	337,202
Matthew Derbyshire	General Manager Sustainable Infrastructure Services	Full Year	284,858	(3,461)	27,617	309,014
Sub-Total			2,411,383	29,470	189,801	2,630,654

2023 Senior Executives			Salary ¹	Movement in accrued Leave Benefits ²	Superannuation ³	Total
Name	Position	Period	\$	\$	\$	\$
Acting						
Jonathon Bellette	Chief Financial Officer	15/08/2022 - 16/10/2022	46,702	(480)	4,367	50,589
Kendall Mahnken	General Manager Corporate and Community Relations	01/07/2022- 02/10/2022	58,694	(19,036)	6,809	46,467
Frances Smith	General Manager Governance and Assurance	17/10/2022- 12/02/2023	68,523	(4,838)	16,883	80,568
Rolfe Brimfield	General Manager People and Safety	01/07/2022- 12/08/2022	33,462	(722)	4,231	36,971
Sub-Total			207,381	(25,076)	32,290	214,595
Total			2,618,764	4,394	222,091	2,845,249

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

¹ Base Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² 'Movement in accrued Leave Benefits' represents the net movement in annual and long service leave provisions, including accrued benefits for long service leave and annual leave paid as a consequence of termination.

³ Superannuation means payments to the contribution fund of the individual, including accrued superannuation.

Key terms of employment contracts

Non-executive directors

Appointment conditions for non-executive directors are specified in both the Water Sewerage Corporation Act 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.

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 11.0 per cent (2023: 10.5 per cent) up to a minimum of the superannuation guarantee fee contribution limit. In order to avoid exceeding the cap, senior executives may elect to limit concessional contributions to the cap amount and take any additional amounts as salary. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation. Upon retirement, senior executives are paid employee benefit entitlements accrued to the date of retirement.

Terms of employment require the senior executive or the Corporation to provide a minimum notice period prior to termination of an Individual Employment Agreement, subject to conditions of the *Fair Work Act 2009*, 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.

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

Indemnification of directors and officers

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

During the financial year, the Corporation entered into Deeds of Access, indemnity and insurance with directors and officers of the Corporation.

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

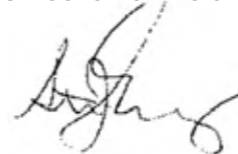
The Corporation was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration is included on page 102.

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

On behalf of the directors



Dr Stephen Gumley AO
Board Chair



Joanne Pearson
Audit and Risk Committee Chair

8 August 2024

Auditor's Independence Declaration



Level 2, 144 Macquarie Street, Hobart, Tasmania, 7000
 Postal Address GPO Box 851, Hobart, Tasmania, 7001
 Phone: 03 6173 0900
 Email: admin@audit.tas.gov.au
 Web: www.audit.tas.gov.au

9 August 2024

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 the Tasmanian Water and Sewerage Corporation Pty Ltd for the financial year ended 30 June 2024, 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

Table of contents

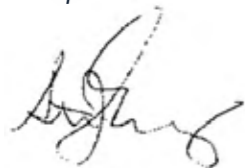
Grouping	Note	Contents	Page
Signed Reports	-	Directors' Declaration	104
	-	Independent Auditor's Report	105
Financial Statements	-	Statement of Comprehensive Income	110
	-	Statement of Financial Position	111
	-	Statement of Cash Flows	112
	-	Statement of Changes in Equity	113
	1	General information	114
General Information	2	Summary of significant accounting policies	116
	3	Events after balance date	117
	4	Operating segments	117
Business Performance	5	Revenue and other income	119
	6	Expenses	121
Asset Platform	7	Contributed equity	123
	8	Dividends	124
	9	Current assets	125
	10	Property, plant and equipment	129
	11	Intangibles	137
	12	Right of use assets	139
	13	Current and non-current liabilities	140
	14	Reserves	144
	15	Leases	145
	People	16	Employee benefits
17		Compensation of key management personnel	152
Funding Structure and Management of Financial Risks	18	Financial instruments	153
	19	Related party disclosures	159
Other Important Information	20	Commitments	160
	21	Contingent assets/liabilities	161
	22	Remuneration of auditors	161

Directors' Declaration

The directors declare that for the financial year ended 30 June 2024:

- 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 2024.

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



Dr Stephen Gumley AO
Board Chair



Joanne Pearson
Audit and Risk Committee Chair

8 August 2024

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 2024 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Independent Auditor’s Report

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

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of water and sewerage infrastructure <i>Refer to note 10</i>	
<p>Property, plant and equipment includes material long-life water and sewerage infrastructure assets recognised at fair value and carried at \$2,204.92 million as at 30 June 2024.</p> <p>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).</p> <p>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 and renewal capital expenditure and WACC.</p>	<ul style="list-style-type: none"> • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness. • Checking, on a sample basis, the accuracy and relevance of the input data used, including by reconciling input data to supporting evidence such as approved budgets and corporate plans. • Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to board approved budgets, historical growth trends, long-term asset management plans and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. • Evaluation the work of management’s expert on whether the nominal risk-free rate applied was within a reasonable range, with reference to market data and the industry research. • Challenging the reasonableness of key assumptions based on our knowledge of the Company.

	<ul style="list-style-type: none"> • Evaluating management’s sensitivity analysis to assist in considering the potential impact of possible changes in these key assumptions. • Testing, on a sample basis, the internal mathematical accuracy of the valuation model’s calculations. • Evaluating the adequacy of disclosures made, including those regarding key assumptions used in the valuation, in light of the requirements of AASB 13 <i>Fair Value Measurement</i>.
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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 2024, 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,

Independent Auditor's Report

but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

4

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 2024. 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 2024.

