

Corporate Plan

Financial years 2023 to 2027



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



Contents

Overview

Message from our Chairman and CEO	3
Our purpose	5
About the plan	5
About us	6
Strategic framework.....	7
Price and Service Plan 4	8
Organisational risks and how they link to our strategy	8
Our strategy	12

Strategic priorities and key focus areas

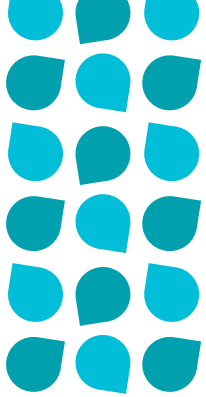
Customer and Community	14
Water and Environment	17
People and Culture	21
Commercial and Economic	24
Measuring our success.....	27

Financial forecasts

Financial forecasts.....	30
Capital expenditure.....	33

Appendices

Income statement	36
Cash flow statement	37
Balance sheet.....	38
Owner distributions.....	39
Top 25 major capital projects.....	40
Top 10 capital programs.....	41



Message from the Chairman and CEO

The next five years is an important period for TasWater as we work towards achieving the commitments we have made in our Price and Service Plan 4 and continue to broaden our strategic focus in areas that will be critical to the long-term sustainability of the business.

We have made significant progress to date in making sure drinking water is clean and safe to drink, uplifting compliance levels and maintaining service reliability. While there is further work to do in this area, we will continue to expand our focus over the next five years to the new and emerging strategic challenges and opportunities facing our business.

The Corporate Plan FY2023-27 (Plan) outlines these areas in further detail and includes the changing expectations of customers, impacts of climate change, growing focus on environmental stewardship and heightened competition for talent. In FY2021-22, we made good progress in developing the strategies and plans necessary to address these challenges and opportunities and we are confident that we are well positioned to respond over the life of this Plan.

Our customers remain at the centre of everything we do and we will continue to work towards providing a positive experience over the next five years by addressing critical customer service gaps and tailoring solutions that meet customer expectations.

In response to feedback from our customers and stakeholders, we will play a greater role in improving the natural environment in which we operate.

In this regard, we are continuing the development of our Environment and Climate Change Adaptation strategies. These strategies will support the progressive shift of our environmental focus from compliance to enhancement, in a manner that meets the expectations of the Tasmanian community. They will also enable us to better understand, measure and reduce our own carbon footprint.

Our people play a vital part in delivering on our vision to make a positive difference in Tasmania. They have shown great resilience in adapting to the adverse conditions brought on by the COVID-19 pandemic and continue to strive for great outcomes for our customers.

To ensure we have the necessary skills, capability and culture to deliver our strategic objectives, we will continue to invest in our people over the next five years through the implementation of our People, Culture and Capability Strategy. We will also continue to work towards our workforce demographic being reflective of the Tasmanian community through programs and initiatives to achieve greater gender and cultural diversity.

The safety of our people, contractors and the Tasmanian community remains one of our highest priorities and our performance in this area remains short of our goal to be a Zero Harm organisation. We refreshed our Health and Safety Strategy in early 2022 and will continue to strive to deliver improved health and safety outcomes that move us closer towards this goal.



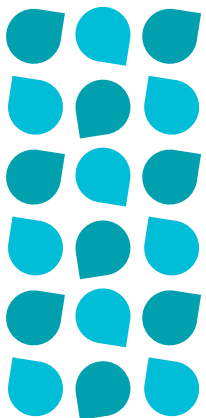
Dr Stephen Gumley AO

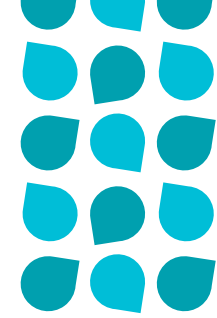
Chairman



George Theo

Chief Executive Officer





While TasWater's digital transformation plan was impacted during COVID-19, we have now finalised our Digital and Technology Strategy. This strategy will provide the foundation for the digital transformation of our business and underpins our ability to deliver an improved customer experience, optimise the performance of assets and be more efficient.

Delivery of our capital program remains fundamental to achieving the outcomes targeted in this Plan and our Price and Service Plan 4. As a result of ongoing efforts to embed the TasWater Capital Delivery Office into our business-as-usual operations, we have seen a major acceleration in the delivery of the capital program in the last two financial years.

Over the life of this Plan, we are forecasting to deliver a further \$1.3 billion of capital expenditure (including external funding contributions). Even without the external funding contributions, we now expect to exceed the commitment we made to deliver a best endeavour aim of \$1.8 billion of capital expenditure over a 10-year period through to FY2025-26.

During the Plan period, we will complete the Bryn Estyn Water Treatment Plant upgrade, ensuring that this plant can continue to meet projected demand in the greater Hobart area for years to come. We will also progress major projects in other regions of the state, including the North-West Water Supply Upgrade and the Launceston Sewer Improvement Plan.

As part of our Price and Service Plan 4, we will also reintroduce a revised shared infrastructure contribution charge, which will deliver a more equitable distribution of the costs associated with capacity upgrades and enable us to be more proactive in addressing future capacity issues.

Consistent with the price path agreed in the Shareholders' Letter of Expectations, the financial projections included in the Plan reflect a uniform price increase of 3.50 per cent each year. This is lower than the maximum increase of 3.71 per annum approved by the Tasmanian Economic Regulator in its final determination on our Price and Service Plan 4 on 10 May 2022.

Based on the financial projections, we have continued to make provision for special dividends to be paid to recover those not paid as a result of COVID-19. Payment of all forecast dividends remains subject to our underlying profitability supporting these payments.

While COVID-19 remains a threat, we have been able to continue to operate effectively by taking a considered approach to developments as they emerge. We have not made provision for COVID-19 to have a material impact on our performance during the Plan period and we will continue to follow guidance and advice from the Tasmanian Government and relevant authorities.

We recognise that our customers may still be experiencing the impacts of COVID-19. We will continue our customer support and hardship programs, as well as continue to look for ways to support the most vulnerable members of our community.

In summary, this Plan demonstrates TasWater's continued commitment to supporting the economic and social prosperity of Tasmania while making a positive difference to our customers and the Tasmanian community.

Dr Stephen Gumley AO
Chairman

George Theo
Chief Executive Officer

Our purpose

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

TasWater was established under the *Water and Sewerage Corporation Act 2012 (Tas)* and the *Corporations Act 2001 (Cth)* and commenced operations on 1 July 2013. The 29 Tasmanian councils and the Tasmanian Government are the shareholders of TasWater.

About the Plan

What is the purpose of the Plan?

The Plan outlines the priorities and focus areas for the FY2023-27 period towards achieving our vision - *“To be trusted, respected and making a positive difference in Tasmania”*.

How was it developed?

The Plan has been developed based on analysis of our internal and external operating environment, reviews of current performance and responses to community, stakeholder and owner feedback.

What has changed?

TasWater’s overall strategic direction does not differ from the previous Corporate Plan. However, we have continued to update our strategies and strategic initiatives where appropriate to reflect progress made and developments in our operating environment.

We have also continued to progress identified changes to our strategic framework, including the development of a new Environment Strategy, Climate Change Adaptation Strategy and Digital and Technology Strategy.

At the time of preparing the Plan, we do not expect the COVID-19 pandemic to have a material impact on our operating or financial performance over the next five years. However, we will continue to actively monitor the pandemic and keep owners informed if any material impacts emerge over the life of the Plan.



