

24

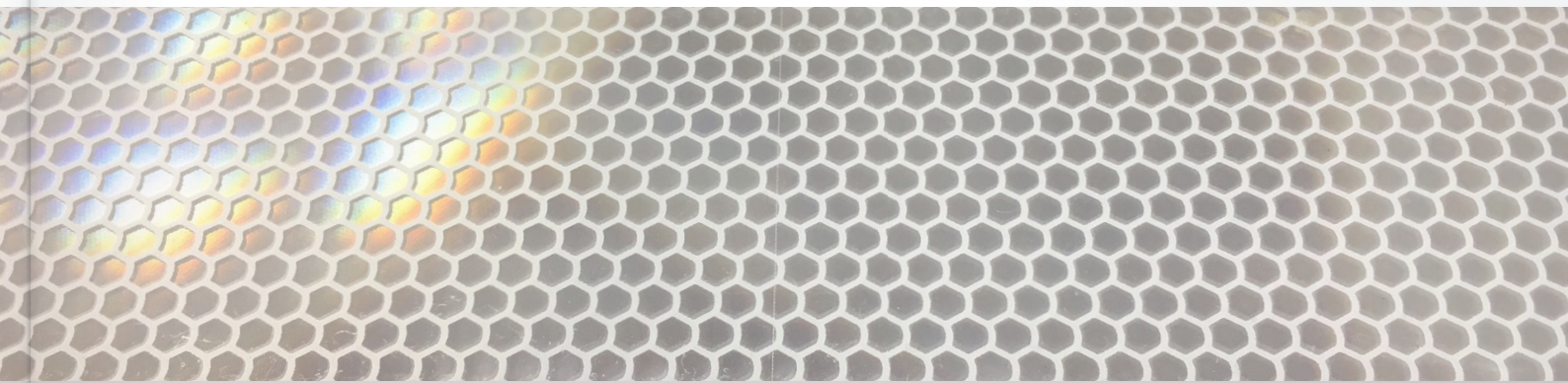
HOURS A DAY


07

DAYS A WEEK

365

DAYS A YEAR





Beneath the surface,
TasWater's commitment to
providing great service
relies on the individuals
and teams who make up its
diverse workforce.

Our people – their safety,
performance and passion
for doing good work – are
what make TasWater tick.

The 2018-19 financial year was
marked with great achievements
and new challenges – all part of the
journey to realise our vision, to be
trusted and respected, and to make
a positive difference to Tasmania.



Contents

Welcome	3		
About TasWater	4		
From the Chairman	6		
From the CEO	8		
Our Performance	11		
Our performance	12		
Our year in review	16		
Customers and Community	19		
Customer communications	20		
Customer relations	20		
Customer service	20		
Assisting customers in need	20		
Stakeholder engagement	20		
Resolving customer complaints	22		
Customer billing	22		
Creating awareness	23		
Community engagement	23		
Business customers	24		
Trade waste customers	24		
Boundary backflow prevention	24		
Tankered waste	24		
Case study: New Tasmanians get a helping hand	25		
Water and Environment	27		
Drinking water quality	28		
Water infrastructure improvements	28		
Sewerage infrastructure improvements	30		
Reducing sewer spills	30		
Environmental performance	30		
Discharge limits	31		
Biosolids	31		
TasWater's biosolids put to good use by agriculture	31		
Recycled water	32		
Notices	32		
Dam safety	32		
Case study: 24glasses – TasWater delivers on its promise	33		
Our People and Culture	35		
Safety	36		
Zero Harm	36		
Improving health and safety	36		
Recognition and reward	37		
Splash	37		
		Water Industry Association Operator of the Year	37
		Internal graduation ceremonies	37
		Building capability	38
		Strategic workforce planning process	38
		Building an encouraging culture	38
		Blue Bus Revolution Pilot	38
		Case study: Tenacity the key to career change	39
		Commercial and Economic	41
		Financial results	42
		State Government commitment to major projects	42
		Capital Delivery Office	42
		Operations Control Centre	45
		Meeting customer service standards	45
		A new way to stay safe	45
		Productivity improvements	45
		Innovation	47
		Managing risks	48
		Case study: Galaxy Chart – taking troubleshooting to new heights	49
		Governance	51
		Legislative authority	52
		Principal activities	52
		Role of the Board	52
		Corporate governance framework	52
		Board structure	53
		Directors' meeting attendance 2018-19	53
		Directors' background and terms of appointment	55
		Audit and Risk Committee	58
		Capital Works Committee	58
		Environment and Public Health Committee	58
		Board Selection Committee	58
		Corporate governance disclosure obligations	60
		Financial Report	65
		Directors' report	66
		Auditor's independence declaration	73
		Directors' declaration	75
		Independent Auditor's report	76
		Financial statements	81
		Notes to the financial statements	85
		Acronyms	122

Chris Edwards, Water Treatment Plant Operator, undertaking plant maintenance at Bryn Estyn Water Treatment Plant.



01

Welcome

3

About TasWater

On the island state of Tasmania, water and sewerage services for homes, businesses and industry are provided by TasWater, a utility business which celebrated its fifth year of operation on 1 July 2018.

In the financial year 2018-19, a number of milestones were realised. The State Government became an owner. An ambitious undertaking to deliver quality drinking water to all of our customers was met. Planning began for a Capital Delivery Office to deliver renewal and upgrade projects over the next four years. A commitment to encourage innovation saw the release of an array of prototypes created at TasWater to improve services and safety.

TasWater is an incorporated company that sources, treats and delivers reliable, quality water to customers. We collect, transport and treat sewage, safely

returning treated wastewater to the environment. From small townships to large cities, TasWater provides essential services to almost every community across the state.

We are governed by the *Corporations Act 2001*. We commenced operations on 1 July 2013 following the merger of Ben Lomond Water, Cradle Mountain Water, Southern Water and Onstream in accordance with the *Water and Sewerage Corporation Act 2012*.

TasWater operates under a range of legislative and regulatory instruments, including the:

- *Water and Sewerage Industry Act 2008*
- *Environmental Management and Pollution Control Act 1994*
- *Public Health Act 1997*
- *Land Use Planning and Approvals Act 1993*

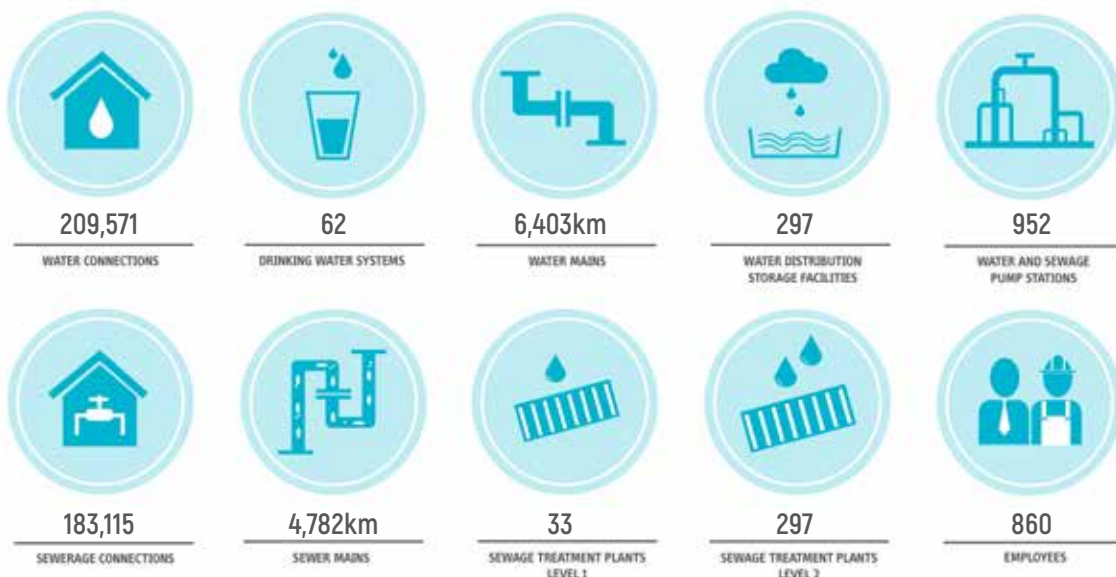
- *Water Management Act 1999*
- TasWater Constitution
- Shareholders' Letter of Expectations.

From its commencement, TasWater has been owned by Tasmania's 29 councils, with the State Government also becoming a shareholder in early 2019. Our council owners receive returns through dividends while the State Government has chosen not to receive any dividends. For part of the year, our council owners also received returns through loan guarantee fees and tax equivalent payments.¹

Our key regulators are:

- The Tasmanian Economic Regulator (TER)
- Environment Protection Authority (EPA)
- Department of Health (DoH)
- Department of Primary Industries, Parks, Water and Environment (DPIPWE).

Snapshot of TasWater



Information as at July 2019

¹ The obligations to pay loan guarantee fees and tax equivalents to our council owners ceased on 1 January 2019.

TasWater's vision

To be a trusted and respected provider of essential services that is making a positive difference to Tasmania.

A promise to customers

TasWater's continued focus has been to deliver on its promises to customers.

- We promise to deliver a positive customer experience to you
- We promise to give you value for money
- We promise to provide you with safe drinking water and responsibly manage your sewage
- We promise to build culture and skills for the long-term benefit of Tasmania.

Owners' Representatives Group

The Owners' Representatives Group (ORG) comprises one representative from each of the 30 members. The functions, duties and responsibilities of the ORG are outlined in TasWater's Constitution and the Owners' Representatives Group Charter.

Our owners and representatives during the year were:

Owner's name	Owner's representative
Break O'Day Council	Mayor Mick Tucker
Brighton Council	Mayor Tony Foster AM OAM JP
Burnie City Council	Councillor (formerly Mayor) Alwyn Boyd (part year) Mayor Steven Kons (part year)
Central Coast Council	Mayor Jan Bonde
Central Highlands Council	Councillor (formerly Deputy Mayor) Lana Benson (part year) Deputy Mayor Jim Allwright (part year)
Circular Head Council	(Former) Deputy Mayor Jan Bishop (part year) Mayor Daryl Quilliam (part year)
Clarence City Council	Mayor Doug Chipman ²
Derwent Valley Council	Councillor (formerly Mayor) Martyn Evans (part year) Mayor Ben Shaw (part year)
Devonport City Council	(Former) Alderman Grant Goodwin (part year) Mayor Councillor Annette Rockliff (part year)
Dorset Council	Mayor Greg Howard
Flinders Council	(Former) Councillor Gerald Willis (part year) Councillor Peter Rhodes (part year)
George Town Council	Mayor Bridget Archer ³
Glamorgan Spring Bay Council	(Former) Mayor Michael Kent (dec) (part year) Councillor Annie Browning (part year)
Glenorchy City Council	(Former) Commissioner Sue Smith (part year) Mayor Kristie Johnston (part year)
Hobart City Council	(Former) Lord Mayor Ron Christie (part year) Alderman Tanya Denison (part year)
Huon Valley Council	(Former) Commissioner Adriana Taylor (part year) Mayor Bec Enders (part year)
Kentish Council	Deputy Mayor (formerly Mayor) Don Thwaites (part year) Mayor Tim Wilson (part year)
Kingborough Council	Councillor (formerly Mayor) Steve Wass (part year) Mayor Dean Winter (part year)
King Island Council	(Former) Councillor Royce Conley (part year) Councillor Jim Cooper (part year)
Latrobe Council	Mayor Peter Freshney
Launceston City Council	Mayor Alderman Albert van Zetten
Meander Valley Council	(Former) Mayor Craig Perkins (part year) Mayor Wayne Johnston (part year)
Northern Midlands Council	(Former) Mayor David Downie ⁴ (part year) Mayor Mary Knowles OAM (part year)
Sorell Council	Mayor Kerry Vincent
Southern Midlands Council	Councillor (formerly Mayor) Tony Bisdee OAM ⁵
Tasman Council	Mayor (formerly Deputy Mayor) Kelly Spaulding
Waratah-Wynyard Council	Mayor Robby Walsh
West Coast Council	Mayor Phil Vickers
West Tamar Council	Councillor Richard Ireland
The Crown in Right of the State of Tasmania from 3 January 2019	Tony Ferrall, Secretary – Department of Treasury and Finance

² Chief Owners' Representative from 29 November 2018.