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

Delegate of the Auditor-General
Tasmanian Audit Office

9 August 2024
Hobart

5

Tasmanian Water and Sewerage Corporation Pty Ltd

Statement of Comprehensive Income

for the Financial Year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue			
Sales revenue	5	437,103	405,360
Other revenue	5	3,757	4,194
Revaluation Increment	5	416	-
Total revenue		441,276	409,554
Expenses			
Raw materials and consumables	6	28,993	26,645
Depreciation and amortisation expenses	6	90,519	87,991
Employee and related expenses	6	116,778	109,605
Operations and maintenance expenses	6	68,818	66,810
Administration expenses	6	29,479	30,347
Finance expenses	6	26,155	17,194
Total expenses		360,742	338,592
Net profit		80,534	70,962
Other comprehensive income: Items that will not be reclassified to profit and loss			
Actuarial gain on defined benefit plans	16	241	19
Movement in asset revaluation reserve	14.1	32,591	(63)
Total other comprehensive income		32,832	(44)
Total comprehensive income for the year		113,366	70,918

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 2024

	Notes	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	9.1	6,750	3,445
Receivables	9.2	52,467	40,572
Inventories	9.3	9,709	8,760
Prepayments	9.4	4,013	6,419
Total current assets		72,939	59,196
Non-current assets			
Receivables	9.2	384	287
Property, plant and equipment	10	2,903,270	2,620,573
Intangibles	11	28,672	34,019
Right of use assets	12	9,034	8,050
Total non-current assets		2,941,360	2,662,929
Total assets		3,014,299	2,722,125
Current liabilities			
Payables	13.1	63,608	56,547
Employee benefits	16	18,698	18,878
Borrowings	13.2	113,633	91,630
Unearned income	13.3	2,502	2,960
Lease liabilities	13.4	445	503
Other current liabilities	13.5	9,187	11,575
Total current liabilities		208,073	182,093
Non-current liabilities			
Employee benefits	16	5,195	5,621
Borrowings	13.2	752,615	692,748
Unearned income	13.3	105,181	54,568
Lease liabilities	13.4	9,597	8,298
Other non-current liabilities	13.5	42,201	26,726
Total non-current liabilities		914,789	787,961
Total liabilities		1,122,862	970,054
Net assets		1,891,437	1,752,071
Equity			
Retained profits		(238,752)	(296,143)
Asset revaluation reserve	14.1	402,375	370,400
Contributed equity	7	1,727,814	1,677,814
Total equity		1,891,437	1,752,071

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 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers and other sources		416,459	388,934
Payments to suppliers and employees		(276,611)	(254,578)
Headwork charges		1,696	65
Grant funds		-	-
Interest received		926	794
Interest paid		(23,907)	(14,886)
Net cash inflow from operating activities	9.1	118,563	120,329
Cash flows used in investing activities			
Payments for property, plant and equipment		(246,292)	(188,982)
Interest paid for capital works		(4,168)	(9,260)
Payments for capitalised employee and direct costs		(20,680)	(17,368)
Government grants		47,805	20,208
Proceeds from sale of property, plant and equipment		1,059	990
Equity contributions	7	50,000	50,000
Net cash outflow used in investing activities		(172,276)	(144,412)
Cash flows from financing activities			
Proceeds from borrowings		403,469	440,088
Repayment of borrowings		(321,599)	(390,621)
Dividends paid to Owner councils	8	(24,000)	(24,000)
Repayment of lease liabilities		(852)	(839)
Net cash inflow from financing activities		57,018	24,628
Net increase in cash and cash equivalents		3,305	545
Cash and cash equivalents at the beginning of the year		3,445	2,900
Cash and cash equivalents at the end of the year	9.1	6,750	3,445

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 2024

	Notes	Retained profits \$'000	Reserves \$'000	Contributed equity \$'000	Total equity \$'000
Balance as at 30 June 2022		(343,124)	370,463	1,627,814	1,655,153
Net profit		70,962	-	-	70,962
Equity contribution	7	-	-	50,000	50,000
Dividends paid	8	(24,000)	-	-	(24,000)
Other comprehensive income		19	(63)	-	(44)
Balance as at 30 June 2023		(296,143)	370,400	1,677,814	1,752,071
Net profit		80,534	-	-	80,534
Equity contribution	7	-	-	50,000	50,000
Dividends paid	8	(24,000)	-	-	(24,000)
Transfer between Reserves		616	(616)	-	-
Other comprehensive income		241	32,591	-	32,832
Balance as at 30 June 2024		(238,752)	402,375	1,727,814	1,891,437

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 2024

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
- Brighton Council
- Burnie City Council
- Central Coast Council
- Central Highlands Council
- Circular Head Council
- Clarence City Council
- Derwent Valley Council
- Devonport City Council
- Dorset Council
- Flinders Council
- George Town Council
- Glamorgan Spring Bay Council
- Glenorchy City Council
- City of Hobart
- Huon Valley Council
- Kentish Council
- Kingborough Council
- King Island Council
- Latrobe Council
- City of Launceston
- Meander Valley Council
- Northern Midlands Council
- Sorell Council
- Southern Midlands Council
- Tasman Council
- Waratah-Wynyard Council
- West Coast Council
- West Tamar Council
- The Crown in 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 Corporation is considered a for profit entity for the purposes of preparing the financial statements.

The Financial Report was approved by the Board of Directors on 8 August 2024.

1.3 Basis of preparation

The Financial Report 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 material 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 Financial Report is prepared on a going concern basis. The Corporation's current liabilities exceed its current assets by \$135.1 million, mainly due to the classification

of debt facilities that are set to mature by the 30 June 2025. The Corporation has access to unused debt facilities of \$223.8 million (refer to Note 13.2), has historically generated positive operating cash flows, traded profitably, and has a proven record of successful refinancing of debt facilities. Accordingly, the Directors believe that the going concern basis of preparation is appropriate.

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.

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 on the 1 January 2019 withdrew from the National Tax Equivalent Regime.

1.4 Material 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 10
- Fair value of infrastructure, land, buildings and leasehold improvements, refer to note 10

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

1.5 Note to reader

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

Information is considered material and relevant if, for example:

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

The notes have been grouped into sections to help readers understand how the Corporation's core components are 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 material accounting policies

2.1 Application of new and revised accounting standards

The Corporation has adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* for the first time for the reporting period commencing 1 July 2023 which has not had a significant impact on the Corporation's financial results.

Standards and interpretations in issue not yet adopted

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

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Impact on financial report
AASB 2022-6 <i>Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</i>	Amends AASB 101 <i>Presentation of Financial Statements</i> to improve the information provided in the financial statements by requiring a liability to be classified as current when an entity does not have a substantive right to defer settlement at the end of the reporting period.	1 January 2024	30 June 2025	The assessment has indicated that the adoption of this standard will not change the way that we classify current and non-current liabilities.
AASB 2023-5 <i>Amendments to Australian Accounting Standards – Lack of Exchangeability</i>	Amends AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i> to require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable.	1 January 2025	30 June 2026	The assessment has indicated that the adoption of this standard will not change the way that we measure foreign exchange transactions.