About us

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

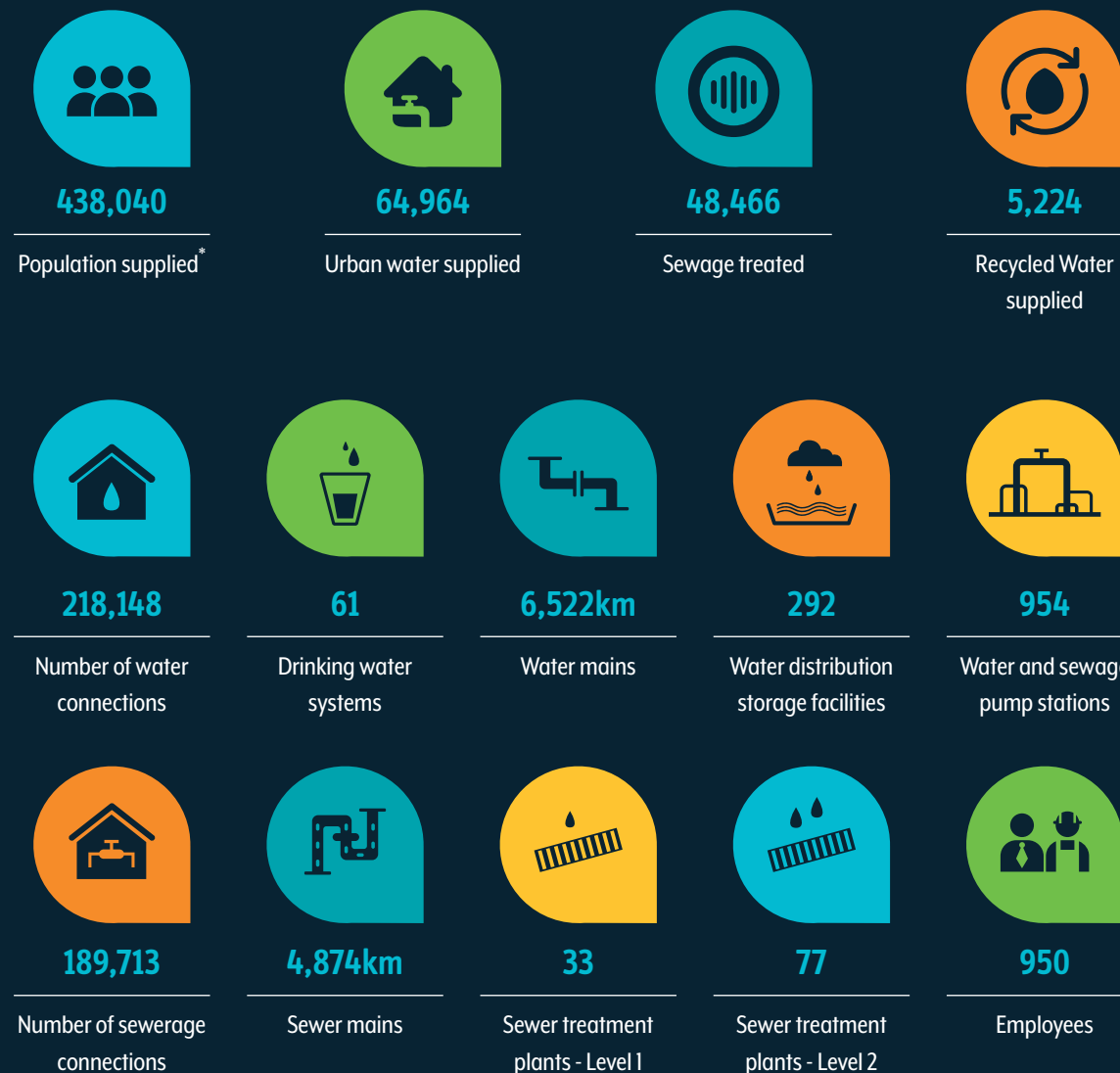
- *Water and Sewerage Corporation Act 2012 (Tas)*
- *Corporations Act 2001 (Cth)*
- *Water and Sewerage Industry Act 2008 (Tas)*
- *Environmental Management and Pollution Control Act 1994 (Tas)*
- *Public Health Act 1997 (Tas)*
- *Land Use Planning and Approvals Act 1993 (Tas)*
- *Water Management Act 1999 (Tas)*
- TasWater's Constitution
- TasWater's Shareholders' Letter of Expectations.

The key regulators of TasWater are:

- The Tasmanian Economic Regulator
- The Environment Protection Authority
- The Department of Health
- The Department of Natural Resources and Environment Tasmania (formerly the Department of Primary Industries, Parks, Water and Environment).

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

Figure 1. Key facts



These metrics are calculated at the end of each financial year for the purposes of National Performance Reporting

Information as of 30 June 2021

Information as of 31 March 2022

*431,505 customers as follows: 187,583 connections x 2.3 residents per connection (census 2017). Remaining connections are businesses and are excluded from population calculation.

Strategic framework

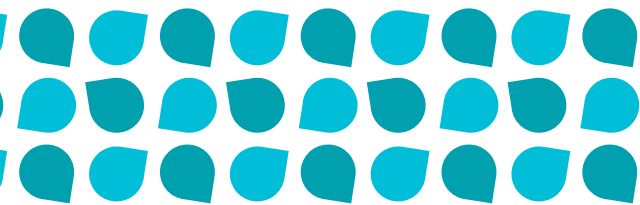
Vision

In 2021, we simplified our strategic vision so that it resonates more strongly with our people and external stakeholders.

The vision – “*To be trusted, respected and making a positive difference in Tasmania*” – preserves the key elements of the strategic vision that has been in place since TasWater’s commencement in 2013 and will guide strategic decision making both now and into the future.

Strategy and strategic priorities

The vision is underpinned by four key strategic themes: Customer and Community, Water and Environment, People and Culture and Commercial and Economic. Each theme is supported by customer promises and Our outcomes that we expect to deliver, our priorities and the primary and enabling strategies we will use to realise them.



Long Term Strategic Plan

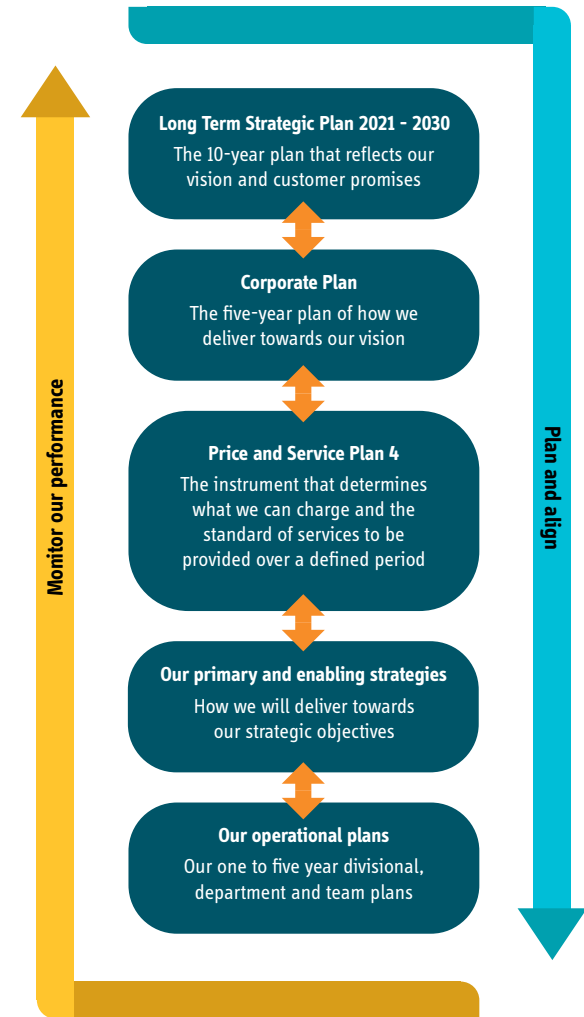
In 2021, the inaugural Long Term Strategic Plan 2018-2037 was refreshed to reflect the progress we have made since 2017 and the broadening of our strategic focus and priorities since that time. The refresh also informed the preparation of our Price and Service Plan 4 (PSP4).

Recognising how quickly the pace of change can make such a long-term plan obsolete, the refreshed Long Term Strategic Plan 2021-2030 outlines the progress we expect to make by 2030 against four key customer promises:

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

Price and Service Plan 4

TasWater’s pricing and service levels are set every three to four years in a Price and Service Plan that is approved by the Tasmanian Economic Regulator (TER). On 10 May 2022, the TER made its final determination in relation to prices and services for the PSP4 period. An overview is provided on the next page.



Price and Service Plan 4

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

TasWater's PSP4 proposal was submitted to the TER on 30 June 2021 and the TER's final determination was made on 10 May 2022. The approved PSP4 covers the first four years of this five-year Plan (1 July 2022 to 30 June 2026).

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

While we have made significant progress in improving water and sewerage services in Tasmania since 2013, we are only part of the way through the necessary reforms that many of our interstate peers started more than 20 years ago. A key objective over the period of PSP4 is therefore to build on the improvements we have made during the Price and Service Plan 3 period (1 July 2018 to 30 June 2022).

In particular, we will continue to focus on delivering safe and reliable water and sewerage services in a way that is both environmentally and financially sustainable and meets the expectations of our customers, regulators and key stakeholders.

We will also continue to deliver our accelerated capital program, with a target to deliver an additional \$901 million of capital investment over the PSP4 period (excluding external funding contributions) to improve our infrastructure.

The capital program includes 62 individual projects and 21 key programs, including major investments over the PSP4 period in:

Water supply

- North-West Water Supply Upgrade (\$144.3 million)
- Regional Towns Water Supply Program Stage 4 (\$59.0 million)
- Bryn Estyn Water Treatment Plant Major Upgrade (\$56.9 million)
- Ridgeway Dam Upgrade (\$56.7 million)
- Bridport Water Surety (\$27.5 million)

Sewer programs

- Macquarie Point Sewage Treatment Plant Relocation (\$136.8 million)
- Tamar Estuary River Health Action Plan (\$122.2 million)
- Launceston Sewer Improvement Plan (\$90.7 million)
- Wynyard Sewage Treatment Plant Upgrades (\$18.5 million)

During the PSP4 period, we will also implement changes to several policies and frameworks that reflect feedback from our customers and stakeholders and are expected to provide customer benefits over the PSP4 period and beyond.

This includes the reintroduction of shared infrastructure charges, refinements to the Equivalent Tenement methodology for calculating sewerage prices and changes to the categorisation of trade waste customers.

Importantly, we continue to focus on keeping bills as affordable as possible for our customers, including through our Productivity Improvement Program. While the TER's final determination provided for a maximum price increase of 3.71 per cent in each year of the PSP4 period, our price increases will continue to be capped at 3.50 per cent during this time. We will need to review our pricing beyond the PSP4 period, giving regard to full cost recovery.

Implementation of PSP4 has commenced and will remain a key operational focus for the business into FY2022-23. Further detail on PSP4 can be found on our website.

