

Distributions Policy (incorporating Dividend Policy)

Aim

TasWater is committed to providing distributions to Owners which will reflect the investment that the Owners have in the Corporation, but takes into account the Corporation's strategic development, business performance and prudent management of business risks.

Legislation

- *Corporations Act 2001 (Cth)*
- *Government Business Enterprises Act 1995 (Tas)*
- *Water and Sewerage Corporation Act 2012 (Tas)*

Policy

The Constitution and Shareholders' Letter of Expectations require the Board to determine a Distributions Policy in consultation with the Owners' Representatives. The Constitution provides that this should include the Dividends Policy which is required to be determined by the Board under the *Water and Sewerage Corporation Act 2012*.

In conjunction with the adoption of the Corporate Plan, the Board will propose to Owners a target level of distributions to be shared amongst Owner councils in the financial years covered by the Corporate Plan.

Target total distributions each year will be payable to Owners in the specified financial year unless the Board advises Owners of material changes that prevent the Corporation from meeting the agreed target level.

The Board and Owners have agreed that 'distributions' are defined as the total cash returns to Owners each financial year and, at minimum, will comprise prescribed loan guarantee fees and income tax equivalents. The Board may consider a dividend if necessary to make up any shortfall in the agreed targeted distributions in any year. In considering such a dividend the Board may take account of the impact of non-cash and non-recurring items on the reported results.

It is the Board's preferred position that dividends only be paid out of cash profits.

In proposing and paying the target total distribution level to Owners, the Board will take account of good commercial practice, the Corporation's strategic development, business performance and prudent management of the business risks including expected future capital requirements and operational expenditure.

Owners' Share of Distributions

Total distributions will be distributed to Owners in accordance with their equity entitlements for distribution purposes as set out in Schedule 3 of the Corporation's Constitution.

Distribution Payment Timetable

Distributions will be paid to Owners in the year in which the distributions are generated. The following table shows the expected timing of distribution payments.

Distribution Type	Dates Payable
Loan Guarantee Fees	In accordance with statutory requirements or as advised by Treasury
Income Tax Equivalents	In accordance with statutory requirements or as advised by Treasury
Dividends *	During the last week of February and June of each year

* Dividend only payable if the total income tax equivalents and guarantee fees fall short of the agreed target distributions for the financial year.

Associated Documents / References

- *National Tax Equivalents Regime*
- *TasWater Constitution*
- *TasWater Corporate Plan*
- *TasWater Shareholders' Letter of Expectation*

Approved by the Board at its meeting on 28 October 2015.



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Chairman