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 2024	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
Revenue				
Service charges (including trade waste)	100,475	183,454	121	284,050
Usage charges (including trade waste)	72,945	10,712	3,113	86,770
State government funded concessions	5,191	4,524	-	9,715
Other fees and charges including connections	5,090	3,872	122	9,084
Contributed assets and developer charges	21,374	26,110	-	47,484
Other revenue	2,036	1,129	592	3,757
Revaluation increment	416	-	-	416
Total revenue	207,527	229,801	3,948	441,276
Expenses				
Operations and maintenance (including raw materials)	55,214	42,017	580	97,811
Employee related expenses	63,031	53,746	1	116,778
Administration expenses	14,089	15,184	206	29,479
Depreciation expenses	37,416	52,291	812	90,519
Finance expenses	12,257	13,625	273	26,155
Total expenses	182,007	176,863	1,872	360,742
Net profit (continuing operations)	25,520	52,938	2,076	80,534

4. Operating segments (continued)

Segment results Year ended 30 June 2022	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
Revenue				
Service charges (including trade waste)	95,639	174,557	125	270,321
Usage charges (including trade waste)	65,997	8,666	2,614	77,277
State government funded concessions	4,733	4,303	-	9,036
Other fees and charges including connections	5,102	3,847	63	9,012
Contributed assets and developer charges	18,062	21,652	-	39,714
Other revenue	2,395	1,238	561	4,194
Total revenue	191,928	214,263	3,363	409,554
Expenses				
Operations and maintenance (including raw materials)	49,571	43,196	688	93,455
Employee related expenses	57,803	51,800	2	109,605
Administration expenses	14,255	15,901	191	30,347
Depreciation expenses	34,441	52,683	867	87,991
Finance expenses	7,122	9,854	218	17,194
Total expenses	163,192	173,434	1,966	338,592
Net profit (continuing operations)	28,736	40,829	1,397	70,962

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 assessing 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 10.

5. Revenue and other income

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

	2024 \$'000	2023 \$'000
Sales revenue		
Service charges		
Water	100,475	95,639
Sewerage	179,313	170,269
Irrigation	121	125
Trade waste	4,141	4,288
Total service charges	284,050	270,321
Usage charges		
Water	72,945	65,997
Irrigation	1,094	585
Trade waste	10,712	8,666
Other	2,019	2,029
Total usage charges	86,770	77,277
Other revenue from customers		
State government funded concessions	9,715	9,036
Contributed assets and developer charges	47,484	39,714
Other fees and charges including new connections	9,084	9,012
Total other revenue from customers	66,283	57,762
Total revenue from contracts with customers	437,103	405,360
Other revenue		
Government grants	990	1,422
Interest received	926	795
Other	1,841	1,977
Total other revenue	3,757	4,194
Revaluation increment	416	-
Total revenue	441,276	409,554
Revenue from contracts with customers by timing of revenue		
Services transferred at a point in time	378,050	354,921
Services transferred over time	59,053	50,439
Total revenue from contracts with customers	437,103	405,360

Recognition and measurement

Revenue is measured at the fair value of the consideration received or entitled to be received 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.

Developer contributed assets

The construction of capital works by developers for the connection of their developments to the Corporation's infrastructure is inspected and certified by the Corporation. This is to ensure that construction meets the Corporation's design and construction standards. The Corporation issues a Practical Completion Certificate to the developer upon satisfactory completion of the works. In return, the developer contributes the constructed assets at no cost to the Corporation. The fair value of these non-monetary developer contributions at initial recognition is estimated using market construction rates. Contribution revenue is recognised when Practical Completion is issued.

Developer charges

Developer charges are collected from developers to fund the incremental costs to the Corporation that are associated with the connection of new developments to the Corporation's infrastructure. The Corporation has a performance obligation in relation to developer contributions, which is to assess whether the relevant conditions of the planning permit have been met and to provide relevant approvals to the local council. The Corporation recognises developer charges revenue at the point in time when the performance obligation is satisfied.

Revaluation increment

Revaluation increment is the recognition of an increase in the net asset value to the extent it reverses a revaluation decrease of the same asset previously recognised in net profit.

6. Expenses

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

	Notes	2024 \$'000	2023 \$'000
Raw material and consumables			
Power costs		14,121	12,728
Chemicals		11,984	11,056
Water commission rights		2,888	2,861
Total		28,993	26,645
Depreciation expenses			
Infrastructure assets		72,546	72,011
Buildings and leasehold improvements		1,120	1,205
Other assets		7,574	7,428
Total	10	81,240	80,644
Amortisation expenses			
Intangibles	11	8,527	6,668
Total		8,527	6,668
Right of use assets	15	752	679
Total depreciation and amortisation expenses		90,519	87,991
Employee and related expenses			
Remuneration and on-costs		130,007	121,615
Less capitalised salaries		(20,680)	(17,368)
Restructure costs		2,427	1,028
Other employee and related expenses		5,024	4,330
Total		116,778	109,605
Operations and maintenance expenses			
Maintenance and planning		52,031	51,505
Property costs		9,194	9,061
Motor vehicles		3,776	3,971
Other operations and maintenance		3,817	2,273
Total		68,818	66,810
Administration expenses			
Insurance		3,395	2,943
Billing costs		2,960	2,722
Property costs		264	247
Information systems and communications		11,865	10,667
Regulatory fees		3,216	2,857
Net loss/(gain) allowance for receivables	9.2	(2,835)	(121)
Account adjustment provision	13.5	3,601	5,688
Other administration		7,013	5,344
Total		29,479	30,347
Finance expenses			
Interest expense - borrowings		29,668	25,825
Less amount capitalised ¹		(4,168)	(9,260)
Interest expense - lease liabilities		405	376
Interest expense - superannuation		250	253
Total		26,155	17,194
Total expenses		360,742	338,592

¹ Average capitalisation rate is 3.68 per cent per annum (2022-23: 3.40 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. The amount includes write-backs to revenue and interest (where applicable) for adjustments applicable to previous financial years. The Corporation's project to substantially address the accuracy of its installation data was completed by 30 June 2024.