Organisational risks and how they link to our strategy

The TasWater Board and senior management team regularly review risks, controls and assurance levels to ensure that potential risks to delivery of customer outcomes and regulatory obligations are recognised as early as possible. When strategies change, or we identify changes in our operating environment, we assess uncertainties that may have a material impact on our risk profile or require

changes to risk controls. Controls put in place to manage the underlying causes or impacts of identified risks are reviewed through various assurance programs.

Relative to the Corporate Plan FY2022-26, our nine strategic risks have remained unchanged and continue to reflect the types of risks impacting other water utilities at the enterprise level. The analysis of these risks continues to be undertaken

at a detailed level to understand the effectiveness of proposed controls, and to ensure programs reflect the need to implement or improve controls as required. Over the next 12 months, we will continue to enhance our risk and assurance programs to increase understanding and implementation throughout the organisation and improve alignment of strategic, functional and operational risks.

Strategic risk title (in alphabetical order)	Description	Key controls	Strategic theme	Link to strategic priority and key focus area(s)
Capital program delivery risk	Inability to deliver the proposed capital program on time and on budget with the intended business benefits and customer outcomes (i.e. deliver value for money)	<ul style="list-style-type: none"> • Asset Management Strategy and Strategic Asset Management Plan • Capital management processes, including procurement • Asset Management Information System • Capital Delivery Office and internal project delivery function • Community and Stakeholder Strategy 	Commercial and Economic	Capital expenditure (page 33)
Climate change risk	Failure to consider and manage impacts from climate change on all aspects of the business	<ul style="list-style-type: none"> • Climate Change Adaptation Strategy • Climate prediction scenario modelling • Water Surety Communication and Stakeholder Engagement Strategy (new) • Brand Communication Strategy (new) 	Water and Environment	Broadening our environmental focus, climate change (page 19, 20)
Contractor conduct risk	Conduct of employees or contractors carrying out core business activities on behalf of TasWater in a manner that is detrimental to the organisation, our reputation, the individual or customer outcomes	<ul style="list-style-type: none"> • Community and Stakeholder Strategy • Corporate Governance Framework • Procurement Policy and Contract Management Guidelines • Ongoing investment in culture • Complaints, Enquiries and Dispute Management Policy • Corporate Code of Conduct and policies relating to behaviour and conduct 	Customer and Community	Investing in people, culture and capability (page 22)

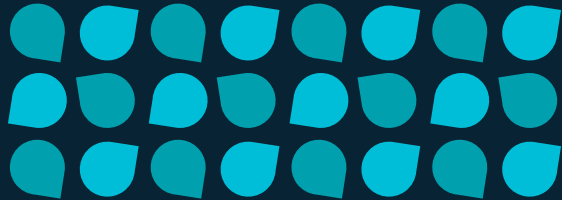
Strategic risk title (in alphabetical order)	Description	Key controls	Strategic theme	Link to strategic priority and key focus area(s)
Cybersecurity risk	Unauthorised access to TasWater systems leading to loss of confidentiality, integrity, control or availability	<ul style="list-style-type: none"> • Cybersecurity Strategy • Information Security and Acceptable Use Policy • Business Continuity Planning (including regular testing) • Incident and Emergency Management Plan • Enhanced internal cybersecurity expertise 	Commercial and Economic	Cybersecurity (page 26)
Environmental / third party risk	Failure of sewerage system process or infrastructure, or business activity causing environmental harm	<ul style="list-style-type: none"> • Environment Strategy • Sewerage Strategy • Operation and maintenance manuals • Inspection regimes • Automated monitoring and control systems (including the Operations Centre) • Inflow and infiltration reduction programs • Renewals and relining programs • Incident and Emergency Management Plan 	Water and Environment	Broadening our environmental focus (page 19)
Operational systems capability risk	Operational technologies and employee capability do not result in the provision of efficient, reliable and responsive practices to deliver on customer promises	<ul style="list-style-type: none"> • Digital and Technology Strategy and Cybersecurity Strategy • Supervisory control and data acquisition (SCADA) Strategy • Data Quality Policy • Operations Centre – including alarm and control point management • Operational Technology Business Continuity Plan • Information management policies 	Commercial and Economic	Digital transformation (page 25)
Supply and demand risk	Inability to provide for water supply security or demand for sewerage services (short and long term)	<ul style="list-style-type: none"> • Drinking Water Strategy • Demand modelling • Business continuity plans and critical asset contingency plans • Water restrictions policy and guideline • Non-Revenue Water Reduction Strategy (to reduce water leakage) • Water Supply Security Strategy and implementation plans • Water Supply Demand Management Steering Group • Growth and capacity/system master plans 	Water and Environment	Water security and competition for water resources (page 18)

Strategic risk title (in alphabetical order)	Description	Key controls	Strategic theme	Link to strategic priority and key focus area(s)
Water quality / public health risk	Provision of unsafe drinking water resulting in serious public health incident	<ul style="list-style-type: none"> • Drinking Water Strategy • Drinking Water Quality Risk Management Plan • Protocol for provision of non-drinking water supplies • Automated monitoring and control systems (including the Operations Centre) • Incident and Emergency Management Plan 	Water and Environment	Water security and competition for water resources, quality and quantity of raw water catchments (page 18, 19)
Worker and public safety risk	Injury to worker or member of the public	<ul style="list-style-type: none"> • Health and Safety Strategy • Safety committees • Policies, procedures, inductions and ongoing training • Fatality risk profile and associated management plans • Investments in safety and culture and implementation of Health and Safety Improvement Plan 	People and Culture	Sustaining improvement in health and safety results (page 22)

Our strategy

Our values

- Taking ownership
- Honest and straight forward
- Working together
- Getting it right
- Long term thinking





**Strategic
priorities
and key
focus areas**



Customer and Community



What you expect

- We care for our customers
- It is easy to do business with us
- We engage proactively with customers and stakeholders



Our promise

- Deliver a positive customer experience to you



Our priorities

- Identifying and closing critical customer services gaps
- Improving our customer engagement and understanding



Our primary strategies

- Customer Experience Strategy
- Community and Stakeholder Strategy



Customer and Community

Delivering a positive customer experience

While we have come a long way in delivering a more positive customer experience since we commenced operations in 2013, the expectations of customers continue to evolve, with a greater desire for personalised and tailored experiences. Recent industry research also suggests that, in response to COVID-19, customers are increasingly seeking a more 'humanised' experience and paying closer attention to the values of the businesses that they choose to interact with.

We must continue to identify and respond to the changing needs and expectations of customers or risk losing their trust. This will require regular engagement with customers to understand the experience they want from us and to respond in a timely way with appropriate solutions.

Over the period of the Plan, we will continue to improve the experience of our customers by implementing our Customer Experience Strategy. Initially, our focus will be to identify and close critical service gaps, including how we communicate with customers on service interruptions and other concerns. We will then look to better empower customers through a differentiated and personalised service offering.

We will also continue to look for ways to enhance the way we support the elderly and vulnerable. This includes investigating what has succeeded in other Australian jurisdictions and will be in addition to customer support and hardship policies already in place.

Meeting the needs and expectations of the Tasmanian community

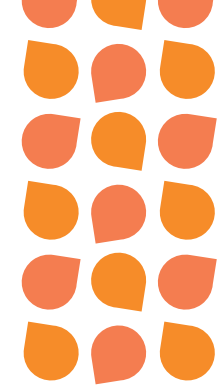
While Tasmanians continue to score TasWater consistently high on reliability, customer service and overall satisfaction, the perception that we are doing the right thing by our customers has softened.

There has also been a sustained increase in customers expecting TasWater to be a better corporate citizen and demonstrate a higher level of corporate social responsibility in areas such as giving back to the community and protecting the environment.

To respond to this feedback, we have established an internal collaboration program to enable us to provide a more coordinated, targeted and timely response to stakeholder enquiries and concerns.

We have also developed a five-year roadmap to achieve social change around the issue of water security. This requires a significant uplift in our efforts to improve water literacy in Tasmania. To enable this, we are launching a new integrated awareness and education campaign designed to have a lasting impact on the community by connecting emotionally with our customers.

As the campaign progresses, it will include a new school-based education and community engagement program highlighting the role all users play in protecting the long-term sustainability of our water resources.



In coming years, we will also begin to take a more prominent position and work with like-minded organisations in areas of concern to TasWater, our stakeholders and the broader Tasmanian community. This work will be informed by other programs to address water loss, water security and adapting to climate change and will evolve as those programs mature.

Engaging with our owners, stakeholders and the broader community

The framework we have developed to guide our interactions with owners, stakeholders and the Tasmanian community is enabling us to manage stakeholder relationships more proactively in a way that is planned, consistent and professional. It also gives us the opportunity to ensure we have appropriate engagement activities in place to give the Tasmanian community information and communication platforms that are easy to access and understand.

Over the life of the Plan, we will continue to leverage this framework to develop and maintain mutually beneficial relationships with owners, stakeholders and communities.

We will also continue to participate in community events across Tasmania to grow understanding of our activities and encourage communication, mutual trust and respect.

We know that our accelerated Capital Works Program is of interest to the Tasmanian community and have strengthened our approach to engaging on infrastructure development and renewal programs. A key area of focus will be to help the Tasmanian community better understand how we design, develop and prioritise projects and how their feedback can be incorporated as part of this process.