³ Deputy Chief Owners' Representative from 29 November 2018.

⁴ Chief Owners' Representative to 10 October 2018.

⁵ Deputy Chief Owners' Representative to 29 November 2018.



Dr Stephen Gumley AO, Chairman

From the Chairman

I am pleased to present the 2018-19 TasWater Annual Report on behalf of the TasWater Board.

Coming into the role of Chairman in November 2018, I have visited many of our sites and met with our teams, owners and customers to gain greater insight into the work we do and how we do it.

This has allowed me to see more clearly the breadth, depth and development of talent within TasWater. The skills and achievements of our people are impressive, as is their commitment to supporting good outcomes for our customers, for good health and for the environment.

As a result, I feel both the honour and responsibility to help steer a corporation with such a significant influence on the future of our state.

TasWater continues to deliver economic benefits to its owners and the state with our underlying profit exceeding budget and the value of the corporation increasing. This positive result supports the progress being made towards the goals set out in our Long Term Strategic Plan 2018-2037 (LTSP).

In December 2018, we welcomed the State Government as a part-owner of TasWater and we can already see the benefits of this new arrangement for our customers, owner councils and the state of Tasmania. The new ownership arrangement facilitates lower prices for customers and increased investment in key infrastructure, and resolves outstanding funding for some previously unfunded major projects. This increased cooperation and joint commitment to bringing Tasmania's water and sewerage services up to contemporary standards is an essential element in Tasmania's economic growth and will ensure that future generations of Tasmanians can be confident that drinking water and sewerage services will be fit for purpose in the coming decades.

On the horizon, I see four strategic issues that will shape the future of TasWater.

The first strategic issue is the challenge of ensuring there are sufficient skills and capacity in Tasmania for a sustainable water and sewerage sector in the long term.

In April 2018, the Board approved the formation of a Capital Delivery Office (CDO) to deliver TasWater's \$1.8 billion 10-year capital expenditure plan and act as a catalyst for innovation. Following an extensive evaluation process, in December 2018 we announced an alliance with UGL Engineering and CPB Contractors to form the CDO. One of the reasons we did this was to address an emerging skills and capacity challenge. We are an industry of ongoing renewal and growth, and the CDO provides a vehicle for us to work closely with industry and government so that Tasmanian businesses can confidently invest in the people, equipment and processes needed for the sector's future.

The second strategic issue is the need to ensure our assets are compliant, efficient and support economic growth. This includes the need to make sure they perform to modern standards that protect the health of our customers, the community and the environment. This means that we must be prepared to invest more in innovation and emerging technologies while preparing ourselves for a digital future where robotics, automation and the ability to process vast amounts of data are emerging as key elements of a successful modern water business.

The third strategic issue relates to those projects that are of state significance and require external funding to proceed. Infrastructure in locations such as Macquarie Point, the Tamar Estuary and



Works underway in Shearwater, northern Tasmania. TasWater's commitment to ensuring its assets are efficient and perform to national standards is an important strategic issue.

the Freycinet Peninsula are important to future economic development but also represent complex interrelationships with customers, stakeholders, environmental and other interests. We have maintained our policy of only funding that portion of a project from which our customers derive a direct benefit. With the State Government now contributing to these projects, the new joint approach represents a fair and balanced way to allow such projects to proceed.

The fourth strategic issue is the need to deliver better and more customised experiences for customers using technology and culture as key levers for

improvement. This includes increasing skill levels in areas such as close listening, empathy and responsiveness. Additionally, in order to deliver better customer experiences, we are seeking to have elements of the legislative and regulatory framework that create unnecessary bureaucracy amended or removed. We can do this by engaging closely with government and regulators on the customer benefits of such changes.

As I look back on the year, it is important that I recognise outgoing chair Miles Hampton for his dedication over many years to the water industry in Tasmania.

An outstanding advocate for TasWater, its owners, staff and customers, his leadership is one of the reasons that we are in the position we are today, excited about the future, interested in our community, and able to take pride in the work we do.

I would like to conclude by welcoming Kevin Young, former Managing Director of Sydney Water to the TasWater Board from September 2019. Mr Young's experience and background in the water industry will add further strength to TasWater and our ability to make a positive difference for Tasmania.

Dr Stephen Gumley AO
Chairman



Michael Brewster, CEO

From the CEO

In its sixth year of operation, TasWater moved into an important new phase which saw it deliver on significant promises and put vital initiatives in place for our next chapter.

Customer and community

The Tasmanian Economic Regulator's *State of the Industry Report* contained positive news for many of our customers. In particular, the report advised that at the end of the financial year, 99.8 per cent of our 209,000 customers receive water which meets Australian Drinking Water Guidelines. This has since increased to 100 per cent following the removal of drinking water public health alerts.

In a departure from past practice, we launched a community awareness campaign using traditional and social media to reflect the changes we are making to our operations in order to deliver better outcomes for customers. The campaign was developed following independent research which showed that customers want to understand better what we do, how we do it, and how we are making a difference to our state.

Water and environment

In August 2018, we announced that all permanent Public Health Alerts (PHAs) had been lifted following the completion of our ambitious two-year program, *24glasses - Regional Towns Water Supply Program*. Upon completion, the project delivered quality drinking water to 28 towns, four more than the original 24. This was a pleasing collaborative effort in which 17 water treatment plants (WPTs) and four pipelines were built, along with a large number of other related infrastructure improvements.

With major water infrastructure improvements completed or underway, in 2018-19 we increased our efforts to improve the performance of sewerage infrastructure. The upgrade of the

Blackmans Bay Sewage Treatment Plant achieved a milestone when flows from the old plant were cut-over to the new plant located next to it. This project addresses localised sewage issues and underpins future growth in the area. Other significant improvements included replacing an underwater sewage pipeline in Kangaroo Bay and new sewage pump stations at St Helens and Huonville.

Innovation

The focus on fostering workplace innovation has led to a number of innovative ideas for workplace improvements, some of which have been developed and are being trialled.

One innovation which has received national water industry recognition is the Galaxy Chart - a scatter plot which displays critical water quality information in all systems in real time.

Other innovations included the *My Water* app, which enables customers to access details about their own local water quality data, and the introduction of *StaySafe*, an app which allows employees working in remote or isolated areas to be looked after and supported as needed.

Safety

At the start of this year, it became apparent that a renewed focus on safety was necessary. While we have been successful in reducing the number of lost time injuries to our lowest level since the formation of TasWater, we also saw an increase in the number of less severe recordable injuries. Even though we are having a positive impact on our injury profile, there will be increased efforts made to reduce soft tissue injuries associated with manual tasks.



Jonah, aged four, watering his vegetable patch in his garden south of Hobart.

Productivity

It was pleasing to see the Economic Regulator's *State of the Industry Report* highlight that we have achieved a reduction in operating costs per property while at the same time increasing investment in infrastructure across the state. The report also notes that this investment in infrastructure is now being reflected in compliance gains and that this looks likely to continue.

Through the course of the year, we were also pleased to realise \$4.5 million in operational savings and \$6.0 million in additional revenue as a result of our productivity program initiatives.

In addition to our productivity program, we continue to seek ways to optimise our existing assets. A good example of this

was the previously mentioned upgrade of the Blackmans Bay Sewage Treatment Plant where we were able to repurpose some of the old plant in order to minimise costs.

Financial results

Our underlying operating profit of \$41.3 million exceeded budget by 14.1 per cent with the value of the corporation increasing by \$242.3 million. While the underlying profit was positive, we were required to record a statutory loss predominantly arising from a non-cash revaluation of one of our two business segments even though the overall value of the corporation has risen. While this may be somewhat perplexing for some readers of this report, it is a requirement of the Australian Accounting

Standards. Further explanation of this matter is provided in the Commercial and Economic section of this report, and in the Financial Report.

Finally, I wish to thank the Board for its support and guidance throughout 2018-19 and acknowledge the commitment of retiring Chair, Miles Hampton, whose leadership was valued by every one of us at TasWater. We welcome new Chair, Stephen Gumley, and look forward to another positive year ahead. I also wish to thank the TasWater management team for their passion and commitment to meeting our goals, caring for our people and delivering better outcomes for customers.

A handwritten signature in black ink, appearing to read 'Michael Brewster', is written over a white background.

Michael Brewster,
CEO

Craig Griggs, Manager Treatment South,
sampling at Cameron Bay Sewage
Treatment Plant.

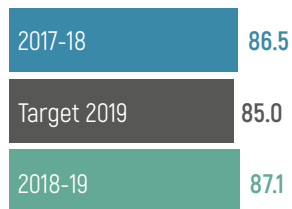


Our Performance

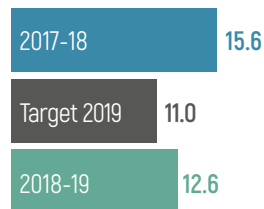
Working towards trust and respect

Customers & Community

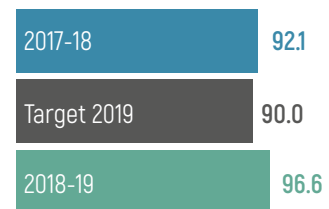
Calls answered within 30 seconds (%)



Total complaints per 1,000 connected properties



Complaints processed within 10 business days (%)



Development applications processed within 10 business days (%)

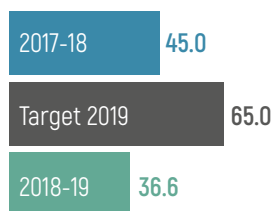


Building and plumbing applications processed within 10 business days (%)

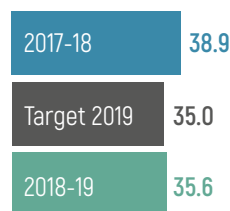


Service interruption and response

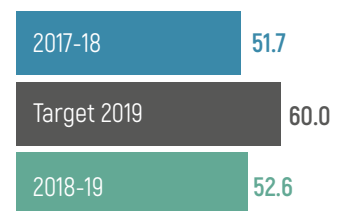
Sewer main breaks and chokes per 100 kilometres