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

Finance expenses

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

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

7. Contributed equity

	2024 Shares '000	2024 Amount \$'000	2023 Shares '000	2023 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	7,500	150,000	5,000	100,000
– share issue	2,500	50,000	2,500	50,000
Crown shares issued and fully paid	10,000	200,000	7,500	150,000
Total shares issued and fully paid	100,000	1,727,814	97,500	1,677,814
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.

8. Dividends

On 27 September 2023, 13 December 2023 and 27 March 2024 the Board of the Corporation approved the payment of interim dividends to Councils totalling \$15,000,000 (2022–23: \$15,000,000). The interim dividends were paid on 29 September 2023, 20 December 2023 and 28 March 2024.

On 29 May 2024, the Board approved the payment of a final ordinary dividend of \$5,000,000 (2022–23: \$5,000,000) and a special dividend of \$4,000,000 (2022–23: \$4,000,000). The final and special dividends were paid on 5 June 2024.

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

Recognition and measurement

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

9. Current assets

9.1 Cash and cash equivalents

	2024 \$'000	2023 \$'000
Cash at bank and on hand	6,750	3,445
Total cash and cash equivalents	6,750	3,445

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

Net profit	80,534	70,962
Depreciation and amortisation expenses	90,519	87,991
Revaluation increment	(416)	-
Grants of assets	(990)	(1,422)
Gain on sale of non-current assets	(55)	(74)
Contributed assets	(44,928)	(39,185)
Changes in assets and liabilities		
(Increase)/decrease in receivables	(4,653)	(3,552)
(Increase)/decrease in inventory	(949)	(198)
(Increase)/decrease in prepayments	2,406	(2,384)
Increase/(decrease) in payables	379	8,765
Increase/(decrease) in employee benefits	(606)	(150)
Increase/(decrease) in account adjustment provision	(2,461)	(1,916)
Increase/(decrease) in unearned income	(217)	1,492
Cash Inflows from operating activities	118,563	120,329

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

Cash at bank and on hand	6,750	3,445
Cash as per statement of cash flows	6,750	3,445

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

30 June 2024	Cash Flows			Closing balance \$'000
	Opening balance \$'000	Cash received \$'000	Cash repayment \$'000	
Liabilities				
Borrowings	784,378	403,469	(321,599)	866,248

30 June 2023	Cash Flows			Closing balance \$'000
	Opening balance \$'000	Cash received \$'000	Cash repayment \$'000	
Liabilities				
Borrowings	734,911	440,088	(390,621)	784,378

Recognition and measurement

Cash and cash equivalents include 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.

9.2 Receivables

	2024 \$'000	2023 \$'000
Current receivables		
Contractual		
Trade receivables	37,867	31,957
Less allowance for impaired trade receivables	(3,756)	(6,970)
Unbilled water and sewerage income	13,326	11,627
Other current receivables	1,553	459
	48,990	37,073
Statutory		
GST input tax credit receivables	3,477	3,499
Total current receivables	52,467	40,572

	2024 \$'000	2023 \$'000
Non-current receivables		
Contractual		
Deferred payment receivables	384	287
Total non-current receivables	384	287
Total receivables	52,851	40,859

An ageing analysis of receivables is provided in Note 18.6

	2024 \$'000	2023 \$'000
Movement in expected credit loss in trade receivables		
Opening balance	(6,970)	(7,915)
Decrease/(Increase) in allowance	2,835	121
Amounts written off during the year	379	824
Closing balance	(3,756)	(6,970)

Recognition and measurement

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

Statutory Receivables, such as Goods and Services Tax (GST) input tax credit receivable 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.

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.

9.3 Inventories

	2024 \$'000	2023 \$'000
Stores and consumables	10,369	9,303
Less allowance for obsolete stock	(660)	(543)
Total inventories	9,709	8,760

Recognition and measurement

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

9.4 Prepayments

	2024 \$'000	2023 \$'000
Information System licences	3,077	5,309
Treatment Plant licences	340	309
Other	596	801
Total prepayments	4,013	6,419

Recognition and measurement

Prepayments represent payments in advance of receipt of goods or services or part of expenditure made in one accounting period covering a term extending beyond that period.

10. Property, plant and equipment

	2024 \$'000	2023 \$'000
Infrastructure assets – water		
At fair value	1,388,155	1,043,184
Accumulated depreciation	(332,463)	(304,233)
Net book value	1,055,692	738,951
Infrastructure assets – sewerage		
At Fair Value	1,542,625	1,429,164
Accumulated depreciation	(393,398)	(349,081)
Net book value	1,149,227	1,080,083
Freehold land		
At fair value	195,213	161,651
Accumulated impairment	(1,995)	(1,995)
Net book value	193,218	159,656
Buildings and leasehold improvements		
At fair value	35,363	34,975
Accumulated depreciation	(12,380)	(11,260)
Net book value	22,983	23,715
Other assets		
At cost	89,202	81,236
Accumulated depreciation	(61,681)	(54,107)
Net book value	27,521	27,129
Work in progress		
At cost	454,629	591,039
Net book value	454,629	591,039
Total property, plant and equipment	2,903,270	2,620,573

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*. The Corporation capitalises

assets that meet the capitalisation threshold of \$1,000 and values under this limit are treated as expenses in the current period.