Customer and Community





Water and Environment



What you expect

- Your drinking water is reliable, clean and safe to drink
- Your sewage is collected, transported, treated and disposed of efficiently
- We are responsible stewards of the environment



Our promise

- Provide you with safe drinking water and manage your sewage in an environmentally responsible way



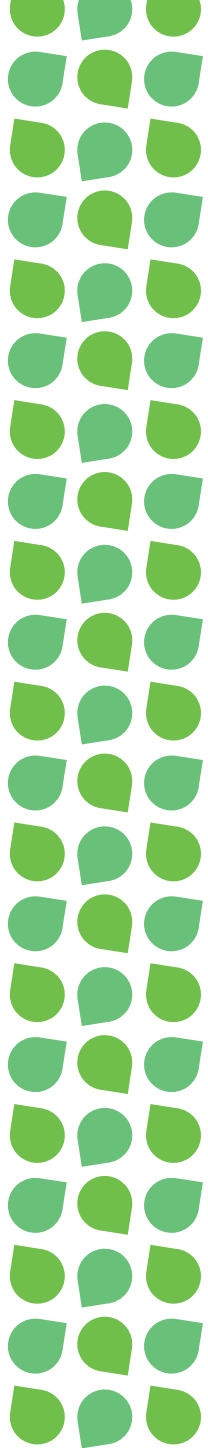
Our priorities

- Meeting agreed regulatory compliance targets
- Optimising system performance



Our primary strategies

- Drinking Water Strategy
- Environment Strategy



Water and Environment

Water security and competition for water resources

While water volumes are generally favourable at present, we continue to face both short-term and long-term challenges to the quality and security of our water resources.

Raw water quality can be affected by adverse weather conditions, including both too much heavy rainfall in a short period of time or too little rainfall over a longer period. Poor quality raw water requires more intensive treatment processes to deliver clean and safe drinking water that meets the Australian Drinking Water Guidelines.

More broadly, competition for access to our water resources continues to increase from both established and emerging industries, such as agriculture, aquaculture and hydrogen production. Taken together with the impacts of climate change, seasonal tourist booms and population growth, we will need to improve the resilience of our water supplies to meet increasing demand and maintain water security and water quality.

The Capital Works Program includes several projects designed to improve our capacity to manage demand through extreme weather events and supply shortages. This includes the upgrade and expansion of the Bryn Estyn Water Treatment Plant (WTP) and water supply and storage improvements in the north and north-west regions.

A consolidated Water Supply Security Strategy is being developed to coordinate activities including long-term master planning, water rights, contingency planning and demand management. This strategy will guide short and long-term plans to achieve clear objectives for water supply reliability and system-level planning, including water efficiency measures for customers.

Greater understanding of our water catchments through yield modelling, including plausible scenarios where water resources are constrained, will support clearer communications with customers and support discussions of trade-offs between costs and water supply reliability (restrictions).

Minimising water loss in our networks will also continue to be a key focus area through the implementation of the Non-Revenue Water Reduction Strategy. This strategy includes improving active leakage control measures, pressure management, water metering and water accounting.

Quality and quantity of raw water catchments

While we do not own or manage water catchments, we rely on water from Tasmania's network of freshwater catchments to deliver drinking water to our customers.



TasWater is licensed to extract raw water from 72 catchments around Tasmania. Each catchment is unique, and we use several risk assessment tools to better understand the challenges and opportunities that each individual catchment presents. We use this knowledge to design and implement programs and strategies to mitigate the impact of hazardous events, build system resilience and optimise system performance.

Recognising the importance of urban water security as a strategic issue, we will continue to engage with the Tasmanian Government and other stakeholders to ensure that water allocations are sustainable and that Tasmania's water catchments and bulk water supplies are managed appropriately for the benefit of all Tasmanians.

Broadening our environmental focus

Our core business is the delivery of safe and reliable drinking water and sewerage services. As such, we rely on the natural environment to provide drinking water to our customers and we must ensure we return sewage to the environment in a way that does no harm.

We recognise that there is heightened external expectation that businesses have a positive impact on the environment and face greater scrutiny from stakeholders to demonstrate that they are responsible environmental custodians. We acknowledge that we have a major role to play in this area and that there is further work to do.

This responsibility also extends to our commercial and industrial customers and we will continue to work with them to increase their understanding of our processes and their responsibility to manage their trade waste appropriately.

Since we commenced in 2013, our focus has primarily been

to improve compliance with environmental regulations. However, we recognise that the time has come to broaden our focus to consider the full lifecycle of our activities, better understand our customers' expectations and consider what an appropriate level of environmental stewardship means for our business.

We are aiming to have the new Environment Strategy in place by mid-2022. It will guide our transition from environmental compliance to enhancement over the long-term through four draft themes:

- Protect waterways and beaches by reducing the environmental impact of effluent discharges on waterways
- Efficient use of water resources by reducing water extracted from the environment, leaving more water for the natural environment and other users
- Reduce our contribution to climate change by reducing emissions that contribute to human-induced climate change
- Reduce waste to landfill by reducing waste generation and recycling whenever practical.

As we grow our activity and influence in this area, it is important that we understand the expectations of our customers, stakeholders and owners. We will continue to engage and collaborate with interested parties to guide our decision-making as the Environment Strategy is developed and implemented.



Climate change

The Intergovernmental Panel on Climate Change's sixth assessment report provides further evidence that human influence has warmed the atmosphere, ocean and land. The report also confirms that climate change is affecting many weather and climate extremes in every region across the globe.

The changing climate remains one of the biggest strategic risks facing TasWater and the broader water industry. We have a responsibility to actively participate in climate change adaptation and mitigation to ensure we are playing our part and can continue to supply customers with safe and reliable services.

We are aiming to have our new Climate Change Adaptation Strategy in place by mid-2022. It will help us to identify adaptation pathways to reduce the impacts of climate change. The key objectives of this strategy will be to reduce our vulnerability to the impacts of climate change, build our resilience to extreme weather events, grow the capability for adaptation and innovate to take advantage of new and emerging opportunities.

We expect that, over time, our key plans and strategies will increasingly consider the impact of our operations on climate change and options to mitigate this impact.

While some improvements can still be made in the accuracy of our data, we reported Scope 1 and 2 greenhouse gas (GHG) emissions of 55,707 CO₂ equivalent tonnes in FY2020-21. The majority of our emissions come from fugitive emissions and electricity usage, with very little recorded from our equipment and vehicle fleet.

As our GHG emission monitoring framework improves, we will also begin monitoring our Scope 3 emissions. These are indirect emissions generated through the supply chain, including the production and transport of treatment chemicals and building materials.

In developing the new strategy, we will consider potential emissions reduction targets, including the associated costs, any mandated targets, the expectations of key stakeholder groups and our customers' willingness to pay.



People and Culture



What you expect

- Our work is conducted safely to protect our people, contractors and the communities we serve
- Our culture and capabilities enable us to make a positive difference to Tasmania



Our promise

- Build culture and skills for the long-term benefit of Tasmania



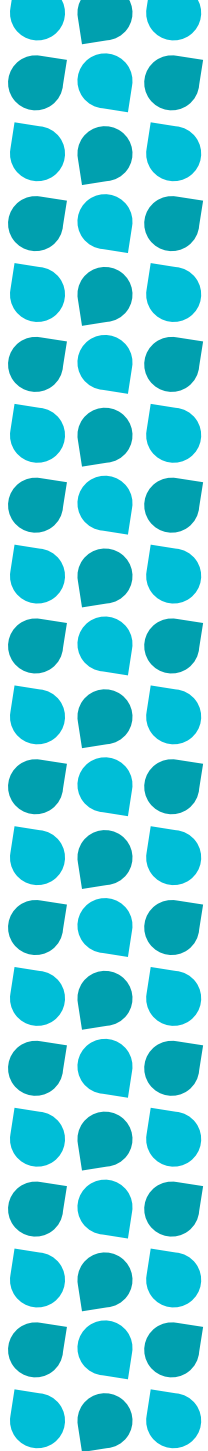
Our priorities

- A relentless focus on safety (Zero Harm)
- Enhancing workforce capability and culture



Our primary strategies

- Health and Safety Strategy
- People, Culture and Capability Strategy



People and Culture

Sustaining improvement in health and safety results

By its nature, the delivery of clean and safe water and sewerage services presents some level of health and safety risk for staff, contractors and the Tasmanian community.

The existence of major hazards and high-risk operational processes, the geographical dispersion of our assets and the need to complete repairs and undertake maintenance in public places means that we need to continue to remain vigilant and find opportunities to improve health and safety practices.

In FY2021-22, we have largely been able to maintain the improvement in health and safety performance that was delivered in FY2020-21. This has been the result of increased effort and investment in our health and safety program and an ongoing focus on ensuring that there is a consistent leadership presence across our operations.

However, we still have a significant amount of work to do to achieve the objective of being a Zero Harm company.

In March 2022, we refreshed our Health and Safety Strategy to drive a further step change in health and safety performance. The refreshed strategy is underpinned by the three strategic pillars of risk management, leadership and culture, and support systems.

A key area of focus going forward is to improve the visibility of health and safety risks and address known areas of risk exposure where additional controls may enhance our safety

performance. We are also looking at ways to improve how we collate, analyse and report health and safety information to improve our leaders' capacity to make real-time decisions.