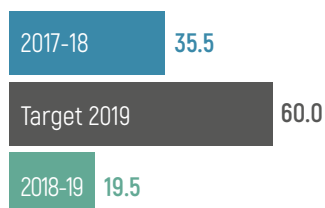
Water main breaks per 100 kilometres



Average time to attend sewage spills, breaks and chokes (minutes)



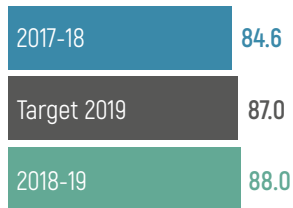
Average time to attend priority 1 bursts and leaks (minutes)



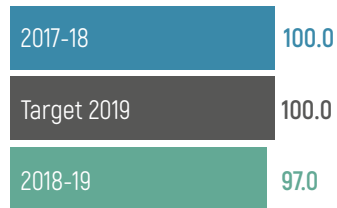
Water & Environment

Wastewater compliance

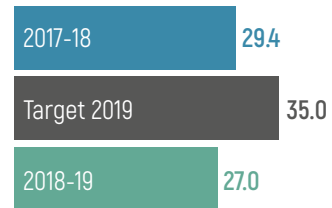
Treated volume compliant with EPA requirements (%)



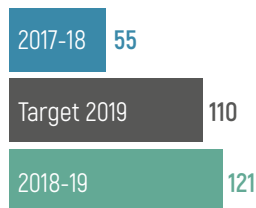
Trade waste customers with current consent/contracts (%)



Industrial trade waste compliance by volume (%)

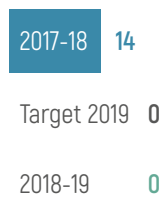


Reportable dry weather sewage spills

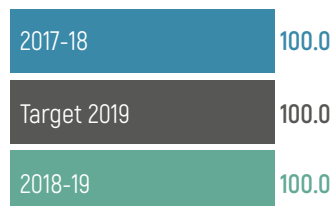


Drinking water compliance

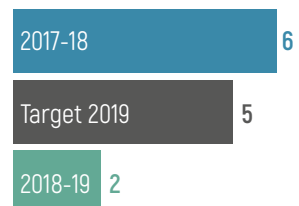
Towns subject to Public Health Alerts (PHAs)



Drinking water systems compliant with ADWG microbiological guidelines (%)



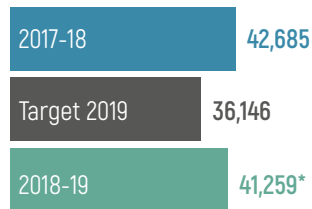
E. coli detections



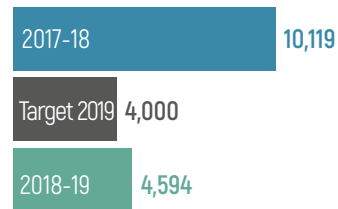
Commercial & Economic

Financial performance

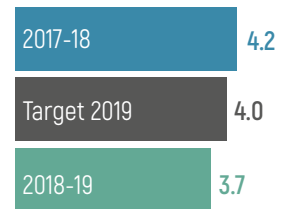
Operating profit after tax (\$000s)



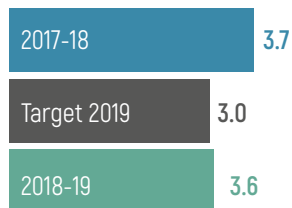
Sustainable cost savings (\$000s)



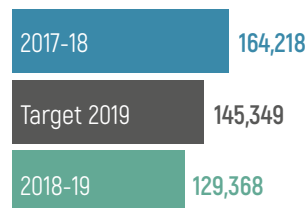
Total overdue debt as percentage of rolling revenue



Interest cover ratio



Capital expenditure (\$000s)

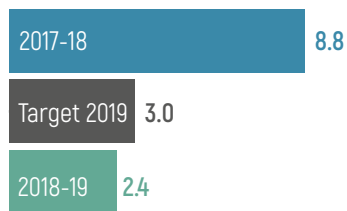


*This result is materially in line with the 2018 profit after tax but excludes the write off of deferred tax balances and the revaluation of our infrastructure assets. Please see page 42 for more information.

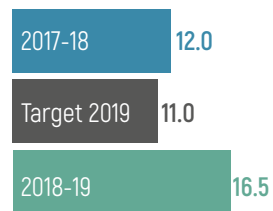
People & Culture

Safety performance

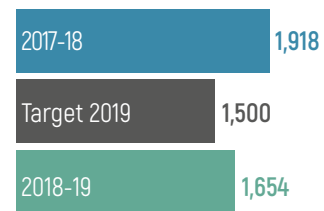
Lost Time Injury Frequency Rate



Total Recordable Injury Frequency Rate



Safety interactions

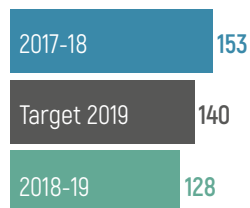


Notifiable incidents



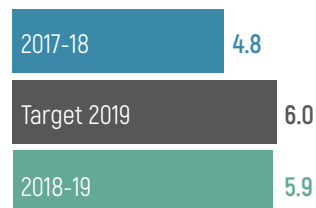
Annual leave taken

Number of employees with leave balances in excess of 40 days



Sick leave

Average sick days per Full-Time Equivalent (FTE) employee



Workforce numbers

Permanent employees, contract, fixed term, and labour hire (FTEs)



Our year in review

July 2018

- TasWater celebrates its fifth birthday. Around the state, employees gather on 1 July for a live broadcast as CEO Michael Brewster and (then) Chairman Miles Hampton talk about achievements and aspirations.
- A further three Tasmanian towns – Wayatinah, Colebrook and Epping Forest – have their Boil Water Alerts removed as part of the *24glasses – Regional Towns Water Supply Program*.

August 2018

- One of TasWater's most significant promises – to remove Public Health Alert Notices from more than 24 townships – is achieved and 100 per cent of customers in water-serviced land can now enjoy a glass of water that meets the Australian Drinking Water Guidelines. The announcement comes two years after the *24glasses – Regional Towns Water Supply Program* was first announced. The historic program saw 17 water treatment plants and four pipelines built for 28 towns in less than two years.
- TasWater announces it has developed a tepid water safety shower system for first aid treatment of chemical incidents. The innovation was the brainchild of a TasWater working group tasked with designing a system to keep safety showers at 15-37 degrees temperature in Tasmania's cool climate remote sites.

September 2018

- Rachael Evans, Water Services Operator at TasWater, is recognised for innovation and excellence in health and safety, winning the Best Individual Contribution at the WorkSafe Tasmania Awards.
- Construction of a new \$4.9 million Sewage Pump Station and rising main at Huonville is completed. Serving Huonville and Franklin, the new technology will improve the reliability, operability and safety for operators, increase storage and pumping capacity, and remove localised odour issues for our neighbours.

November 2018

- The inaugural Chair of TasWater, Miles Hampton, retires, stepping down from TasWater after 13 years of leadership in the water and sewerage industry.
- An alliance partner to help TasWater establish and operate a Capital Delivery Office (CDO) is announced. UGL Engineering and CPB Contractors, with support from WSP Australia, secured the right to manage the delivery of TasWater's complex and ambitious capital works program.
- The Water Industry Operators Association of Australia announces the winners of its awards, with TasWater's Brad Housego awarded Tasmanian Young Operator of the Year and Rod Innes garnering the Tasmanian Operator of the Year Award.
- A series of economic development forums starts in Hobart for developers, local councils and government.

October 2018

- StaySafe, a new mobile phone application championed by TasWater's Kevin Douglas and Simon Harris, is launched to keep employees working in remote locations safe.

December 2018

- The \$4 million Rosebery Water Treatment Plant is commissioned, providing local homes and businesses with fully treated drinking water for the first time. The project included pump station upgrades, a new reservoir and new pipelines.
- A new 350m long underwater sewage pipeline in Kangaroo Bay is installed, replacing the weakest link in the sewage pipeline connecting Bellerive and Howrah to the Rosny Sewage Treatment Plant.
- TasWater appears at the Legislative Council's Scrutiny Hearing Committee. At the top of the list of questions were the formation of the Capital Delivery Office, the development of local skills, and infrastructure developments such as Tolosa and Waratah Dams.
- The Program Alliance Agreement commences between TasWater, UGL Engineering and CPB Contractors, with support from WSP Australia, to collectively form the Capital Delivery Office.

February 2019

- A new web-based application called *Your drinking water* is launched by TasWater, letting customers search and locate their drinking water supply system on a real-time map, view the current status, provide access to current drinking water quality results, and see if any results fall outside health guidelines.
- The prestigious University of Tasmania (UTAS) Steve Balcombe Scholarship is awarded to Ryan Smith, a student from north-west Tasmania enrolled in science at UTAS. Now in its 19th year, the scholarship provides financial and training support to a student studying in an area relevant to the water industry.

January 2019

- The State Government becomes an owner of TasWater on 3 January 2019, after the implementation of the objectives set out in the Memorandum of Understanding (MOU) signed by TasWater's Chief Owners' Representative, the State Government and TasWater in May 2018. The State Government will contribute \$20 million annually over 10 years to acquire a 10 per cent stake in TasWater.

March 2019

- The Blackmans Bay Sewage Treatment Plant upgrade reaches a major milestone, with flows from the old plant cut-over to new facilities. The project will address historic issues relating to odour and underpin future growth in the Kingborough municipality.
- The newly constructed St Helens Esplanade Sewage Pump Station is commissioned and brought online providing four times the emergency storage capacity of the previous pump station. This project represents a significant improvement to St Helens' sewerage system, providing improved reliability, increased capacity to cater for future growth, and significantly reduced risk of sewage overflows into the local bay.
- The Tasmanian Economic Regulator's *State of the Industry Report* is released. The Report finds that Tasmanians pay \$150 less each year for water and sewerage than their interstate counterparts and TasWater's call centre response rates are the fastest among similar-sized utilities in Australia.
- A campaign to improve customer awareness is launched in response to community feedback. Based on extensive research, the campaign begins delivering messages around the four key areas of community expectations: water, sewerage, drinking water safety, and customer assistance.

April 2019

- Trials across TasWater begin to test a prototype corer to measure depth and condition of filter media in water treatment plants. The innovation, developed by TasWater's Matthew Robertson and Brett Pritchard, eliminates the need for employees to enter confined spaces or shut down treatment plants to sample the sand or coal used for filtration, therefore reducing safety risks.

May 2019

- TasWater receives national recognition by Infrastructure Partnerships Australia for stages two and three of the *24 glasses - Regional Towns Water Supply Program*, along with partners and contractors including the Baker Group, Stornoway, KBR, Trility, Zinfra and Water Industry Solutions.
- Matthew Roberston is recognised as the Australian Water Association's (AWA) Australian Young Water Professional of the Year and receives an additional award, together with Steve Westgate, for a paper submitted on their innovation, *Galaxy*.

June 2019

- The upgraded Blackmans Bay Sewage Treatment Plant is officially launched following a two-year construction program. The plant is now able to treat sewage from up to 40,000 households, doubling previous capacity. Closure of ageing plants at Electrona, Howden and Margate see the end of effluent discharge into North West Bay.
- Oyster farmers welcome TasWater's \$380,000 upgrade of Dunalley's sewage treatment plant. This reduces the risk of effluent escaping into waterways and impacting on nearby oyster leases.