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

Depreciation

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

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

• Dams / Earthworks	100 – 135 years
• Pipelines	30 – 140 years
• Civil / Structural	30 – 100 years
• Other Infrastructure	5 – 40 years
• Buildings	40 – 85 years
• Leasehold Improvements	2 – 10 years
• Other Assets	2 – 25 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	Work in Progress at Cost	Total
Net book values as at 1 July 2023	738,951	1,080,083	156,183	3,473	15,347	8,368	27,129	591,039	2,620,573
Contributed assets at fair value	22,729	22,310	16	-	-	-	-	-	45,055
Additions at cost	2,860	17,097	-	65	-	133	-	266,288	286,443
Transfers from work in progress	319,933	73,935	-	178	110	145	8,397	(402,698)	-
Transfers between asset classes	(349)	349	-	-	(40)	40	87	-	87
Disposals	(202)	(231)	(45)	-	-	-	(518)	-	(996)
Revaluation increment recognised in the Statement of Comprehensive Income	-	-	416	-	-	-	-	-	416
Revaluation increment recognised in the Asset Revaluation Reserve	-	-	32,932	-	-	-	-	-	32,932
Depreciation expenses	(28,230)	(44,316)	-	-	(619)	(501)	(7,574)	-	(81,240)
Net book values as at 30 June 2024	1,055,692	1,149,227	189,502	3,716	14,798	8,185	27,521	454,629	2,903,270

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	Work in Progress at Cost	Total
Net book values as at 1 July 2022	699,968	1,081,730	156,170	3,473	15,920	8,801	29,310	444,281	2,439,653
Contributed assets at fair value	18,741	20,973	13	-	-	-	-	-	39,727
Additions at cost	17,276	3,224	-	-	-	-	-	202,474	222,974
Transfers from work in progress	30,976	18,741	-	-	14	185	5,800	(55,716)	-
Transfers between asset classes	182	(212)	-	-	-	-	30	-	-
Disposals	(289)	(265)	-	-	-	-	(583)	-	(1,137)
Depreciation expenses	(27,903)	(44,108)	-	-	(587)	(618)	(7,428)	-	(80,644)
Net book values as at 30 June 2023	738,951	1,080,083	156,183	3,473	15,347	8,368	27,129	591,039	2,620,573

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 outcome of the fair values determined from indexing freehold land and buildings in accordance with the Valuer General's guidelines, the carrying value of freehold land has increased \$33,348,560. The fair value adjustments are primarily due to strong growth rates relating to freehold land across the State over the last 3 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.

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 30/06/2024	Basis for inputs 30/06/2023	Range of Sensitivities to Base Considered	Relationship of Unobservable inputs to Fair Value
Discount Rate	Real pre-tax weighted average cost of capital of 4.5% per annum. The Risk Free Rate of 3.50% was calculated by taking into account the current yield on 10 year Commonwealth Government bonds, as well as the longer term expected yield.	Real pre-tax weighted average cost of capital of 3.84% per annum. The Risk Free Rate of 3.10% was calculated by taking into account the current yield on 10 year Commonwealth Government bonds, as well as the longer term expected yield.	None.	The higher the discount rate, the lower the fair value. The increase in the discount rate compared to prior years has been predominately driven by a increase in the forecasted risk free rate.
Perpetuity Factor (calculated by using the Gordon Growth formula)	10 year discount period with a terminal value, based on a perpetuity factor of 25.68 applied for subsequent years.	10 year discount period with a terminal value, based on a perpetuity factor of 31.28 applied for subsequent years	None.	The higher the perpetuity factor, the higher the fair value. The decrease in the perpetuity factor compared to the prior year has been predominately driven by a increase in the discount rate.
Expected Revenue growth	Based on the most recent revenue forecast and Corporate Plan estimates.	Based on the most recent revenue forecast and Corporate Plan estimates.	Fixed Water Revenue Growth range 3.00% to 7.5%. Fixed Sewerage Revenue Growth range 3.00% to 7.5%.	The higher the revenue growth rate, the higher the fair value.
Nominal average cost increase	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 3.0% per annum.	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 3.22% per annum.	None.	The higher the nominal average cost increase, the lower the fair value.
Nominal labour cost increase	Based on most recent expenditure forecast and Corporate Plan, incorporating a nominal average increase in labour related costs of 3.60% per annum.	Based on most recent expenditure forecast and Corporate Plan, incorporating a nominal average increase in labour related costs of 3.50% per annum.	None.	The higher the nominal average labour related cost increase, the lower the fair value.
Renewal capital expenditure	Capital expenditure as per most recent forecast and Corporate Plan estimates.	Capital expenditure as per most recent forecast and Corporate Plan estimates.	Water Renewal range 35% to 45% Sewerage Renewal range 55% to 65%.	The higher the renewal capital spend, the lower the fair value.

Cost disclosure

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

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

As at 30 June 2024:							
Asset Group \$'000	Infrastructure assets – water	Infrastructure assets – sewerage	Freehold land	Buildings and leasehold improvements	Other assets	Work in progress	Total
Cost	3,756,395	3,003,965	67,199	38,829	89,202	454,629	7,410,219
Accumulated impairment	-	-	(452)	-	-	-	(452)
Accumulated depreciation	(2,205,009)	(1,770,059)	-	(33,794)	(61,681)	-	(4,070,543)
Net carrying amount	1,551,386	1,233,906	66,747	5,035	27,521	454,629	3,339,224

As at 30 June 2023:							
Asset Group \$'000	Infrastructure assets – water	Infrastructure assets – sewerage	Freehold land	Buildings and leasehold improvements	Other assets	Work in progress	Total
Cost	3,411,424	2,890,505	66,985	38,441	81,083	591,039	7,079,477
Accumulated impairment	-	-	(452)	-	-	-	(452)
Accumulated depreciation	(2,140,423)	(1,690,695)	-	(29,478)	(53,969)	-	(3,914,565)
Net carrying amount	1,271,001	1,199,810	66,533	8,963	27,114	591,039	3,164,460

11. Intangibles

	2024 \$'000	2023 \$'000
Intangibles		
At cost	94,225	84,969
Accumulated amortisation	(71,578)	(63,035)
Net book value	22,647	21,934
Work in progress		
At cost	6,025	12,085
Total	6,025	12,085
Total intangibles	28,672	34,019

Movements in carrying amounts

	Intangibles \$'000	Work in progress \$'000	Total \$'000
Net book values as at 1 July 2023	21,934	12,085	34,019
Additions at cost	-	3,274	3,274
Disposal	(7)	-	(7)
Transfers from work in progress	9,334	(9,334)	-
Transfers between asset classes	(87)	-	(87)
Amortisation expenses	(8,527)	-	(8,527)
Net book values as at 30 June 2024	22,647	6,025	28,672
Net book values as at 1 July 2022	23,702	11,629	35,331
Additions at cost	-	5,398	5,398
Disposal	(42)	-	(42)
Transfers from work in progress	4,942	(4,942)	-
Amortisation expenses	(6,668)	-	(6,668)
Net book values as at 30 June 2023	21,934	12,085	34,019

Recognition and measurement

Acquired separately

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

Internally generated

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

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

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

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

Amortisation

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

12. Right-of-use assets

	2024 \$'000	2023 \$'000
Property		
At cost	13,644	12,169
Disposals	-	(261)
Accumulated depreciation	(4,933)	(4,224)
Net book value	8,711	7,684
Car parking		
At cost	413	413
Accumulated depreciation	(120)	(91)
Net book value	293	322
Communication		
At cost	103	103
Accumulated depreciation	(73)	(59)
Net book value	30	44
Total right of use assets	9,034	8,050

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

Recognition and measurement

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

13. Current and non-current liabilities

13.1 Payables

	2024 \$'000	2023 \$'000
Contractual		
Trade creditors	9,549	15,937
Accrued expenses	54,059	40,610
Total	63,608	56,547

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 between 21 and 30 days of recognition.

