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## Media Release

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### **TasWater's annual report highlights a year of achievement and strong financial position**

TasWater has today provided its owners with its Annual Report for 2018-19.

Our most significant achievement for the year was to meet our commitment to provide all our drinking water customers with water that meets all national health guidelines.

In less than two years TasWater installed 17 new water treatment plants and four pipelines for 28 towns, enabling the removal of all public health alerts relating to drinking water.

"Now, 100 per cent of our drinking water systems produce water that is compliant with the microbiological requirements of the *Tasmanian Drinking Water Quality Guidelines*."

"This is the first time this has been the case in Tasmania," said TasWater CEO Mike Brewster.

The extent of this infrastructure upgrade over such a short period has been recognised nationally and it represents one of the biggest infrastructure projects to protect public health ever undertaken in Tasmania.

"Sewage developments completed this year have also resulted in improved protection of both community health and the environment with the multimillion-dollar upgrade of the Blackmans Bay Sewage treatment plant coming on line. The project provides increased capacity for the growing Kingborough region and improving the quality of treated effluent discharged into surrounding water ways," said Mr Brewster.

Along with a new sewage pipeline across Kangaroo Bay on Hobart's eastern shore and new sewage pump stations in Huonville, St Helens and other locations statewide, 2018-19 has demonstrated TasWater's determination to maintain our ongoing program of upgrading and improving our sewage network.

"Overall, this reflects a very positive year with TasWater posting an underlying net operating profit after tax of \$41.3 million, which is 14 per cent above budget.

However, I would also note that this year's Profit and Loss contains two important one-off non-cash adjustments required by Australian Accounting Standards."

The first is due to an updated asset valuation, which businesses are required to undertake from time to time. This revaluation shows a decrease in the value of water infrastructure assets but a more significant increase in the value of sewerage assets. Overall there is a 16 per cent growth in the value of the business.

“The Profit and Loss has been adjusted to reflect a decrease in value of our water infrastructure assets as required by accounting standards,” said Mr Brewster.

“The second one-off adjustment is because we are no longer required to pay tax equivalent payments. This has resulted in a positive outcome in which we are no longer liable for income tax, but it requires a one-time write off of our deferred tax balances.” said Mr Brewster.

Importantly, while each of these one-off adjustments together produce a non-cash loss of \$247M, neither of them negatively impact customer pricing, our capacity to deliver the capital program or returns for owners. “The organisation remains in a strong financial position as a result of its positive operating results, healthy cash-flows and prudent debt levels,” said Mr Brewster.

TasWater is well placed to continue our \$180 million development program over the next decade and meet our commitment of provide Tasmania with a safe, sustainable and affordable water and sewage system into the future.

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