Customers & Community

Building confidence and trust

Customer communications

TasWater is continuously looking for ways to deliver a positive customer experience – a key promise in our strategic and corporate plans and a promise which is fundamental to building trust and respect with our customers.

In 2018-19, TasWater's communications focused on improving customer satisfaction, making it easier for customers to interact with us, and ensuring communications are relevant, timely and actionable.

To increase customer satisfaction, we worked on making clear the connection between what customers expect and TasWater's activities.

This led to publishing regular community updates in metropolitan daily papers, as well as local stories tailored specifically for regional media outlets. Social media activities were designed to make it easier for customers to get the information they need and want, especially in times when there may be planned or unplanned interruptions to their services.

This year, TasWater also initiated a program of geographically targeted text messaging to customers who may be experiencing emergency outages or other issues. This has allowed us to target our communications and contact customers directly, providing relevant information about the situation and take action when necessary.

TasWater's website was redesigned to be accessible and usable on mobile devices. Importantly, these efforts help customers get the information they want through their preferred channels.

Customer relations

TasWater's Customer Relations Team aims to build greater levels of trust and respect with individual customers. It does this through high-value interactions with customers

with unique circumstances whose needs cannot be met through the Customer Service Centre.

Through proactive engagement with industry, business, agricultural operators, government agencies and other customer segments, the team aims to deliver on our commitments and enhance the work of the Communications and Customer Service teams.

Customer service

A number of initiatives were implemented during the year to increase the number of enquiries resolved at first point of contact, reduce formal complaints, and improve the customer experience.

This resulted in a 12 per cent reduction in customers contacting the Customer Service Centre and a 17 per cent reduction in the number of complaints.

Overall, 87 per cent of calls were answered within 30 seconds, exceeding the regulated service standard of 85 per cent. Customer satisfaction for customers interacting with our Customer Service Centre team was at 96 per cent, compared to our target of 80 per cent.

We have confidence in the sustainability of improvements we have implemented and the potential for continued improvement in the coming year. We will continue to identify opportunities to resolve enquiries quickly, analyse trends, and review processes to improve the customer experience and ensure our staff can address customer concerns at the first point of contact.

Assisting customers in need

Over the year, TasWater enhanced its focus on assisting customers experiencing financial hardship. Our commitment under the Customer Support Program is to work with our customers confidentially and with

the utmost sensitivity, dignity and respect to determine how we can help them. The design of the new program included input from community groups and customers, and included extensive staff training.

Stakeholder engagement

TasWater is committed to engaging with key stakeholders with a particular focus on our owners and peak industry groups. The key objectives of the organisation's stakeholder engagement strategy are to develop long-standing and mutually beneficial relationships with key stakeholders and to enhance TasWater's reputation as a trusted and respected provider of essential services.

TasWater's full stakeholder engagement strategy was rolled out in 2018-19 following a pilot program involving a small number of councils.

TasWater has successfully established regular communication with all 29 owner councils, the State Government and a select number of peak industry groups and has provided stakeholder engagement support across the organisation. This year also saw the re-introduction of a bi-annual stakeholder newsletter featuring a mixture of generic TasWater information and project-related information specific to each local government area.

Research commissioned by TasWater and completed by StollzNow Research in December 2018 has provided a Stakeholder Satisfaction Index for TasWater. In its benchmark analysis, TasWater received a satisfaction index of 55 out of 100 for the Stakeholder Engagement team. Actions are being implemented in partnership with other teams to help improve these measures and to deliver on TasWater's overall vision.



Resolving customer complaints

In November 2018, TasWater began a review of its enquiry and complaints process. Early indications have pointed to the need to increase the number of customer enquiries resolved at first point of contact. Initiatives have been introduced to achieve this, improving the customer experience and satisfaction with our service.

One initiative was the introduction of SMS notifications to let customers know about planned and unplanned service interruptions and to close out concerns about discoloured water when same day flushing has resolved the issue. The communication has been well received by customers.

This and other changes have delivered a reduction in the number of formal complaints throughout the year, with future improvements expected to enhance customer experience.

The number of complaints (per 1,000 properties) decreased from 15.6 last year to 12.6 by the end of 2018-19.

Most complaints throughout the year related to water quality. Water colour became a particular focus when a few isolated incidents impacted on large communities. A single incident at Ulverstone in late January 2019 resulted in 220 discoloured water complaints.

The fact that so many customers felt the need to contact us regarding a single incident presented a great opportunity to learn and improve so that in the future customers are better informed of outages in a more timely way.

Customer billing

Our aim is to issue customer accounts at the same time in each quarter. In the 2018-19 year, this undertaking was met, with more than 99 per cent of accounts issued on time.

eBilling is offered to customers as a convenient way to receive their accounts and notices and to arrange payment. As at June 2019, 21 per cent of our customers had elected to receive their accounts by email or BPay View, an increase from 18 per cent at the end of 2017-18.

Customers and Community Value Key Performance Indicators (KPIs) 2018-19

Percentage of customers satisfied with the level of service received	96%*
Percentage of calls answered in 30 seconds	87.1%

Complaint numbers

2017-18	3,237
2018-19	2,649

Complaints per 1,000 properties

Target	11.0
2018-19	12.6

*Figure based on post call survey results relating to interactions with the Customer Service Centre only.





TasWater's Steve Balcombe Scholarship was this year awarded to student Ryan Smith (centre front). At an event to celebrate the announcement, he was joined by (from left) Eleni Balcombe, Michelle Balcombe, Bryony Elson, Lou Balcombe and Matt Robertson (standing behind), Mae Farrell and Callum Tate. Bryony, Matt, Mae and Callum were previous scholarship winners.

Creating awareness

In March 2019, TasWater launched a statewide community awareness campaign. Extensive independent research undertaken to uncover customers' key expectations of TasWater showed that TasWater has not always communicated well about its role, purpose and the reasons why it was formed.

As a result, our customers do not always see the link between their expectations and the decisions we make. This has sometimes made it difficult for them to see the value of the services they receive, and for some customers this has affected their trust in our organisation.

The findings highlighted the need to be clear about what we do, what we have already achieved and plans for the future. Importantly, it highlighted the need to demonstrate why we do these things and how this produces value for them as TasWater customers.

The ongoing campaign is reinforced by a series of initiatives, including a proactive media program, community

updates, social media activity, and stakeholder and community engagement activities.

Community engagement

Our approach to community engagement is designed to provide communities with a voice and to let customers see that we remain aware of our role and impact in local communities.

Throughout the year, more than 50,000 interactions were conducted across Tasmania through face-to-face meetings, phone calls, community meetings, emails, letters, traditional media, social media, and our dedicated *YourSay* website.

The purpose is two-fold: it gives customers and communities an opportunity to ask and learn more about TasWater's projects and activities, and it helps us to better identify risks, opportunities, options and potential solutions.

A new initiative in 2018 was the development of the TasWater café, an information hub located at key

community events to encourage and promote engagement. TasWater cafés were held at a range of locations, including at the Bicheno Food and Wine Festival, Derwent Valley Autumn Festival, Taste of the Harvest at Devonport, and at Agfest.

A number of key engagement programs were held around the state, including ongoing communication with local communities about the Kingborough Sewerage Upgrade Program.

This project consolidates and enhances the Kingborough sewerage system, resulting in improved environmental and odour outcomes and benefiting the region for future generations. Our work has focused on engagement with a number of groups and residents to lessen the impact of works, as well as to raise awareness of the benefits of the project in the wider community.

Satisfaction with TasWater's engagements is independently measured and, in May 2019, follow-up research showed that TasWater had increased its satisfaction levels from 52 per cent in January 2018 to 55 per cent in May 2019.

Business customers

Trade waste customers

In line with TasWater's Trade Waste Policy, the plan to transition industrial customers to full trade waste pricing by 1 July 2020 has continued throughout the year.

Teams from across the business have been working with our industrial clients to develop a better understanding of their needs and are working closely with some of the major industrial customers in the north and north-west to achieve mutually acceptable outcomes.

Boundary backflow prevention

A boundary backflow prevention project has kicked off to help protect drinking water supplies within our water reticulation networks. The objective is to ensure that high and medium-risk business customers have boundary backflow protection which is installed, tested and compliant with current standards.

The Trade Waste team began working with the Asset Management team to identify known high and medium hazard areas within businesses that could affect water quality and to develop tools to capture more information.

Work was undertaken to capture backflow prevention devices not currently on our asset register with Survey 123, a computer application. Survey 123 is used to collect and access information such as size, make, model, serial number, condition, and GPS locations via field iPads.

This reduces risk and allows for effective maintenance to be carried out within the network.

Tankered waste

Tankered waste contractors play an important role in the community by safely removing and treating liquid wastes from residential, commercial and industrial premises. The acceptance of tankered waste requires careful

management to ensure that it meets our environmental discharge licences at the receiving sewage treatment plant.

A new project introduced in 2018-19 allows TasWater's Trade Waste team to effectively monitor the quality of what is being delivered and discharged into our treatment plants and pump stations across Tasmania.

The project has identified:

- How tankered waste contractors currently access TasWater's sites across the state
- Which sites are currently accessed by tankered waste contractors
- What type of waste is being delivered to sites (examples include septic or sewage, grease trap, mixed wash pit and grey water)
- Induction procedures and occupational health and safety requirements for contractors
- Site improvements that could be made to make access and delivery easier for operators and contractors
- Alternative tankered waste management options.

Consultation has involved gaining feedback from TasWater's network operators on how processes can be improved. Plans are underway to discuss the issue with selected tankered waste contractors by the end of the 2019 calendar year.

The review is designed to provide consistency for the delivery of tankered waste across the state, thereby providing a safe and secure service for TasWater, the environment, contractors, and the community.



Successful trade waste management and monitoring at Rentacar Hobart.



Clients and staff at the Migrant Resource Centre in Hobart using Android tablets donated by TasWater in 2018.

Case study

New Tasmanians get a helping hand

A donation of Android tablets to the Migrant Resource Centre Tasmania is helping new Tasmanians navigate the digital landscape.

In 2018, TasWater received some new Android Tablets as part of its communications contract with a prominent telecommunications company. With no suitable application within TasWater, we put our feelers out to see if there were any organisations or businesses in the community who could benefit.

The search led us to the Migrant Resource Centre Tasmania (MRC Tas) which has been supporting people from migrant backgrounds to successfully settle in Tasmania since 1979. Through their Settlement and Community services, the centre focuses on building the confidence and capacity of clients to participate socially and economically in Tasmanian life.

Anyone who has moved house – whether it's across suburbs, interstate or overseas – will know how challenging and time-consuming it can be to connect to mainstream services. This is even harder for individuals and families who come from non-English speaking backgrounds, often with limited exposure to computers.

MRC Tas offers assistance to their clients via case managers and volunteers, providing one-on-one assistance with everyday tasks such as filling out forms and learning how to access essential services in areas like housing, medical, education, employment and citizenship.

TasWater's donation of tablets now supports this work, particularly at digital drop-in sessions where clients gain important digital literacy skills such as learning to use email and navigate online tools that are part of everyday life.