Accrued expenses provisions

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

13.2 Borrowings

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

	2024 \$'000	2023 \$'000
Current borrowings	113,633	91,630
Non-current borrowings	752,615	692,748
Total borrowings	866,248	784,378

An ageing analysis of borrowings is provided in Note 18.3.

Credit facilities

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

	2024 \$'000	2023 \$'000
Master loan borrowing limit - TASCORP		
Facility	1,090,000	900,000
Less used/committed	(866,248)	(784,378)
Unused facility	223,752	115,622
Corporate MasterCard		
Facility	500	300
Less used/committed	(131)	(60)
Unused facility	369	240
13.3 Unearned income		
	2024 \$'000	2023 \$'000
Current		
Government grants	956	1,197
Customer contributions	1,333	1,559
Other	213	204
Total current	2,502	2,960
Non-current		
Government grants	105,181	54,568
Total non-current	105,181	54,568
Total unearned income	107,683	57,528

Recognition and measurement

Government grants

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

The increase in unearned income as at 30 June 2024 is attributable to income received for the Tamar Estuary Health Action Plan and relocation of the Macquarie Point Sewerage Treatment Plan.

13.4 Lease liabilities

	2024 \$'000	2023 \$'000
Current	445	503
Total current	445	503
Non-current	9,597	8,298
Total non-current	9,597	8,298
Total lease liabilities	10,042	8,801

Recognition and measurement

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

Subsequent measurement

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

13.5 Other liabilities

	2024 \$'000	2023 \$'000
Current		
Provision for rehabilitation	9,027	8,954
Provision for account adjustments	160	2,621
Total current	9,187	11,575
Non-current		
Provision for rehabilitation	42,201	26,726
Provision for account adjustments	-	-
Total non-current	42,201	26,726
Total other liabilities	51,388	38,301
Movement in Provision		
Opening balance	38,301	23,319
New provisions raised for account adjustments	3,601	5,688
New provisions raised for rehabilitation	22,679	19,336
Outflows for account adjustment during the year	(6,062)	(7,604)
Outflows for rehabilitation during the year	(3,558)	(2,165)
Re-measurement for rehabilitation	(3,573)	(273)
Closing balance	51,388	38,301

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.

The increase in rehabilitation provision as at the 30 June 2024 is directly attributable to sites identified for decommissioning or rationalisation as part of the Corporation's capital works program.

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 predominately occur due to legacy data on the service infrastructure at a site 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.

14. Reserves

14.1 Asset revaluation reserve

	2024 \$'000	2023 \$'000
Asset revaluation reserve	402,375	370,400
Movement in reserve		
Opening balance	370,400	370,463
Disposals – level 2 assets	(326)	-
Disposals – level 3 assets	(15)	(63)
Revaluation increment – level 2 assets	32,932	-
Impairment decrement – level 2 assets	-	-
Movement in asset revaluation reserve to comprehensive income	32,591	(63)
Transfers to retained profits on disposals – level 3 assets	(616)	-
Total reserves	402,375	370,400

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

15. Leases

The Corporation has leases for a number of offices, depots and treatment facility sites, car parking, and IT Communication equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments 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 2024	Right of use assets leased	Range of remaining term	Average remaining lease term	Leases with extension options	Leases with options to purchase	Leases with variable payment	Leases with termination options
	Number	Years	Years	Number	Number	Number	Number
Property	13	1 – 26	6	11	-	-	2
Car parking	3	2 – 18	12	3	-	-	-
Communication	1	3	2	1	-	-	-
Total	17			15	-	-	2

Right of use asset at 30 June 2023	Right of use assets leased	Range of remaining term	Average remaining lease term	Leases with extension options	Leases with options to purchase	Leases with variable payment	Leases with termination options
	Number	Years	Years	Number	Number	Number	Number
Property	13	1 – 26	7	11	-	-	2
Car parking	3	2 – 18	13	3	-	-	-
Communication	1	3	3	1	-	-	-
Total	17			15	-	-	2

Right-of-use assets

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

Asset class at 30 June 2024	Opening balance \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Impairment \$'000	Closing balance \$'000
Property	7,684	1,736	-	(709)	-	8,711
Car parking	322	-	-	(29)	-	293
Communication	44	-	-	(14)	-	30
Total	8,050	1,736	-	(752)	-	9,034

Asset class at 30 June 2023	Opening balance \$'000	Additions \$'000	Disposals \$'000	Depreciation \$'000	Impairment \$'000	Closing balance \$'000
Property	7,695	727	(101)	(637)	-	7,684
Car parking	325	24	-	(27)	-	322
Communication	59	-	-	(15)	-	44
Total	8,079	751	(101)	(679)	-	8,050

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

Lease liabilities

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

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

at 30 June 2024	Minimum lease payments due								Total \$'000
	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	
Lease payments	862	837	837	860	884	3,540	6,522	-	14,342
Finance charges	(417)	(399)	(380)	(360)	(338)	(1,423)	(983)	-	(4,300)
Total	445	438	457	500	546	2,117	5,539	-	10,042

at 30 June 2023	Minimum lease payments due								Total \$'000
	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	
Lease payments	866	778	742	732	741	3,143	5,519	9	12,530
Finance charges	(363)	(343)	(325)	(308)	(289)	(1,186)	(915)	-	(3,729)
Total	503	435	417	424	452	1,957	4,604	9	8,801

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:

	2024 \$'000	2023 \$'000
Short term leases	-	-
Leases of low value assets	55	57
Total	55	57