Implementation of this strategy will continue to be supported by an annual Health and Safety Improvement Plan that includes a program of works aimed at reducing the risk of serious incidents, strengthening our safety culture and keeping our people safe and cared for.

Investing in people, culture and capability

Over the next five years, we will continue to strive towards achievement of a constructive culture through ongoing delivery of the Blue Bus Revolution™ program. First introduced at TasWater in 2019 and paused in March 2020 when COVID-19 first emerged, this program was restarted in March 2022 and continues to deliver the positive and sustainable results we need to achieve our cultural shift objectives.

Throughout the Plan period, we will also continue to focus on ensuring our people feel valued, trusted and respected, and that we have the people with the right mindsets, behaviours and capabilities to deliver business outcomes and customer promises. In support of this, we have refreshed the Strategic Workforce Plan that was first developed in early 2020. The updated plan is focused on building workforce capability, enhancing the employee experience and leveraging smart and connected ways of working.

People and Culture



Our scholarship, intern and graduate programs continue to provide us with an excellent connection to Tasmania's senior schools, technical training organisations and the University of Tasmania. These annual programs enable us to introduce young Tasmanians to the variety of career pathways TasWater has to offer, as well as helping us to better understand the needs and aspirations of the workforce of the future.

We remain committed to our workforce demographic being reflective of the Tasmanian community. Pleasingly, we are attracting more female candidates for roles and have experienced a strong female representation in our scholarship, intern and graduate programs. However, we recognise we have more work to do and will continue to invest in programs and initiatives to achieve greater gender and cultural diversity.



Ongoing management of COVID-19

COVID-19 has continued to impact businesses globally since the pandemic first emerged in 2020. While Tasmania was relatively unaffected throughout 2021, the emergence of the new Omicron variant and reopening of Tasmania's borders later in the year led to an increase in cases and required further response measures to be taken.

In response to these developments, we reconvened the dedicated Incident Management Team to review and refresh our procedures to align with updated Tasmanian public health and Worksafe Tasmania advice. The revised procedures include refreshed flexible work and leave practices, access to and training for the correct use of personal protective equipment and protocols for suspected confirmed cases of COVID-19 within our workforce.

The priority is to provide a COVID-safe working environment for our people so we can maintain continuity of drinking water and sewerage services to customers and the Tasmanian community. As the pandemic evolves, we will continue to follow guidance and advice from the Tasmanian Government and relevant authorities.



Commercial and Economic



What you expect

- Our pricing is sustainable
- We contribute to Tasmania's prosperity by supporting new, emerging and existing industries



Our promise

- Give you value for money



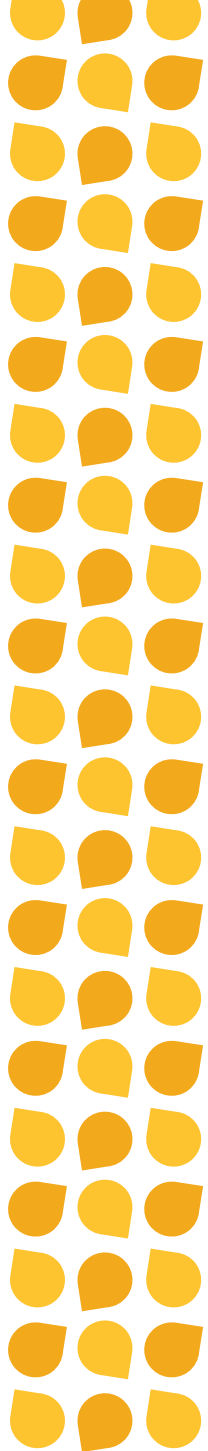
Our priorities

- Deliver Price and Service Plan commitments
- Achieve further efficiencies



Our primary strategies

- Asset Management Strategy
- Financial Sustainability Strategy



Commercial and Economic

Delivering further productivity savings

Realisation of sustainable productivity savings has been a key focus since we commenced on 1 July 2013. Through our dedicated Productivity Improvement Program, we are forecasting to have delivered over \$34 million of ongoing sustainable savings by 30 June 2022.

While this is a significant achievement, identifying and realising further productivity savings is critical to our long-term financial sustainability and ability to deliver targeted strategic objectives.

In October 2021, we launched a five-year roadmap of productivity initiatives to deliver a further \$11 million (\$2.2 million per year) in sustainable annual savings by FY2025-26. The roadmap is based on the Water Services Association of Australia's (WSAA) Opex Benchmarking Study for FY2019-20. The WSAA study benchmarks the operating costs of participating water utilities across Australia, including TasWater.

Digital transformation

The technological revolution of the last 20 years has fundamentally changed the way businesses interact with each other, their customers, their suppliers and their business partners.

Access to the internet has grown exponentially and more people than ever before are using mobile devices to access

information, source goods and services and share their experiences. Technology has also increased the ease with which people can stay in touch, with the rise of social networking allowing users to connect across geographical, financial and social boundaries.

Businesses must adapt to technological developments or risk losing relevance with their customers and becoming obsolete. In addition to meeting the evolving needs and expectations of customers, businesses can also leverage technology to improve the efficiency of service delivery, enhance safety for workers, reduce costs and mitigate risk.

In recent years, we have continued the digital transformation of our business by delivering initiatives that have improved operations, supported our workforce to operate remotely and delivered improved services to customers.

To maintain momentum in this area, a new Digital and Technology Strategy was approved in March 2022. The new strategy will provide the foundation for further digital transformation of TasWater and directly support achievement of our primary and enabling strategies.

Considering our current digital maturity, our initial aspiration is to leverage digital technology to provide consistent and integrated digital experiences to customers and employees. As our capability increases, opportunities may emerge to develop more innovative solutions that are considered transformational in the water industry.

Cybersecurity

As the use of digital technology continues to grow, so does the opportunity for information to be unlawfully accessed and exploited. The Annual Cyber Threat Report 2020-21 released by the Australian Cyber Security Centre noted that over 67,500 cybercrime reports were made during FY2020-21 with self-reported losses in excess of \$33 billion.

Recognising the increasing prevalence and impact of potential attacks, cybersecurity is expected to remain one of TasWater's key strategic risks over the period of this Plan.

A new Cybersecurity Strategy was approved in December 2021, with the objective of driving a cyber-aware culture to support our digital transformation and safeguard information and critical services against cyber threats. Using a risk-based approach, a three-year program has been established to reduce exposure to cyber-related threats.

More broadly, we are also continuing to work with the Tasmanian Critical Infrastructure Working Group, led by the Department of Premier and Cabinet, to explore the implications of recent amendments to the Commonwealth *Security of Critical Infrastructure (SOCI) Act 2018*.

Asset management

With assets that can last for more than 100 years, it is important that we continuously improve the management of our assets to ensure that we deliver customer promises at the lowest sustainable cost.

During the Plan period, we will continue to implement the maturity and improvement actions identified as being necessary to align our asset management framework with the Global Forum on Maintenance and Asset Management

(GFMAM) Asset Management Landscape. We will also continue to progress growth and capacity assessments to assess the effects of system yield, climatic impacts and demand growth on the capacity of our systems.

A key driver of our digital transformation journey is to develop smart water, sewer and recycled systems and networks. Having an effective Supervisory Control and Data Acquisition (SCADA) system is essential to providing visibility into how our assets are performing, allowing for early intervention to reduce risks and an opportunity to increase efficiencies in the way we operate.

Following a detailed review and analysis of our current SCADA systems in 2021, we are considering a five-year program of investment to upgrade our existing SCADA systems. This upgrade will reduce several key strategic risks and support the delivery of key commitments we have made to regulators.

Emerging hydrogen industry in Tasmania

In May 2020, the Tasmanian Government launched the \$50 million Tasmanian Renewable Hydrogen Industry Development Funding Program to support development of a renewable hydrogen industry in Tasmania.

Since that time, TasWater has continued to provide advice and support to the Tasmanian Government, through the Office of the Coordinator-General, on water supply options. This has included providing a supply side options report to assist the Tasmanian Government with its Commonwealth funding submission for a Bell Bay hydrogen hub.

Supporting the development of the Tasmanian economy is consistent with our Shareholders' Letter of Expectations. However, it is important that we do so on a commercial

basis, while still delivering our water and sewerage reform obligations and operating in accordance with our legislative instruments, regulatory framework and customer and stakeholder expectations.

Commercial and Economic





**Measuring
our success**

Measuring our success

The key performance indicators (KPIs) for the next five years are consistent with the Corporate Plan FY2022-26 and continue to align with our Long Term Strategic Plan, draft Price and Service Plan 4, strategic priorities and drive to be a high-performing organisation. It should be noted that some KPIs are nearing target and, for others, there is a flattening profile in the outyears of the

Plan that reflects the targeted delivery date for current primary and enabling strategies. We will refresh our KPIs during FY2022-23 and it is anticipated that a number of new KPIs will be provided in the Corporate Plan FY2024-28.