The tablets give new Tasmanians the ability to operate in the online environment to search for housing, jobs and services, as well as tap into learning opportunities.



Dion Grace, Coordinator Bulk Distribution, undertaking maintenance of catchment water at Silver Falls, Hobart.

Water & Environment

Providing safe drinking water and sewerage services

Drinking water quality

At the heart of our organisation lies the business of supplying 67,000 billion litres of drinking water to more than 209,000 homes and businesses every year. This requires capturing, storing, treating and transporting water to Tasmanians in cities and towns across the state.

Much was done during the 2018-19 financial year to improve drinking water quality:

- Water quality catchment investigations were completed for all our systems. This work helps inform our capital improvement program and allows us to identify potential risks and mitigate them prior to any customer impacts

- *24glasses Regional Towns Program* – the removal of 16 public health alerts was a significant announcement in August 2018 and followed a major capital program to construct new membrane filtration plants and transfer pipelines
- New water treatment plants were completed at Rosebery and Bushy Park
- Construction started for a new water treatment plant at Grassy, providing a future supply of quality drinking water for both Grassy and Currie on King Island
- The monitoring and management of taste and odour issues were improved through the implementation of seasonal activated carbon treatment
- Work was undertaken in the Huon River catchment to prevent water quality impacts following the 2019 bushfires
- Upgrades to Swansea's fluoride dosing system and Adventure Bay's Water Treatment Plant were undertaken.

Water infrastructure improvements

The Water Systems Optimisation Program was launched to create a focused step change improvement in performance and risk management capability in TasWater's water treatment and distribution assets. The focus in 2018-19 was:

- Critical Control Point monitoring and management at our water treatment plants
- Improved visibility of operational water quality performance at all levels of the organisation
- Enhancement of our control and instrumentation reliability
- Focus on network chlorine performance.

The above initiatives were supported by capital and operational improvements to optimise the operational performance of assets.



Six year old Olivia enjoying a drink of water at home in southern Tasmania.



Barry Bruce from TasWater's contractor Water Industry Solutions, adjusting equipment on the Bushy Park, Glenora and Gretna water supply system.

Sewerage infrastructure improvements

In 2018-19, TasWater continued to progress the actions in a three-year program agreed in 2016 with the Environment Protection Authority (EPA). This outlined a combined approach to improve environmental performance of TasWater's Sewage Treatment Plants (STPs).

Significant gains were made this year, with a continued focus on the 13 largest Level 2 STPs (by volume) and the top 20 risk sites. Our Sewerage Optimisation team also undertook process reviews to identify and optimise the following key areas for improvement:

- At the largest 13 STPs, the aim is to improve our internal environmental compliance Key Performance Indicator (KPI) from 45 per cent to 65 per cent volume compliance by the end of 2019. Overall compliance was 55 per cent in 2018-19 for the 13 STPs. The gains made put us in a strong position to realise our long-term sewage compliance goals.
- At the top 20 highest risk sites, the focus was on four key areas of environmental risk: pathogens, toxicants, nutrients and odour. Projects at 10 of the top 20 sites are due for completion by the end of 2019.

Reducing sewer spills

When sewer spills occur, they generally result from tree roots blocking pipes or pump stations becoming inundated following rainfall. These events impact on our customers and the local environment. The impacts can be significant, with swimming beaches or the shellfish industry affected.

In the 2018-19 year, TasWater worked with stakeholders to develop, document and implement robust reporting procedures for sewer spills to specifically support shellfish industry and EPA notification requirements.

Working closely with the shellfish industry and the EPA, TasWater developed new procedures which clearly articulate responsibilities and timeframes to rapidly reduce exposure to the risk of contamination.

By working together, TasWater and these important stakeholders now have a better understanding of how best to manage small or large spills and their potential consequences.

Other initiatives to address sewer spills have continued, with an ongoing program to install monitoring devices in pump stations almost completed. In addition, a pilot for Internet of Things (IoT) devices has commenced in the Midway Point area. These devices will detect and provide early warning to our Operations Control Centre (OCC) of potential sewage spills. This means that field crews can be mobilised earlier and intervene before a spill occurs.

Sewer mains and pump station upgrades have continued. Works on the \$3.2 million upgrade of St Helens sewerage system realised a milestone in mid-December when heavy rainfalls tested the new system and it passed without event. The upgrades completed in March 2019 make the overall system more reliable and able to accommodate future growth.

Another achievement during the year was the establishment of a consistent statewide cleaning program for sewer mains which will be regularly monitored. The proactive cleaning program will ensure all sewer mains are regularly checked for potential root blockages and the build-up of silt, fats, greases or other non-acceptable items.

Environmental performance

The performance of our sewerage systems and their impact on the environment is closely monitored by the EPA. There are 112 STPs located around the state. Of these:

- Thirty-three are Level 1 STPs, licensed by local councils. They tend to be smaller (less than 100 kilolitres per day flow) and use basic treatment technologies
- A further 79 level 2 STPs tend to be larger and treat sewage to a higher discharge level, and these are licensed by the EPA, requiring more in-depth reporting.

During the year, TasWater began decommissioning one Level 1 STP at Howden and two Level 2 STPs at Margate and Electrona, south of Hobart.

These changes are part of the Kingborough Sewerage Scheme upgrade to Blackmans Bay Sewage Treatment Plant. This has seen improved environmental outcomes with no more treated effluent discharge into North West Bay. The upgrade at Blackmans Bay will also significantly improve the quality of effluent discharged into the lower Derwent estuary.

In nine of the 12 months of the 2018-19 financial year, compliance exceeded the target set by the EPA for 87 per cent of treated wastewater by volume to be compliant with EPA requirements.

Discharge limits

Since TasWater's formation more than five years ago, we have been working to better understand our impact on the environment from discharging treated effluent to waterways across the state.

TasWater has now completed this work for the majority of our STP outfalls, and we are completing the final stage to determine low-risk discharge limits for future upgrade planning. Our focus over the year has been the plants which discharge into the Tamar estuary and Bass Strait along the north-west coast. Targets for the Derwent River plants are being developed and will be completed by the end of the 2019 calendar year.

Biosolids

Sewage sludge is a by-product of the sewage treatment process. Once it has been graded in accordance with the Tasmanian Biosolids Guidelines, it is referred to as biosolids.

In September 2018, a new statewide biosolids handling contract kicked off to improve biosolids handling and optimise transport costs.

More than 87 per cent of biosolids from treatment plants were beneficially reused for agriculture and composting with only 0.1 per cent sent to landfill.

TasWater also began a three-year sewage lagoon desludging program which will see the removal of biosolids to improve performance and odour at our lagoon sites. The aim of the program is to improve compliance and maintain sustainable levels of sludge.



Tim Smith uses treated biosolids as a soil conditioner on his dairy farm at Circular Head.

TasWater's biosolids put to good use by agriculture

Tasmanian farmers are reaping the rewards, taking TasWater's unwanted treated sewage sludge and recycled water for use as a fertiliser. In a win-win for both farmers and TasWater, 99.9 per cent of biosolids and sludge from sewage treatment plants (STPs) are beneficially used, which means more than 50,000 tonnes of waste a year are diverted away from landfill.

"The biggest problem we have now is keeping up with demand," TasWater's Program Manager of Technical Solutions, Lance Stapleton said.

"The biosolids are an immensely useful agricultural product – high in nutrients, carbon and phosphorous – and farmers are able to use it to fertilise their pastures.

"The other great product farmers are benefitting from is recycled water from sewage treatment plants, also high in nutrients. We currently recycle about 5,400 megalitres of treated liquid effluent which is safely used on farms and a few golf courses," Lance said. "That represents about 11 per cent of all our wastewater, which is a lot. The more we can reuse treated effluent, the less we need to put into local waterways, which is a really good thing because of the high level of nutrients."

One farmer taking advantage of the recycled waste and water is Smithton's Tim Smith. The Circular Head dairy farmer runs a 200ha dairy farm and is pleased to be part of the scheme to take treated product from the Smithton Sewage Treatment Plant.

"We used the sludge over spring and summer on the farm at Smithton and at two other properties," Mr Smith said.

"It's a great soil conditioner and gives us healthier pasture," he said. "We're definitely pleased to be involved and will happily continue using biosolids on our land."

According to TasWater, biosolid reuse in agriculture is a preferred outcome for disposing of sludge. It's environmentally responsible and benefits the longer term sustainability of the soil where it's applied.

The sludge is safe for livestock, and the community is protected with stringent regulations governing how sludge is applied and where it is used. A livestock withholding period of 30 days applies to stock grazing on land that has received biosolids. TasWater requires laboratory testing of both the biosolids and the soil where it is applied to ensure its use is appropriate.



Reused water is used to irrigate pasture on Justin Nichols' farm at Richmond.

Recycled water

TasWater has 32 recycled water schemes where treated effluent is sent to agricultural land or golf courses for beneficial reuse. This makes the organisation the state's biggest water recycler on a per tonne basis.

In 2018-19, more than 5.7 megalitres of treated effluent were reused, mostly for agriculture, rather than being released through outfalls to local waterways.

Development and environmental management plans for Westbury's recycled water scheme and Smithton's partial reuse were finalised in 2018-19. Full approval for inclusion in the environmental licence will be finalised in 2019-20.

Notices

Four Environmental Protection Notices (EPNs) were issued during 2018-19 for Selfs Point, Rosny, Swansea and Triabunna STPs, with updated conditions and effluent compliance limits. As part of the EPA's regulatory audits to assess compliance against EPN conditions, 16 audits were undertaken and detailed in TasWater's annual environmental report.

The EPA issued three environmental infringement notices (EINs) in the reporting year; two related to sewage spills and one to an EPN condition infringement for failure to notify EPA of a discharge through an outfall.

Dam safety

TasWater owns more than 300 dams which are used for water supply, sewage treatment and effluent reuse.

Due to their age, many of our dams do not meet modern engineering standards and to address these deficiencies we are working through a priority-based improvement program approved by the dam safety regulator. TasWater plans to address most of the key issues over the next five years. In addition, we actively monitor our high-risk dams either remotely or via onsite inspections to ensure that the safety of our dams is appropriately managed.

Achievements in 2018-19 include:

- Completion of the Swansea Dam upgrade, ensuring a reliable water source for the Swansea community and visitors to the area

- Design and investigation works were completed for the Henderson Dam upgrade on Flinders Island and onsite work is scheduled to commence in 2019-20
- Design and investigation works were completed for the Mikany Dam with onsite works scheduled to commence in 2019-20
- Design and investigation works at the Upper Reservoir Dam in Hobart are well progressed and interim measures to reduce the societal risk are scheduled to occur in 2018-19
- Grey Mountain Dams 1 and 2 in the Huon Valley have been identified for decommissioning and interim risk management measures were implemented, including breaching works on the dam walls. This brings the risk level to an acceptable level. Remediation and other finalisation works are planned for the sites over the next 18 months.



Case study

24glasses – TasWater delivers on its promise

It made history and later won an award, but in August 2018 a highly anticipated moment arrived when it was announced that all of TasWater's drinking water customers in water-serviced land could enjoy a glass of water that meets Australian Drinking Water Guidelines. This marked the completion of the ambitious two-year program, *24glasses – Regional Towns Water Supply Program*.