16. Employee benefits

	2024 \$'000	2023 \$'000
Current		
Annual leave	8,735	8,694
Long service leave	9,224	9,494
Accrued days off	368	332
Defined benefit superannuation	371	358
Total current	18,698	18,878
Non-current		
Long service leave	1,609	1,614
Defined benefit superannuation	3,586	4,007
Total non-current	5,195	5,621
Total employee benefits	23,893	24,499

Defined Benefit superannuation plans

	Spirit Super		RBF		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Statement of financial position results as at 30 June – net liability/(asset)						
Current net liability/(asset)	-	-	371	358	371	358
Non-current net liability/(asset)	(1,748)	(1,202)	5,334	5,209	3,586	4,007
Total	(1,748)	(1,202)	5,705	5,567	3,957	4,365
	Spirit Super		RBF		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Movement in net defined benefit liability/asset						
Net defined benefit liability/(asset) at start of year	(1,202)	(1,011)	5,567	5,822	4,365	4,811
Defined benefit cost recognised in profit and loss	156	211	319	312	475	523
Defined benefit (gain)/cost (remeasurement) recognised in other comprehensive Income	(420)	(54)	179	35	(241)	(19)
Employer contributions	(282)	(348)	(360)	(602)	(642)	(950)
Net defined benefit liability/(asset) at end of year	(1,748)	(1,202)	5,705	5,567	3,957	4,365
	Spirit Super		RBF		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Reconciliation of fair value of scheme assets						
Fair value of plan assets at beginning of the year	13,959	14,142	1,635	1,598	15,594	15,740
Employer contributions	282	348	360	602	642	950
Contributions by plan participants	131	176	6	5	137	181
Taxes and expenses paid	(84)	(95)	-	-	(84)	(95)
Benefits paid	(3,724)	(1,754)	(506)	(766)	(4,230)	(2,520)
Expected return on plan assets (including interest income)	480	544	152	196	632	740
Expected assets at year end	11,044	13,361	1,647	1,635	12,691	14,996
Actuarial gain/(loss) on assets	579	598	-	-	579	598
Individual plan assets at year end	11,623	13,959	1,647	1,635	13,270	15,594
Actual return on plan assets	1,059	1,142	152	196	1,211	1,338

Defined Benefit superannuation plans (continued)

As separate assets are not held for each entity, the actual return includes any difference in the allocation to each entity.

	Spirit Super		RBF		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Present value of the defined benefit obligations						
Present value of defined benefit obligations at beginning of the year	12,757	13,131	7,202	7,420	19,959	20,551
Current service cost	213	257	12	13	225	270
Interest cost	522	498	396	381	918	879
Contributions by plan participants	131	176	6	5	137	181
Taxes and expenses paid	(84)	(95)	-	-	(84)	(95)
Benefits paid	(3,724)	(1,754)	(506)	(766)	(4,230)	(2,520)
Expected defined benefit obligations at year end	9,815	12,213	7,110	7,053	16,925	19,266
Actuarial loss/(gain) on liabilities	60	544	242	149	302	693
Present value of defined benefit obligations at end of the year	9,875	12,757	7,352	7,202	17,227	19,959

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, Spirit Super and the Retirement Benefits Fund (RBF).

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

As at the 30 June 2024, the Corporation's actuaries (GM Actuaries Pty Ltd in the case of Spirit Super and Mercer (Australia) in the case of RBF) conducted a valuation of the Corporation's defined benefit superannuation liabilities. The difference between the value of these benefits and the market value of the assets for the relevant members determines the Corporation's superannuation liability (if fund liabilities exceed the assets) or asset (if fund assets exceed the liabilities).

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

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

17. Compensation of key management personnel

	2024	2023
	\$	\$
Directors		
Short-term	521,206	518,931
Post-employment (superannuation)	57,333	54,489
Total directors	578,539	573,420
Other key management personnel		
Short-term	2,674,881	2,618,764
Movement in accrued leave	47,136	4,394
Post-employment (superannuation)	220,732	222,091
Total other key management personnel	2,942,749	2,845,249
Total compensation of key management personnel	3,521,288	3,418,669

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

18. Financial instruments

18.1 Managing financial risk

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

18.2 Financial assets and financial liabilities

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

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

Financial instruments	Notes	Classification	Carrying amount at 30 June 2024 \$'000	Carrying amount at 30 June 2023 \$'000
Financial assets				
Cash and cash equivalents	9.1	Amortised cost	6,750	3,445
Contractual receivables	9.2	Amortised cost	49,374	37,360
Total			56,124	40,805
Financial liabilities				
Payables	13.1	Amortised cost	63,608	56,547
Borrowings	13.2	Amortised cost	866,248	784,378
Total			929,856	840,925

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.

Financial liabilities

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

Other financial liabilities

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

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

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

18.3 Interest rate risk

The objectives of the Corporation's interest rate risk management policy are to contain the potential adverse financial impact from unfavourable movements in interest rates, predominantly associated with interest bearing liabilities, and to capture the potential for reducing costs by management of the Corporation's debt. The Corporation's interest rate risk is managed by setting borrowings with terms and maturity structures 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 \$'000	Fixed interest rate maturing in			Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average \$'000
		<1 year \$'000	1-5 years \$'000	>5 years \$'000			
at 30 June 2024							
Financial assets							
Cash at bank	6,750	-	-	-	-	6,750	4.60%
Contractual receivables	-	-	-	-	49,374	49,374	
Total financial assets	6,750	-	-	-	49,374	56,124	
Financial liabilities							
Payables	-	-	-	-	(63,608)	(63,608)	
Borrowings	(43,500)	(70,133)	(380,562)	(372,053)	-	(866,248)	3.68%
Total financial liabilities	(43,500)	(70,133)	(380,562)	(372,053)	(63,608)	(929,856)	
Net financial (liabilities)	(36,750)	(70,133)	(380,562)	(372,053)	(14,234)	(873,732)	
at 30 June 2023							
Financial assets							
Cash at bank	3,445	-	-	-	-	3,445	4.35%
Contractual receivables	-	-	-	-	37,360	37,360	
Total financial assets	3,445	-	-	-	37,360	40,805	
Financial liabilities							
Payables	-	-	-	-	(56,547)	(56,547)	
Borrowings	(31,500)	(60,130)	(340,550)	(352,198)	-	(784,378)	3.51%
Total financial liabilities	(31,500)	(60,130)	(340,550)	(352,198)	(56,547)	(840,925)	
Net financial (liabilities)	(28,055)	(60,130)	(340,550)	(352,198)	(19,187)	(800,120)	

The table above highlights that the Corporation's total exposure to variable interest rates at 30 June 2024 was a net liability of \$36,749,618 (2022-23: \$28,055,334).