Our priorities	Measurement	Forecast	Target	Target	Target	Target	Target
Customer and Community – Deliver a positive customer experience to you		FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Identify and close critical customer service gaps	Customer experience percentage ¹	64%	66%	68%	70%	72%	72%
	Customer satisfaction percentage	68%	70%	72%	74%	75%	75%
	Brand perception percentage	60%	62%	64%	66%	68%	70%
Improve our community engagement and understanding	Community and stakeholder feedback percentage	68%	72%	73%	74%	75%	75%
Water and Environment – Provide you with safe drinking water and responsibly manage your sewage		FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Meet agreed regulatory compliance targets	Customers supplied by drinking water systems meeting best practice risk mitigation (per cent)	10.7%	13.4%	65.6% ²	66.6%	66.6%	66.6%
	Number of dams above the ANCOLD Limit of Tolerability	2	0	0	0	0	0
	Number of wastewater systems considered high risk to the environment ³	20	17	15	14	13	12
	Real losses: water mains (kL/km water main/day)	10.0	9.0	8.0	7.5	7.0	6.7
Optimise system performance	Number of critically notifiable spills (less than or equal to)	4	2	2	1	1	1
	Treated wastewater compliant with EPA requirements (flow-weighted) per cent	89.0%	89.0%	91.0%	91.0%	91.0%	91.0%

¹ Customer experience combines two metrics: customer interaction, which measures the quality of an interaction, and customer effort which measures how easily an issue was addressed and resolved.

² The improvement in FY2022-23 and FY2023-24 reflects delivery of the Bryn Estyn WTP Major Upgrade project and current ultraviolet programs. Further capital projects to improve this metric are currently due for completion in FY2027-28.

³ All EPA-regulated sewage treatment plant effluent discharges have undergone an environmental risk assessment (ERA) for their impact on the receiving environment. The EPA informs prioritisation of projects based on risk to the environment. This KPI tracks the improvement of effluent quality through optimisation and infrastructure upgrades.

Our priorities	Measurement	Forecast	Target	Target	Target	Target	Target
People and Culture – Build culture and skills for the long-term benefits of Tasmania		FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Enhance workforce capability and culture	Fifty per cent constructive styles ⁴ by 2023	Constructive styles to be between the 25th and 50th percentile. Defensive styles at or below the 50th percentile	Material improvement in pulse cultural survey ⁵ results	Constructive styles to be at the 50th percentile or better. Defensive styles at or below the 25th percentile	Material improvement in pulse cultural survey results	Constructive styles to be above the 50th percentile. Defensive styles below the 25th percentile	Constructive styles remain above the 50th percentile. Defensive styles remain below the 25th percentile
Relentless focus on safety (Zero Harm)	Total Recordable Injury Frequency Rate (TRIFR) – (less than or equal to)	8.5	≤5.5	≤3.0	≤3.0	≤2.0	≤2.0
	Notifiable Injury Frequency Rate	≤0.8	≤0.4	≤0.4	≤0.4	≤0.4	≤0.4
Commercial and Economic – Give you value for money		FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Deliver Price and Service Plan commitments	Capital expenditure	\$249.0M	\$249.2M	\$304.1M	\$299.2M	\$231.3M	\$216.2M
Achieve further efficiencies	EBITDA	\$164.8M	\$168.2M	\$186.4M	\$196.3M	\$206.4M	\$219.1M
	Interest cover ratio	3.40	3.12	3.34	2.83	2.56	2.53

4 We use the Human Synergistics Organisational Culture Inventory™ to measure our cultural performance against similar organisations that also use the profiling tool. The Human Synergistics Circumplex measures the behavioural styles that drive the effectiveness and performance of individuals, groups and organisations. A constructive style promotes healthy and effective thinking and behavioural patterns. A defensive style reinforces passive and aggressive thinking and behavioural patterns.

5 We have developed a pulse cultural survey tool to complement the Human Synergistics Organisational Culture Inventory™. The surveys are conducted throughout the year to collect high-level employee feedback and monitor the ongoing effectiveness of our cultural development initiatives.



Financial forecasts

Overview

The table below highlights the key information contained in our financial and capital forecasts for the Plan:

Financial summary	FY2020-21 Actual	FY2021-22 Forecast	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast
Net Profit \$M	43.5	56.5	60.5	68.6	67.1	66.3	72.1
Underlying Net Profit ⁶ \$M	16.3	25.9	30.9	29.2	27.3	26.1	31.4
Capital Expenditure \$M ⁷	177.6	249.0	249.2	304.1	299.2	231.3	216.2
Distributions							
Dividends \$M	10.0	20.0	20.0	20.0	20.0	20.0	20.0
Special Dividend Target ⁸ \$M	-	4.0	4.0	4.0	4.0	4.0	-
Total Distributions \$M	10.0	24.0	24.0	24.0	24.0	24.0	20.0
Debt \$M	619.8	725.8	805.4	864.2	996.2	1,096.1	1,177.7
Gearing ⁹	39.1%	43.9%	46.3%	47.1%	53.1%	57.1%	59.7%
Interest Cover (times)	3.20	3.40	3.12	3.34	2.83	2.56	2.53

⁶ Underlying net profit is the profit adjusted for contributed revenue and developer charges.

⁷ Capital expenditure includes externally funded projects.

⁸ Special dividends are provided for within the Plan so as to return foregone dividends during COVID-19 to owner councils. As with all dividend payments, they are subject to the underlying financial performance and position supporting these payments.

⁹ Gearing levels have been calculated in accordance with TasWater's Financial Sustainability Strategy as: borrowings/shareholders equity.



Forecast growth and demand

Forecast growth and demand assumptions across the Plan are consistent with our growth and capacity plans.

Revenue assumptions

Revenue projections included in the Plan reflect a uniform price increase of 3.50 per cent each year. This is lower than the maximum increase of 3.71 per cent approved by the Tasmanian Economic Regulator in its final determination on our Price and Service Plan 4 on 10 May 2022. We have applied the 3.50 per cent price increase in FY2026-27, being the first year of Price and Service Plan 5.

The Corporate Plan FY2023-27 (Plan) includes new income of \$9.6 million per annum from 1 July 2023 from the re-introduction of a shared infrastructure contribution charge (formerly known as headworks).

Interest expense assumptions

The average interest rate for the loan portfolio is 3.71 per cent per annum across the Plan period.

Non-interest expense assumptions

Cost increase assumptions across the Plan are aligned with the most recent consumer price index (CPI) forecasts made by the Reserve Bank of Australia in May 2022. The following additional assumptions underpin the expenses contained in the Plan:

- CPI is assumed to be 4.25 per cent for FY2022-23 and then decreasing to 3.00 per cent over the remaining four years of the Plan.

- Fixed salary increases are consistent with the terms of our Enterprise Agreements, which provide certainty for our employees through to FY2023-24. In addition, a modest pool of funds is set aside for annual performance increases based on individual performance. These are discretionary and not guaranteed.
- Power expenses have been modelled by an external consultant and are based on network tariff outcomes, existing contracts and forecast forward pricing.
- Operational cost increases have been partially offset by anticipated productivity savings in each year of the Plan.

It should be noted that any inflationary increases that are materially above the percentage allowance provided in the Plan will directly impact our underlying profit, as revenue is mainly fixed through regulatory pricing. If excessive inflation were to occur, consideration would be given to the options available to minimise the impact on underlying profit.

Comparison to the Long Term Strategic Plan financial forecasts

The financial forecasts provided in the Plan are above the targets outlined in the Long Term Strategic Plan 2021-2030 (LTSP). The increase is largely due to the re-introduction of a shared infrastructure contribution charge from 1 July 2023, which is forecast to generate revenue in the order of \$9.6 million per annum.

Expenditure is higher than the LTSP targets, largely due to higher employee costs following the latest Enterprise Agreement outcomes and higher interest rates.



Dividend forecasts

In addition to ordinary dividends, special dividends of \$4 million per annum are provided for from FY2021-22 to FY2025-26. These special dividends are to return the foregone dividends during COVID-19 to owner councils. As with all forecast dividend payments, special dividends are subject to the underlying financial performance and position supporting these payments. Payment of the special dividend will be considered in June of each year when the underlying profit for the year is more certain.

In developing these forecasts, it has been assumed that there will be no material adverse financial impact from any state or federal government policy or legislative changes. To the extent such changes occur, resulting in underlying profits being reduced below the threshold required to support the dividend forecasts, dividends would be reduced to ensure they do not exceed underlying profits.

To the extent that underlying profitability is greater than forecast, consideration would be given to how to best to use these funds, giving regard to the objectives of TasWater's Financial Sustainability Strategy.

Gearing

TasWater's Financial Sustainability Strategy sets a gearing threshold of 55 per cent. This is a conservative gearing position when compared to our peers and when compared to the Financial Leverage loan covenant with our financiers, the Tasmanian Public Finance Corporation.

The financial projections show that our gearing level will exceed the 55 per cent threshold in FY2025-26. We expect the gearing level to peak at 60.8 per cent in FY2027-28 before returning to within the Financial Sustainability Policy threshold by FY2030-31.

While TasWater will seek to comply with the parameters set within our Financial Sustainability Strategy over time, a relatively small short-term exceedance is not considered to be a major risk to financial sustainability.

Capital expenditure

Overview

In 2018, TasWater and owner councils committed to investing \$1.7 billion over 10 years in new and upgraded infrastructure, with a best endeavour aim to uplift our capital expenditure to \$1.8 billion over this period. Including the capital expenditure in this Plan, we now expect to exceed the best endeavour aim and deliver a total of \$1.85 billion¹⁰ of capital expenditure over the 10-year period of the commitment (FY2016-17 to FY2025-26).