In August 2016, TasWater committed to removing public health alerts (PHAs) in 24 rural and regional towns over the following two years. It required an enormous effort by employees and contractors but, exactly two years later, that commitment was met and exceeded, with 28 systems upgraded.

To achieve this, 17 water treatment plants were constructed, four pipelines built, mains and reticulations systems cleaned and tank systems installed in communities where this was the preferred option.

This major achievement required innovation and collaboration with many critical stakeholders – a major factor in Infrastructure Partnerships Australia's decision to this year award TasWater's *24glasses* the national *Operator and*

Service Provider Excellence Award for achieving the best outcome for customers in a short timeframe.

A key part of the program's success was the selection and involvement of many companies and contractors, including The Baker Group, Stornoway, KBR, Trility, Zinfra and Water Industry Solutions.

Working closely with the Department of Health (DoH), each solution was designed to accommodate differing water sources. According to Joe Hutchins, Water Quality Scientist, this required working closely with DoH to develop sampling programs, gather samples and data, and demonstrate how each solution will manage local catchment risks.

"PHAs are only lifted after testing satisfies the DoH that the water meets Australian Drinking Water Guidelines, the national standard for best practice, as well as Tasmania's own water quality standards. Water samplers took more than 4,000 samples and travelled an extra 27,000 km to confirm water quality, before alerts could be lifted.

"The assessment and approval to lift so many PHAs in a short timeframe was greatly assisted by close collaboration with DoH," Joe said.

Across Tasmania, the provision of safe drinking water can now be taken for granted, underpinning health and economic prosperity. This was made possible thanks to significant levels of collaboration across a range of organisations.



Atif Anjum, Planned Maintenance Program Planner,
with Paul Davis, Manager Treatment Plant and Pumping
Asset Performance.

Our People & Culture

Building culture for the long term

Safety

At the end of the financial year, the 12-month rolling Lost Time Injury Frequency Rate (LTIFR) was 2.4, representing a 70 per cent decrease as compared to the 2017-18 result of 8.8 – the lowest since the formation of TasWater.

The Total Recordable Injury Frequency Rate (TRIFR) increased from 12.0 to 16.5, representing a 37 per cent increase as at the end of financial year.

Four notifiable Incidents were reported during the financial year. This result highlights the need to continue to drive improvement efforts to reduce the likelihood of more significant incidents occurring.

Zero Harm

Our journey towards zero harm was strengthened in December 2018 when TasWater joined the global campaign, Vision Zero, as a Zero Harm company.

This global campaign is facilitated by the European Agency for Safety and Health at Work and the International Social Security Association (ISSA). It first started in 2018, and TasWater is one of 61 Australian businesses and thousands worldwide committed to *Vision Zero*, a transformational approach to prevention which integrates the three dimensions of safety, health and wellbeing at work.

While our Zero Harm programs have led to great improvements in our safety performance in recent years, joining an international program provides an important new focus for TasWater.

It means that all our people can share work processes and innovations which sustainably minimise workplace risks.

To help achieve this, the program in 2019 involves information sharing and training among more than 3,000 registered companies in each part of the world.

Improving health and safety

The 2018-19 financial year saw the start of a three-year program of health and safety improvement initiatives. Nine were successfully completed in 2018-19:

- A program to improve the quality and consistency of **Safety Leadership Walks** across the business was successfully completed. The scope of this initiative included providing defined methodology and information around understanding human factors and their relationship in influencing health and safety practices.
- A **Work Health Safety Accountability** manual and matrix were developed and accountabilities have been defined for each part of the organisation. The structure is aligned to the elements of ISO 45001:2018 *Occupational Health and Safety Management Systems*.
- **Incident investigation training** was undertaken by 110 TasWater employees, increasing their capacity and capability in this vital task. This has given a larger number of employees the skills to effectively facilitate investigations of health and safety incidents. Of those who participated, 20 were trained as lead Investigators for high-risk incidents and 90 employees received instruction on how to complete investigations into lower-risk events.
- The **management of hazardous activities** received a boost in 2018-19. Processes were defined and hazardous work permits are now supported with guiding materials to help with each step of the process. Other developments

included new processes and hardware advances for isolation and lockout procedures at sewage treatment plants and projects. The next phase of this initiative will be to identify hazardous materials in other operational locations.

- A **Vehicle and Traffic Initiative** was completed with competency-based training delivered to employees who operate in remote regional areas, on unsealed roads and in rough terrain.
- The first phase of the development of a comprehensive Health and Safety Management System was completed with the formation of the **Health and Safety Management framework**. The framework is aligned to ISO 45001:2018 – *Occupational Health and Safety Management Systems*. This phase was also complemented with the formation of hazard profiles for each core business process.
- The **Soft Tissue Injury Prevention Program's** first phase was completed, and involved looking at which occupations present a high physical demand and are susceptible to soft tissue injuries. This resulted in an action plan to re-examine the work methods of selected tasks to eliminate and/or reduce the physical loading on the body in undertaking these tasks.
- In May 2019, a formal review looked at TasWater's **Fatal Risk Reduction Program** and what impact its actions have had on the business.
- The **Health and Safety Audit Methodology and Criteria** has been developed with the business-wide baseline **Health and Safety Audit** completed in June 2019. The findings from this baseline audit have been used to help determine the focus areas for future health and safety improvements.

Recognition and reward

Splash

Now in its fourth year, the Splash reward and recognition program aims to support TasWater's values and behaviours by building employee motivation, enhancing morale and fostering a high-performance culture by recognising and rewarding employees who go above and beyond.

This year:

- A refreshed program saw a sustained level of participation across the business with nominations received from all divisions
- A review panel sat quarterly to assess nominations
- The program was well publicised internally so that winners were recognised through a variety of media
- Nine gold award winners were celebrated with presentations by the CEO.

Water Industry Operators Association Operator of the Year

The Water Industry Operators Association's (WIOA) Tasmanian *Operator of the Year* and *Tasmanian Young Operator of the Year* were awarded to Rodney Innes and Brad Housego respectively for their outstanding dedication and hard work.

As part of their awards they each received a professional development opportunity sponsored by TasWater to participate in the annual WIOA-hosted study tour of water and wastewater facilities in New Zealand, together with attendance at the Water Industry Operations Group's New Zealand conference.

Internal graduation ceremonies

For the first time in 2018, graduation celebrations involved graduates' families. Separate events were held in the south and the north, hosted by the Chairman

and the CEO. An afternoon celebration saw more than 60 graduates recognised for their achievements in gaining qualifications including Certificate III in Water & Waste Water Operations, Diploma of Project Management, and graduates of the Go Lead! program. For some, this was the culmination of several years' work.

TasWater has 41 trainees working towards a qualification including:

Cert III Water Treatment	21
Cert III Water Industry Operations	1
Cert IV Water Treatment	1
Diploma HR	2
Project Management qualifications	4
Business qualifications	6
Diploma Accounting	1
Cert IV Leadership & Management	1
Cert IV Work Health & Safety	1
Cert III Instrumentation & Control	2
Masters of Information Systems Security	1

Our ongoing Water Industry Treatment and Operations training program continues to provide real benefits to the operating teams with 19 students graduating in 2018-19 and 23 current students. The current cohort is expected to graduate in October 2019. There are three streams available for students to pursue – water, wastewater and networks. The benefit is being realised as learning outcomes translate to higher skill levels and proficiency on the job.



Rachael Evans with her WorkSafe Tasmania Award. Rachael was recognised for innovation and excellence, winning an award for *Best individual contribution to health and safety*.



TasWater's Adam Tilyard and Justin Cordwell in suburban Hobart.

Building capability

Strategic workforce planning process

As part of TasWater's ongoing commitment to building our employees' skills and abilities, we undertook a strategic workforce planning process.

This examined the organisation's future needs in terms of the resourcing mix and the experience, knowledge and skills required to achieve our objectives. It enables us to ensure we have the right people in the right place at the right time.

This was our first comprehensive workforce planning process which involved input from the Executive Management Team and department managers through a series of workshops and small group sessions. The process informs:

- Succession planning
- Training needs analysis
- Emerging workforce trends and impacts.

Building an encouraging culture

This year we continued our focus on building a culture that emphasises the value of people and supports them to reach their potential.

Some of the initiatives undertaken include:

- The launch of our Diversity and Inclusion Strategy and implementation of a three-year plan of initiatives to increase the diversity and inclusivity within the organisation
- Targeted self-development leadership and coaching training for senior leaders
- Development of a mentoring framework.

Blue Bus Revolution Pilot

Around 150 employees from every part of the organisation took part in the Blue Bus Revolution Pilot in May 2019. The program is a culture, safety, leadership, team and business change program which supports organisations to operate in a constructive style.

This helps lift employee satisfaction, productivity, innovation and customer satisfaction.

Nine pilot workshops were held in May and June to inspire and support employees and leaders on the journey towards realising our preferred culture. The Blue Bus Revolution will be rolled out across the business.



Amanda Allen and Ashlee Rieper both found that tenacity and hard work paved the way for career change.

Case study

Tenacity the key to career change

For Project Manager Amanda Allen, career success requires tenacity. Without it, there's little doubt in her mind that the journey from customer services to project management could never have unfolded.

"You have to find your passion, get outside your comfort zone and drive your own bus... you have to make your dream your responsibility," Amanda said.

Amanda began in 2012 as a Customer Service Officer at Ben Lomond Water, handling customer queries before becoming team leader. Following TasWater's creation, Amanda searched her heart to 'find the next thing'. She was temporarily deployed as a customer advocate for a project team. "This is when I realised what project management is and that I wanted to do this," she said. It took time, as Amanda spent a further two years in customer services while studying Project Management.

Persistence paid off with a Project Management traineeship, which led to her appointment as Project Manager in 2019.

"I love this role," she said. "It's constant change. It means I can develop, plan, implement and measure my projects. I love to fix things, but I'm not a technical person. Everything to me is about delivering the right solutions for our customers."

When Ashlee Rieper, TasWater's new Scheduling Coordinator, was appointed to the role in 2019, it was the culmination of a long-held dream to eventually step into a leadership role.

"It's so important to put yourself out there, to not be afraid," she said. "If you want something, you have to go after it and not wait for it to come to you."

Ashlee's attitude explains how she made the journey from Meter Reading Administration, her first role at Southern Water in 2010. Along the way, studies in frontline management and human resources kept her focused and in 2018 Ashlee was offered the temporary Maintenance Scheduler's position.

This gave Ashlee the opportunity to take on a broader role, proving to her mentors she had the ability to step up. She then filled a leadership role in the Meter Reading team for six months. In 2019, she stepped into a newly created role with statewide responsibilities for a team of six.

"I enjoy the role, especially leading the team by setting expectations, driving accountability, coaching and mentoring and helping members of my team develop. I'm a big believer in continuous improvement and that's an important focus of what we do."



Commercial & Economic

Providing affordable, positive and sustainable service

Financial results

The Corporation reported a loss after tax of \$247,529,402 for the year ended 30 June 2019 (2018: profit after tax \$40,214,201). The 2019 underlying result was a profit after tax of \$41,259,054, excluding the impact of the write-off of deferred tax balances and the revaluation of our infrastructure assets. This is materially in line with the 2018 profit after tax.