18.4 Market Risk

Market risk is the risk that fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Corporation's exposure to market risk are primarily through interest rate risk with only insignificant exposure to other price risk, including foreign currency risk (see below). Refer to the previous Interest Rate risk discussion for details on market risk exposure.

There is sufficient volatility in interest rates and it is reasonably possible rates may change over the next 12 months. The table below shows the impact on net profit and equity of a 1.5 per cent increase and a 1.5 per cent decrease in interest rates (2023: 2.5 per cent).

	30 June 2024		30 June 2023	
	Net profit higher/(lower) 1.5% increase \$'000	Net profit higher/(lower) 1.5% decrease \$'000	Net profit higher/(lower) 2.5% increase \$'000	Net profit higher/(lower) 2.5% decrease \$'000
Interest rate sensitivity				
Cash and Cash Equivalents	101	(101)	86	(86)
Interest bearing liabilities – variable	(653)	653	(788)	788
Total	(551)	551	(701)	701

18.5 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 number of purchases denominated in foreign currencies, the risk is further reduced by a short-term timeframe between commitment and settlement.

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

The Corporation did not enter into any derivatives instruments during the year. In 2022-23 a realised gain of \$194,348 had 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.

18.6 Credit risk

Exposure to credit risk arises from the potential default of a counterparty with respect to the Corporation's financial assets. Financial assets include cash and cash equivalents, trade and other receivables. As identified in Note 18.2, the Corporation's maximum exposure to credit risk at reporting date was \$56,124,402 (2022-23: \$40,804,407).

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 2024		30 June 2023	
	Gross \$'000	Impaired \$'000	Gross \$'000	Impaired \$'000
Receivables				
Not past due	33,532	(1,077)	30,384	(1,965)
0 – 30 days	5,010	(341)	3,804	(516)
31 – 60 days	1,252	(116)	856	(189)
61 – 90 days	5,090	(114)	979	(247)
91 days and over	8,246	(2,108)	8,307	(4,053)
Total	53,130	(3,756)	44,330	(6,970)

18.7 Liquidity risk

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

While the Corporation has a negative working capital position of \$135,133,253 at 30 June 2024, its operating cash flows are strong. The deficiency in working capital is due to the existence of current borrowings of \$113,633,094 with short-term maturities. These debt maturities will be refinanced in line with the Corporation's Treasury Management Policy which seeks to spread interest rate risk by having approximately 1/10th of the portfolio repricing on an annual basis. If the current borrowings are excluded, the working capital deficiency reduces to \$21,500,159.

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 2024						
Payables	63,608	-	-	-	-	63,608
Borrowings	56,726	87,514	118,469	352,267	413,635	1,028,611
Total	120,334	87,514	118,469	352,267	413,635	1,092,219
at 30 June 2023						
Payables	56,547	-	-	-	-	56,547
Borrowings	51,581	65,960	94,111	324,657	394,471	930,780
Total	108,128	65,960	94,111	324,657	394,471	987,327

18.8 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 2024. The fair value of financial assets and financial liabilities at year end were:

Category	30 June 2024		30 June 2023	
	Total carrying amount per the statement of financial position \$'000	Aggregate net fair value \$'000	Total carrying amount per the statement of financial position \$'000	Aggregate net fair value \$'000
Financial assets				
Cash at bank	6,750	6,750	3,445	3,445
Receivables	49,374	49,374	37,360	37,360
Total financial assets	56,124	56,124	40,805	40,805
Financial liabilities				
Payables	63,608	63,608	56,547	56,547
Borrowings	866,248	832,766	784,378	743,919
Total financial liabilities	929,856	896,374	840,925	800,466

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 2024. Borrowings held until maturity are paid at the carrying amount;

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

18.9 Capital management policy

The Corporation has established a Capital Expenditure Program necessary to achieve business objectives as outlined within its Long Term Strategic Plan (2024–25 to 2033–34). The Corporation manages capital to achieve those objectives within financially prudent gearing thresholds while being mindful of providing acceptable returns to shareholders, where possible.

19. Related party disclosures

19.1 Director and key management personnel transactions

A list of Directors and senior executives who held positions with the Corporation during the financial year ended 30 June 2024 and up to the date of this report, is provided in the Directors' Report on page 94.

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

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

There were no related party transactions requiring disclosure.

20. Commitments

20.1 Capital commitments

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

	2024 \$'000	2023 \$'000
Payments within 1 year	40,827	28,491
Payments 1 – 5 years	-	4,500
Total capital commitments	40,827	32,991

Reconciliation of capital commitments

Building and infrastructure	37,319	27,172
Plant and equipment	1,221	3,643
Intangibles	2,287	2,176
Total capital commitments	40,827	32,991

20.2 Lessor income agreements

	2024 \$'000	2023 \$'000
Lease income recognised during the period	581	547

Operating lease commitments

Income within 1 year	375	462
Income 1 – 5 years	691	872
Income longer than 5 years	1,221	832
Total lease income commitments	2,287	2,166

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

21. Contingent assets/liabilities

From time to time, the Corporation is a party to various legal actions, the outcome of which cannot be predicted with certainty. The Corporation has given consideration to such matters which are or may be subject to claims, penalties and litigation at year end and is of the opinion that any liabilities arising over and above those provided for in the Financial Report from such action would not have a material effect on the Corporation's financial performance or position in future years. Other than as disclosed in this Financial Report, the directors are not aware of any other contingent liabilities or assets that could have a material effect on the financial statements.

22. Remuneration of auditors

	2024 \$'000	2023 \$'000
Financial Statement audit services		
External statutory audit fee	145	138
Internal audit fee	133	76
Total	278	214



© TasWater 2024
ABN 47 162 220 653
E: enquiries@taswater.com.au
P: 13 6992
GPO Box 1393,
Hobart, Tasmania 7001
taswater.com.au