Over the Plan period, we are forecasting to deliver total capital investment of \$1.1 billion. External funding contributions increase this forecast to \$1.3 billion. This significant capital program will enable us to continue to deliver improved outcomes for our customers while also supporting Tasmania's ongoing recovery from the economic impacts of COVID-19.

To ensure that we find the appropriate balance between meeting compliance commitments and price affordability for our customers, our capital program is guided by a prioritisation model that includes a weighting to emphasise the outcomes that our customers and stakeholders advised us were most important.

Our capital program is also guided by key plans that have been approved by various regulators, including:

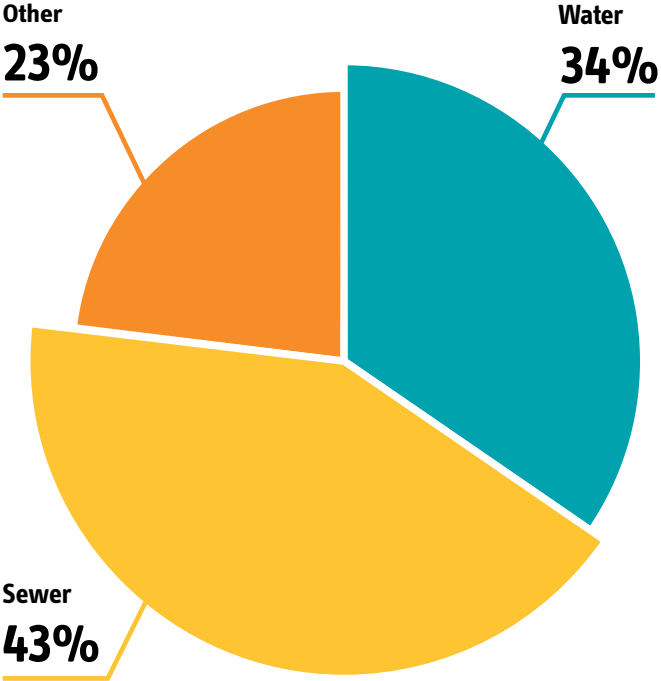
- The Drinking Water Quality Risk Management Plan regulated by the Department of Health
- The draft Wastewater Risk Management Plan regulated by the Environment Protection Authority
- The Dam Safety Management Plan regulated by the Department of Natural Resources and Environment Tasmania
- The Price and Service Plan regulated by the Tasmanian Economic Regulator.
- Just over half of our forecast capital expenditure over the Plan period is targeting compliance improvements in areas such as water quality, dam safety and environmental outcomes. Expenditure on major projects during this time includes the North-West Water Supply Upgrade (\$144.3 million), Macquarie Point STP relocation (\$136.8 million), Tamar Estuary River Health Action Plan (\$122.2 million) and Launceston Sewer Improvement Plan (\$90.7 million).

- In recent years, we have continued to embed the Capital Delivery Office (CDO) alliance into our business-as-usual operations. As a result of these efforts, we have delivered a significant acceleration in capital expenditure in the last two financial years. For FY2021-22, we are forecasting to deliver total capital expenditure of \$249.0 million, which is 8.3 per cent higher than the budgeted amount of \$229.9 million.
- In February 2022, the CDO alliance was extended for a further two years to June 2025. The CDO will continue to focus on delivering the larger, higher-risk projects for which it is best suited, while simpler, lower cost projects will be delivered internally through our Project Delivery Group.
- While our approach to capital investment is highly structured, we have the flexibility to rapidly address unexpected issues that could significantly impact our services. We regularly reassess the opportunities to further optimise our capital program to suit our operating environment.

¹⁰ Excluding external funding contributions

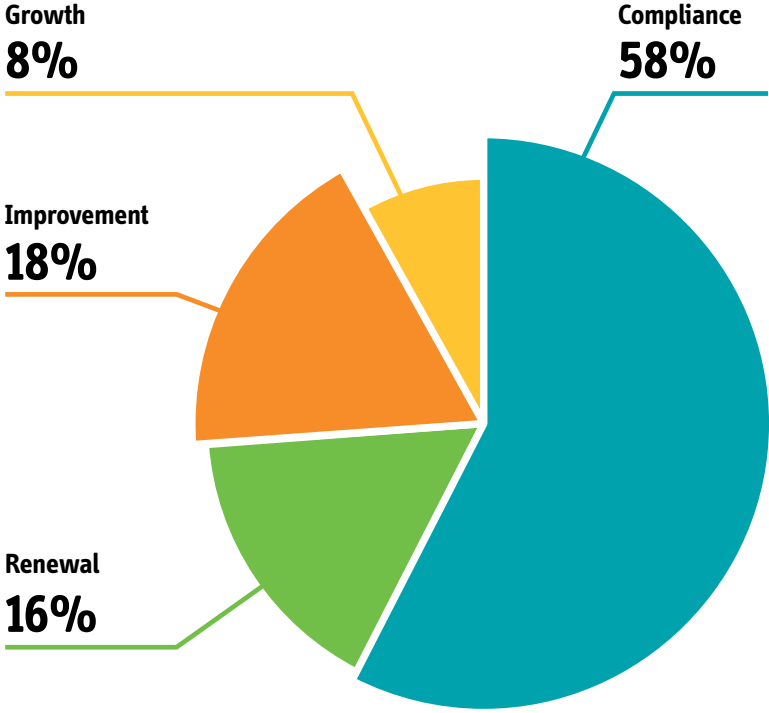
	FY2022-23 Forecast (\$M)	FY2023-24 Forecast (\$M)	FY2024-25 Forecast (\$M)	FY2025-26 Forecast (\$M)	FY2026-27 Forecast (\$M)	Total (\$M)
Capital expenditure program	224.3	231.7	225.4	219.9	216.2	1,117.5
Capital expenditure program – including external funding	249.2	304.1	299.2	231.3	216.2	1,300.0

Figure 3 – FY2023-27 capital program by asset class¹¹



¹¹ 'Other' asset class includes business-related capital investment expenditure including information technology, fleet, safety, facilities, electrical, and supervisory control and data acquisition

Figure 4 – FY2023-27 capital program by driver





Externally funded capital expenditure projects

From time to time we need to consider projects where, while they provide benefits to Tasmania, we are unable to recover the associated costs from our customers. For these projects, we seek external funding contributions.

In this current Plan period, we have included external funding in our financial forecasts for a range of projects that either have a signed grant deed or there is otherwise enough certainty of the funding being provided. Relative to the FY2022-26 Corporate Plan, we have added external funding forecasts relating to the Bicheno Sewage Treatment Plant Recycled Water Scheme Expansion, Penna Recycled Water Scheme Expansion and the Shellfish Lease Protection Program.

If projects with an external funding contribution do not proceed, we will consider the budget impacts and whether to issue a revised Plan. We will also continue to seek further funding, with the Tasmanian Government's support, from the Australian Government for other important projects where considered appropriate.

Capital projects – external funding contributions (by value, \$Millions)¹²

Project title	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast	Total Forecast
Tamar Estuary River Health Action Plan	13.6	50.0	27.2	0.0	0.0	90.8
Macquarie Point STP Relocation	4.2	15.3	45.8	11.4	0.0	76.7 ¹³
Bicheno STP Recycled Water Scheme Expansion	0.0	4.2	0.8	0.0	0.0	5.0
Penna Recycled Water Scheme Expansion	3.3	1.7	0.0	0.0	0.0	5.0
Shellfish Lease Protection Program	3.8	1.2	0.0	0.0	0.0	5.0
Total Externally funded projects	24.9	72.4	73.8	11.4	0.0	182.5

¹² Excludes TasWater funding contributions.

¹³ The total Tasmanian Government contribution for the Macquarie Point STP relocation is \$100 million, comprised of \$80 million capital and \$20 million operational.

Appendices

Income statement (\$Millions)

	FY2020-21 Actuals	FY2021-22 Forecast	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast
Revenue							
Fixed Charges	255.5	265.1	279.9	293.6	306.7	320.0	334.1
Volumetric Charges	69.6	74.6	77.9	81.3	84.8	88.5	92.4
Development Revenue	6.9	7.0	6.8	7.0	7.2	7.4	7.6
Contributed Assets & Developer Charges	29.4	30.6	29.5	39.4	39.8	40.3	40.7
Other Revenue	5.7	6.7	5.1	5.3	27.3 ¹⁴	9.5	9.7
Total Revenue	367.1	384.0	399.2	426.6	465.8	465.7	484.5
Expenses							
Chemicals, Power & Royalties	23.7	23.2	26.0	28.1	30.2	31.6	33.6
Materials & Services	42.1	39.7	40.4	42.1	44.3	46.3	48.3
Salaries & Related Personnel Expenditure	98.2	103.6	110.9	116.2	121.6	127.4	130.9
Administration Costs	47.4	52.7	53.7	53.8	73.4 ¹⁵	54.0	52.6
Total Expenses	211.4	219.2	231.0	240.2	269.5	259.3	265.4
Earnings before interest, tax & depreciation	155.7	164.8	168.2	186.4	196.3	206.4	219.1
Interest Expense	17.8	16.7	16.0	21.5	28.0	33.2	37.5
Depreciation	94.4	91.6	91.7	96.5	101.2	106.9	109.5
Net Operating Profit	43.5	56.5	60.5	68.6	67.1	66.3	72.1

¹⁴ Includes \$20.0M grant for operational costs relating to Macquarie Point STP relocation project.