The two primary drivers of the net loss are the write-off of deferred tax balances and the revaluation of our infrastructure assets consistent with the requirements of the Australian Accounting Standards.

The write-off of our deferred tax balances of \$42,638,592 is required following our removal from the National Tax Equivalents Regime. This has resulted in a positive outcome in which we are no longer liable for income tax; however, it also means we are unable to benefit from the use of existing deferred tax balances.

The revaluation of our infrastructure assets has resulted in an overall increase of \$242,336,684 in the value of the corporation's net assets, which were \$1,859,256,500 as at 30 June 2019. Sewerage assets have been revised upwards by \$488,486,548, partially offset by a \$246,149,864 decrease in the value of water assets.

A change in the allocation basis of indirect costs was made in order to more appropriately reflect the attribution of costs to each asset category, consistent

with our regulatory framework. This has resulted in the contrasting movement in values of the water and sewerage assets. The Australian Accounting Standards require the increase in the value of the sewerage assets to be held in an asset revaluation reserve account in the balance sheet. The reduction in the value of the water assets directly reduced the profit as the decrease is required to be brought to account as an expense.

A reconciliation of the movement between the underlying net profit after tax and the reported net loss after tax is provided below.

State Government commitment to major projects

On 3 January 2019, the State Government became an owner of TasWater after the Owners' Representatives Group (ORG) approved new governance arrangements to implement the Memorandum of Understanding (MOU) signed by TasWater's Chief Owners' Representative, the State Government and TasWater.

As part of this agreement, the State Government will contribute \$20 million annually over 10 years to acquire a 10 per cent stake in TasWater. This money will be used to help deliver the improvement to our infrastructure over the next 10 years.

The entry of the State Government onto our share registry provides the

opportunity to work together to secure further funding to progress other projects of significance to the state. These projects include the relocation of the sewage treatment plant from Macquarie Point, upgrades to the Launceston Combined System to reduce the number of discharges into the Tamar Estuary in times of heavy rainfall, and feasibility studies currently underway for a potential sewerage system in the Freycinet/Coles Bay area.

Capital Delivery Office

In April 2018, TasWater's Board approved the establishment of a Capital Delivery Office (CDO) to increase our existing capacity to deliver our capital program and position ourselves to successfully fulfil our promise to customers for improved service levels.

In December 2018, TasWater announced that it had selected an alliance partner to oversee an extensive capital works program over the next four years, with an option to extend the arrangement for a further two years. UGL Engineering and CPB Contractors, with support from WSP Australia, will partner with TasWater to form the new CDO. This alliance adds to TasWater's capital delivery capabilities, bringing proven processes, systems and specialised expertise.

The CDO, which has been fully operational from 1 July 2019, will manage the planning and delivery of our capital works program, with construction work to be undertaken by external parties with a significant focus on local business participation.

We anticipate investing \$140 million in the program in the first year, growing to more than \$180 million at the end of four years.

The creation of the CDO is expected to drive a number of key benefits for our customers, suppliers and the state. These include increased operational efficiency, more certainty for suppliers around our program and what is coming up, better adherence to budget and

Description	Actual
Revenue	359,038,813
Expenditure (including Interest and Depreciation)	(308,079,710)
Earnings before Tax	50,959,103
Tax Equivalents	(9,700,049)
Net Profit after Tax before asset and deferred tax asset write-off	41,259,054
Deferred Tax Asset write-off	(42,638,592)
Revaluation Decrement	(246,149,864)
Net (Loss)/Profit after Tax	(247,529,402)



Ellen Cameron of Cameron Oysters and Chair of the Peninsula Growers Group pictured at oyster leases at Dunalley.

TasWater's Justin Morse (left) and Malcolm Ready reading meters in Devonport.



more frequently delivering projects in accordance with their original timeframes. In addition, it provides us with the means to address skills and resource challenges in order to create a sustainable industry.

Operations Control Centre

Initially established to monitor the performance of pipes, treatment plants, dams and pump stations, TasWater's Operations Control Centre (OCC) is located in Devonport and staffed 24 hours a day by highly trained employees. It now offers full network support, proactive monitoring and control, outage troubleshooting and management, dispatch services, escalation support, and asset performance assessment.

In addition to real-time performance monitoring of critical alarms and managing after-hours call-outs for high priority issues, the OCC also keeps an eye on weather and provides proactive information to the business.

The OCC continues to add value by having a customer focus 24/7/365 through the use of technology to ensure service and quality is maintained and managed. It also reduces call-outs due to increased visibility of plants and equipment.

Meeting customer service standards

Dispatch services continue to improve the way we work by ensuring that the right job is done by the right person at the right time. This not only creates efficiencies but assists with ensuring that regulatory work is done within the required timeframe while maintaining service standards.

Scheduling has now been implemented in all work groups in our Service Delivery Division. This ensures that planned and corrective maintenance is scheduled to maximise efficiency and drive improvements in asset performance and life.

A new way to stay safe

The OCC developed and rolled out StaySafe, an application which employees use to stay safe when working alone or in remote areas. Championed by the OCC's Manager Kevin Douglas and OCC Operator Simon Harris, the monitoring service now plays a key role in risk reduction.

When working alone or in remote areas, employees use the mobile app to notify how long a job will take, the task being undertaken, and expected completion time. A signal from the app before the time has elapsed means that employees are reminded to let the OCC know if the job is taking longer than expected. If the session time elapses or a panic button is activated, the OCC is notified and can check in with employees to ensure all is well and respond to emergencies if necessary.

Productivity improvements

TasWater's Productivity Improvement Program (PIP) is an important strategy for keeping customers' bills as affordable as possible.

It was first developed in 2013 when TasWater was formed and since then has achieved overall business savings of \$24.6 million. The program delivered \$4.6 million in operational cost reductions and \$6 million in revenue enhancements in the 2018-19 year.

The PIP is currently developing a three-pronged strategy for increasing process improvement and productivity savings across TasWater. These are:

- Continuous improvement – by providing employees and teams with training, access to tools and techniques to redesign their own tasks and activities within an end-to-end process
- Process Improvement - providing guidance, training, tools, resources and assistance to improve cross functional processes, using existing or new technology
- Bridge to innovation – assisting employees who have developed an innovation that improves the way we undertake an end-to-end process.

Programs	Benefits and Progress
Service delivery	Completion of the Management Operating System and Active Management Behaviours Program improved our leadership focus with more robust scheduling and increased maintenance performance
Retail value creation	Increasing the accuracy of data and ensuring equitable billing for all customers by improving the efficiency of customer billing processes through appropriate investment in technology
Chemicals optimisation	Trials continue to reduce, remove, consolidate and source chemicals to improve efficiency, safety and savings for TasWater, customers and the environment
Revenue enhancement	Continuing to focus on accurate data and equitable billing for all customers
Non-revenue water	Creating a strategy and plan to realise benefits for decreasing water lost through our infrastructure

Kate Westgate, Leader Sewerage System Performance, testing odour at Selfs Point Sewerage Treatment Plant.





Darren Webster using the StaySafe App while working in the bush near Lenah Valley.

Innovation

In recent years, TasWater has focused on fostering a more innovative culture. In July 2018, we took an important step forward, launching the Innovation Driving Everyday Actions (IDEA) framework to support the development of innovative ideas and behaviours across the business. IDEA's first year has been insightful and rewarding. Key projects undertaken during the year included:

- Training and support of employees
 - 17 IDEA champions received formal training in design thinking, becoming key contacts for teams in their development of ideas and concepts. Additionally 20 per cent of the workforce participated in internally-led workshops that identified key innovative tools to help with their everyday work.
- As of June 2019, 136 ideas from across the business had been

captured. Of these, 29 ideas have been assessed and verified as potential trials and many have progressed to prototyping and trial implementation.

Some of the innovation trials include:

- Safety shower: the design and implementation of safety showers located in remote and cold locations to meet the required tepid water temperatures
- Odour monitoring: the introduction of technology that allows for real-time odour monitoring to help address customer complaints
- Flushing program for water quality: remotely controlled valves to optimise water quality through regular flushing, removing the need for our crews to be onsite to carry out the activity

- *My Water* app: a new online app that allows our customers to access their own water quality data
- *StaySafe* app: a new app for TasWater that allows employees working in remote locations to be looked after and supported
- Safety cargo net: a design that arose from a staff member's personal experience of injury, this innovation allows for rubble to be lifted by net rather than by hand
- Filter corer and bed expansion device: a device designed internally to check large-scale water filters without having to take them off-line
- Passive samplers to detect pesticide use: a new technology for detecting pesticides within our catchments.



Darren Webster and Adam Tilyard cutting bitumen to access a leaking pipe in a residential area.

Managing risks

TasWater's commitment to risk management is embedded throughout the organisation, underpinning many of the organisation's key processes, hazard assessments and decision-making.

In 2018-19, the Risk Management Framework was refreshed with a simpler approach and assessment tools. These are applied at strategic, project and operational levels.

Following a review of TasWater's key strategic risks by the Board and Executive, the program now includes an improved monitoring and reporting program to ensure the ongoing control of the business' exposure in critical areas.

The ongoing audit and assurance program continued, ensuring business compliance and providing opportunities for continuous improvement and

efficiency through both external and internal audit and review programs. All compliance obligations, audits and resulting actions are maintained and tracked through the IRIS system.



Stephen Westgate and Matthew Robertson developed Galaxy, a troubleshooting scatter plot to help the industry monitor water quality risks in real time.

Case study

Galaxy Chart – taking troubleshooting to new heights

Two TasWater employees – scientist, Stephen Westgate and engineer, Matthew Robertson – created an industry first and revolutionised water quality risk assessment with the development of a visual tool which combines best practice operations with the international framework for assessing and mitigating the risks present in any drinking water system.

Using the Australian water industry's best practice guidelines to proactively understand water quality risks, establish barriers and monitor water quality in real time, Stephen and Matthew developed the Galaxy Chart – a scatter plot which visually displays critical information regarding water quality in all systems in real time.

The tool has turned water quality risk assessment on its head. Galaxy Chart received national recognition in 2018 when a write-up on this innovation was voted the most popular paper to appear in the Australian Water Association's (AWA) e-journal by industry peers.

Across TasWater's 62 dispersed drinking water systems, water quality has traditionally been measured by retrospectively reviewing water sample results. Simply monitoring E. coli in the distribution network cannot prevent a water quality event from occurring and only allows a water utility to respond reactively to events that have already occurred.

For the first time, in one graph TasWater's management can holistically view areas of water quality risk and determine the priority for reducing them. Regional managers and operators can use the information to better

understand the strengths and shortfalls within their systems, while engineers, scientists and technical staff can gain a general or focused perspective to underpin planning and improvements.

The Galaxy Chart has already delivered significant benefits to TasWater and demonstrates how investment in our peoples' ideas and supporting innovation can make a real difference.



Raja Iyer, TasWater's
Trade Waste Manager.

Governance

Legislative authority

The Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater, was established under the *Water and Sewerage Corporation Act 2012* (WSCA). It was incorporated on 5 February 2013 as a proprietary limited company under the *Corporations Act 2001*, owned in equal shares by the 29 Tasmanian councils. Its constitution was adopted on incorporation and ratified by the owners at a general meeting on 16 May 2013.