¹⁵ Includes \$20.0M in decommissioning and asset write off costs for the Macquarie Point STP relocation project.

Cash flow statement (\$Millions)

	FY2020-21 Actuals	FY2021-22 Forecast	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast
Cash flows from operating activities							
Receipts from Customers	321.9	345.9	359.3	380.5	394.6	409.4	424.4
Payments to Suppliers and Employees	(222.5)	(233.5)	(244.6)	(258.3)	(266.2)	(276.1)	(285.5)
Government Grants	-	0.5	-	-	20.0	-	-
Interest Paid	(17.1)	(18.7)	(16.1)	(21.0)	(26.9)	(32.7)	(36.2)
GST Refund from the ATO	23.1	32.3	32.6	39.4	39.5	36.0	33.1
Net Cash Flows from Operating Activities	105.4	126.5	131.2	140.6	161.0	136.6	135.8
Cash flows from investing activities							
Payments for Property, Plant and Equipment	(162.9)	(249.0)	(249.2)	(304.1)	(299.2)	(231.3)	(216.2)
Government Grants	9.5	-	13.6	79.9	31.4	20.0	20.0
Equity Contributions	20.0	40.0	50.0	50.0	-	-	-
Proceeds from Property, Plant and Equipment	1.5	1.2	-	-	-	-	-
Net Cash Flows from Investing Activities	(131.9)	(207.8)	(185.6)	(174.2)	(267.8)	(211.3)	(196.2)
Cash flows from financing activities							
Proceeds from Borrowings	40.2	106.1	79.6	58.8	132.0	99.9	81.6
Dividends Paid	(10.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Special Dividends ¹⁶	-	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	-
Repayment of Lease Liabilities	(2.8)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Net Cash Flows from Financing Activities	27.4	80.9	54.4	33.6	106.8	74.7	60.4
Net Movement in Cash for the Year	0.9	(0.4)	-	-	-	-	-
Opening Cash Balance	2.0	2.9	2.5	2.5	2.5	2.5	2.5
Closing Cash Balance	2.9	2.5	2.5	2.5	2.5	2.5	2.5

¹⁶ Special dividends are provided for within the Plan so as to return foregone dividends during COVID-19 to owner councils. As with all dividend payments, they are subject to the underlying financial performance and position supporting these payments.

Balance sheet (\$Millions)

	FY2020-21 Actuals	FY2021-22 Forecast	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast
Assets							
Cash and Cash Equivalents	2.9	2.5	2.5	2.5	2.5	2.5	2.5
Receivables	34.4	37.8	38.8	41.2	46.9	49.8	55.1
Inventories	8.4	7.6	7.4	7.4	7.4	7.4	8.1
Property, Plant & Equipment	2,292.6	2,480.3	2,667.2	2,904.6	3,112.6	3,267.4	3,405.7
Other	4.6	4.1	4.3	4.1	4.0	4.5	4.9
Total Assets	2,342.9	2,532.3	2,720.2	2,959.8	3,173.4	3,331.6	3,476.3
Liabilities							
Borrowings	619.8	725.8	805.4	864.2	996.2	1,096.1	1,177.7
Employee Benefits	33.6	40.7	45.8	49.4	53.6	55.9	57.6
Payables	42.7	48.4	52.0	57.8	57.8	61.7	62.3
Unearned Income	37.5	36.2	48.6	127.3	155.5	170.3	185.2
Other	33.2	32.8	33.5	31.6	35.3	32.7	26.5
Total Liabilities	766.8	883.9	985.3	1,130.3	1,300.8	1,416.7	1,509.3
Net Assets	1,576.1	1,648.4	1,734.9	1,829.5	1,872.6	1,914.9	1,967.0
Equity							
Retained Earnings	(383.9)	(351.4)	(314.9)	(270.3)	(227.2)	(184.9)	(132.8)
Reserves	372.2	372.0	372.0	372.0	372.0	372.0	372.0
Contributed Capital	1,587.8	1,627.8	1,677.8	1,727.8	1,727.8	1,727.8	1,727.8
Total Equity	1,576.1	1,648.4	1,734.9	1,829.5	1,872.6	1,914.9	1,967.0

Owner distributions (\$Millions)

	FY2020-21 Actuals	FY2021-22 Forecast	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast
Dividend	10.0	20.0	20.0	20.0	20.0	20.0	20.0
Special Dividends ¹⁷	0.0	4.0	4.0	4.0	4.0	4.0	-
Total Distribution	10.0	24.0	24.0	24.0	24.0	24.0	20.0

¹⁷ Special dividends are provided for within the Plan so as to return foregone dividends during COVID-19 to owner councils. As with all dividend payments, they are subject to the underlying financial performance and position supporting these payments.

Top 25 major capital projects (by value, \$Millions)

Project title	Asset class	Primary driver	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast	Total Forecast
North West Water Supply Upgrade	Water	Compliance	0.5	0.3	5.3	70.1	68.1	144.3
Macquarie Point STP Relocation	Sewer	Compliance	7.3	27.3	81.8	20.4	-	136.8
Tamar Estuary River Health Action Plan	Sewer	Improvement	18.3	67.2	36.7	-	-	122.2
Launceston Sewer Improvement Plan	Sewer	Compliance	1.2	1.5	3.3	24.3	60.3	90.7
Regional Towns Water Supply Program Stage 4	Water	Compliance	2.8	33.5	22.2	0.5	-	59.0
Bryn Estyn WTP Major Upgrade / Replacement	Water	Compliance	53.6	1.0	0.4	1.9	-	56.9
Ridgeway Dam Upgrade	Water	Compliance	1.2	1.8	24.2	24.4	5.1	56.7
Bridport Water Surety	Water	Growth	0.6	5.2	19.8	1.9	-	27.5
Wynyard STP Upgrade	Sewer	Compliance	0.3	0.2	2.2	15.7	0.2	18.5
Distillery Creek - Raw Water Storage	Water	Growth	0.3	0.4	0.9	5.3	10.8	17.6
Pet Dam Safety Upgrade	Water	Compliance	1.1	9.3	6.0	-	-	16.4
Davis St, Smithton SPS Upgrade	Sewer	Growth	7.8	7.0	-	-	-	14.8
UV Program - Stage 2A	Water	Compliance	9.5	2.5	-	-	-	12.0
Shellfish Lease Protection Program	Sewer	Compliance	9.6	1.5	-	-	-	11.1
UV Program Stage 2B	Water	Compliance	11.1	-	-	-	-	11.1
Ulverstone STP Upgrade	Sewer	Compliance	5.0	5.9	-	-	-	10.9
Penna Recycled Water Scheme Expansion	Sewer	Compliance	6.5	3.4	-	-	-	9.8
Stubbs Point SPS Upgrade	Sewer	Growth	0.1	5.2	4.1	-	-	9.5
Scottsdale STP Optimisation	Sewer	Improvement	0.3	6.1	2.8	-	-	9.2
Mt Leslie WTP Sludge Handling	Water	Growth	0.2	9.0	-	-	-	9.2
Bicheno STP Recycled Water Scheme Expansion	Sewer	Compliance	1.0	7.4	0.8	-	-	9.1
Geeveston STP Outfall	Sewer	Compliance	6.1	2.9	-	-	-	9.0
Flagstaff Gully Dam Risk Reduction Works	Water	Improvement	-	1.9	7.0	-	-	8.8
Tasman Highway, Orford - Trunk Main	Water	Growth	5.3	2.5	-	-	-	7.8
Chimney Saddle Raw Water Storage	Water	Growth	0.4	2.4	4.7	-	-	7.5

Top 10 capital programs (by value, \$Millions)

Program title	System type	Primary driver	FY2022-23 Forecast	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast	Total Forecast
Run to Fail Program ¹⁸	Various	Renewal	9.8	8.7	8.6	8.1	7.2	42.4
Metering Program	Water	Renewal	6.5	6.4	6.8	6.8	7.7	34.3
SCADA Program	SCADA/Electrical	Renewal	2.7	5.6	7.0	7.7	7.2	30.2
Water Main Renewal Program	Water	Renewal	2.3	2.6	2.7	4.0	6.3	17.9
Non-network Other - Fleet	Fleet/Facilities	Renewal	3.5	3.5	3.0	3.3	2.6	16.0
Non-network IT	Business Systems	Renewal	3.1	2.9	3.3	3.2	2.0	14.4
STP Renewal Program	Sewer	Renewal	1.9	1.9	2.1	2.2	5.4	13.5
Sewer Main Renewal Program	Sewer	Renewal	2.2	2.2	2.0	2.1	2.9	11.4
SPS Renewal Program	Sewer	Renewal	1.6	1.7	1.9	2.0	4.1	11.3
WTP Renewal Program	Water	Renewal	1.6	1.6	1.9	2.0	2.4	9.4

¹⁸ Previously known as the "Reactive Program". Typically used to address failures in the system (i.e. pipe failure) where an urgent and unplanned response is required.