On 1 May 2018, TasWater entered into a Memorandum of Understanding (MOU) with the State Government to progress further reforms of the water and sewerage industry. Among the proposed reforms was a proposal that the State Government inject \$20 million equity per year for 10 years in return for a maximum 10 per cent shareholding in TasWater.

The council owners approved entry by TasWater into a Share Subscription and Implementation Agreement with the State Government at a special general meeting on 27 September 2018, which together with the passage of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018* facilitated the State Government becoming a shareholder in TasWater in early 2019.

As a consequence of this change, council owners also approved amendments to TasWater's Constitution and Shareholders' Letter of Expectations, with those changes also taking effect in early 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:
 - to operate our activities in accordance with good commercial practice

- to deliver sustainable returns to our members
- to deliver water and sewerage services to customers in the most cost-efficient manner.

Principal activities

Our principal activities during 2018-19 were:

- Providing water and sewerage services for residential, commercial and industrial customers throughout Tasmania
- Maintaining and upgrading existing infrastructure
- The construction of new infrastructure to enhance outcomes for customers, cater for growth and increase compliance
- Development of plans and strategies to meet the expectations of our customers and regulators into the future.

Role of the Board

The Board of Directors is responsible for the corporation's overall corporate governance. The Board performs this role by:

- Governing the corporation in accordance with the requirements of the WSCA, including meeting its objectives under that Act
- Providing entrepreneurial leadership of the corporation within a framework of prudent and effective controls which enable risks to be assessed and managed
- Setting the corporation's strategic aims, ensuring the necessary financial and human resources are in place for the corporation to meet its objectives and reviewing management performance
- Setting and monitoring strategic requirements for effective financial reporting and risk management
- Setting the corporation's values and standards and ensuring that its obligations to its shareholders and others are understood and met

- Appointing the Chief Executive Officer and monitoring performance
- Ensuring the corporation complies with its constitution as well as all applicable laws and relevant instruments, including the Shareholders' Letter of Expectations.

The Board has determined which matters it will manage exclusively, with the remainder delegated to the CEO and various officers within the corporation.

Corporate governance framework

Corporate governance is the system by which the activities of the corporation are controlled and coordinated in order to achieve its desired outcomes.

TasWater has voluntarily adopted the Australian Security Exchange's (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 Australian Security Exchange's (ASX's) Principles in its policies and practices, while remaining compliant with its obligations under other applicable instruments.

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

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



TasWater's Board: Sally Darke, Chair Dr Stephen Gumley, Peter Lewinsky, Tony Kelly, Dr Helen Locher and Nick Burrows.

Board structure

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.

Directors' meeting attendance, 2018-19

Director	Board		Audit & Risk Committee (AAR)		Capital Works Committee (CWC)		Environment & Public Health Committee (EPH)	
	Eligible	Attended*	Eligible	Attended*	Eligible	Attended*	Eligible	Attended*
Miles Hampton (Board Chair to 29/11/2018)	7	7	-	2*	-	2*	-	1*
Dr Stephen Gumley (Board Chair from 30/11/2018 to date)	13	13	4	4	4	4	-	3*
Nick Burrows (AAR Chair)	13	13	4	4	-	4*	4	4
Sally Darke	13	11	4	4	-	4*	4	3
Vincent (Tony) Kelly (EPH Chair)	13	13	-	4*	4	4	4	4
Peter Lewinsky (CWC Chair)	13	12	4	4	4	4	-	3*
Dr Helen Locher	13	12	-	4*	4	4	4	4

*Denotes attendance by directors who are not members of the relevant Board Committee



Ezie, aged three, at home in Riverside.

Directors' background and terms of appointment



Chairman: Miles Hampton, B.Ec (Hons), FCPA, FAICD

Appointed: 1 February 2013

Reappointed: 1 February 2015

Retired: 29 November 2018

Prior to the formation of TasWater, Mr Hampton was the Chairman of Southern Water, Ben Lomond Water, Cradle Mountain Water and Onstream from 2011-13 and a director of all four entities from 2008.

He was previously Chairman of the bulk water authority, Hobart Water, from 2005-2009.

Mr Hampton is a former member of the Tasmanian Planning Commission and the Infrastructure Advisory Council.

Mr Hampton is currently Chairman of MyState Limited.

For more than 20 years, Mr Hampton was the Managing Director of ASX-listed agribusiness Roberts Limited until his resignation in 2006.

He has held a number of board positions, including Australian Pharmaceutical Industries Ltd, The Van Diemen's Land Company, Forestry Tasmania, Impact Fertilisers Pty Ltd, Ruralco Holdings Ltd and Money3 Corporation Ltd.



Chairman: Dr Stephen Gumley AO, HonDEng (Tas), D.Phil (Oxon), MBA (Tas), FIE (Aust), FTSE

Appointed: 16 March 2018

Appointed Chairman: 30 November 2018

Dr Gumley was appointed as TasWater's Chairman on 30 November 2018. Dr Gumley is a professional engineer and business manager with 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 ports, irrigation, defence, aviation and engineering industries.

Dr Gumley has also held a diverse portfolio of board positions since the 1980s including at the University of Tasmania, Tasmanian Development Authority, AMOG Holdings, the Defence Council Victoria and as a Board advisor on Goulburn-Murray Water's \$2 billion irrigation asset renewal program and Murray Irrigation's \$200 million infrastructure program.

Directors' background and terms of appointment



Nick Burrows, B.Com, FAICD, FCA, FGIA, FTIA, F Fin

Appointed: 26 March 2015

Reappointed: 1 March 2017

Mr Burrows is currently a member of the boards of Metro Tasmania Pty Ltd, Clean Seas Seafood Ltd, Australian Seafood Industries Pty Ltd, and PFG Group Pty Ltd and associated entities. He also acts as an independent adviser to a number of other boards and committees.

Prior to the restructure of the Tasmanian Water and Sewerage Corporation, he was a director of Southern Water from 2011-2013.

Mr Burrows has over 30 years' commercial experience in Tasmania's public, government and local government sectors as well as the listed sector, focusing on corporate governance and strategic, commercial, financial and risk management oversight, underpinned by his background as a chartered accountant and registered company auditor.

Mr Burrows is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Accountants of Australia, Governance Institute of Australia and of the Financial Services Institute of Australasia.



Sally Darke, B.Ec, FAICD

Appointed: 1 January 2016

Reappointed: 28 February 2018

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 with KPMG, she developed extensive experience in strategic human resource management, governance, strategic planning, executive recruitment and board and CEO performance reviews.

Ms Darke is Chairperson of the Tasmanian Community Fund, a director of TasPorts and a non-Executive Director of the Tasmanian Farmers and Graziers Association, past Chairperson of Scotch Oakburn College and past State Councillor with the Australian Institute of Company Directors.



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

Appointed: 1 March 2016

Reappointed: 28 February 2019

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 an Adjunct Professor at the University of Technology Sydney and a member of the Board of WaterLinks. In addition, he has held numerous positions in the water industry and not-for-profit bodies, including Chairman of WaterAid Australia, the Savewater Alliance and the Victorian Water Industry Association's Sustainability Taskforce. In April 2018, Mr Kelly was appointed to Chair of Isle Utilities Australia.



Peter Lewinsky, B.Ec, MBA, FCA, FAICD

Appointed: 1 March 2013

Reappointed: 1 March 2014

Reappointed: 1 March 2017

Mr Lewinsky is currently Chair of Holmesglen Institute, TAL Superannuation Ltd, Carbon Revolution Ltd and the Australian Red Cross Society. He is also a member of the board of Ambulance Victoria and various government and audit committees. He is a former Chair of the Australian Centre for the Moving Image.

Mr Lewinsky has conducted his private consulting practice since 1991 and has extensive experience in governance, strategic planning, organisational change, financial management and risk management. He is also an honorary board member of the Emmy Monash Home for the Aged.



Dr Helen Locher, B.Sc., M.Env.Sc., PhD (Civil Engineering), GAICD

Appointed: 1 March 2016

Reappointed: 28 February 2019

Dr Locher has more than 35 years' experience working in Australia and overseas on environmental, social and sustainability issues with a particular focus on sustainable water resource infrastructure development and management.

She is a member of the Resource Management and Planning Appeals Tribunal and has previously held board roles on the Environment Protection Authority and the former Resource Planning and Development Commission.

Audit and Risk Committee

TasWater's Audit and Risk Committee (AAR) comprises four independent directors. The Committee is chaired by Mr Nick Burrows and met four times during the year.

The Board has approved the Committee's charter, which is reviewed annually. Under the charter, the Committee assists the Board by reviewing, monitoring and overseeing matters relating to external reporting, risk management and internal controls, external and internal audit functions, and compliance with all legislative and regulatory obligations.

The Committee approves the strategic internal audit plan to ensure planned audit activities are aligned to key business risks. Internal audit reports are provided to the Audit and Risk Committee at scheduled meetings.

During 2018-19, the Committee considered a number of matters including financial and accounting policies, compliance and risk management. The Committee also oversaw delivery of a comprehensive internal audit program designed to inform the Board and management on key business and control risks. The Committee has ongoing communication with external and internal auditors.

Capital Works Committee

The Capital Works Committee (CWC) comprises four independent directors. It is chaired by Mr Peter Lewinsky. The Committee met four times during the year.

In accordance with its charter approved by the Board, CWC assists the Board by reviewing, monitoring and overseeing matters relating to strategic asset management and capital investment activities. Its major focus in 2018-19 was to:

- Review and recommend to the Board for approval TasWater's policies and high-level frameworks for asset monitoring, capital planning, business case evaluation and approval, and capital works delivery
- Review strategic asset assessments (including dam safety assessments)
- Review and recommend the three-year rolling and annual capital works plans to the Board for approval
- Review and recommend major projects for Board approval
- Monitor and oversee the implementation of the capital works program, the effectiveness of policies and processes and staff training and accountability relating to capital works planning and delivery.

Environment and Public Health Committee

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

In accordance with its charter approved by the Board, the EPH assists the Board by reviewing, monitoring and overseeing matters relating to environmental management and compliance and public health performance and compliance. Its major focus in 2018-19 was:

- Ongoing improvement in water quality, particularly in relation to developing system improvements for the removal of public health alerts in small towns
- Managing the impacts of trade waste on TasWater's operations and stakeholder implications in moving towards contemporary trade waste management
- Understanding TasWater's impact on the natural environment through increased scientific assessments of the impact of sewage treatment plants on receiving waters.

Board Selection Committee

The Board Selection Committee is a committee of the Owners' Representatives Group. In accordance with TasWater's Constitution, it comprises six Owners' Representatives and the Board Chair. The Committee's main function is to select and appoint directors, ensure the skill mix of the Board is appropriate, evaluate Board and committee performance and maintain and implement the Board remuneration framework. The Board Selection Committee met five times during the year.



07 Governance

Corporate governance disclosure obligations

The following table summarises TasWater's compliance with ASX Principles. It provides the specific disclosures required where these are not included elsewhere in this Annual Report.

Principle 1 – Lay solid foundations for management and oversight

Companies should clearly delineate the respective roles and responsibilities of its Board and management and regularly review their performance.

• The respective roles and responsibilities of TasWater's Board and management are outlined in the Board Charter and the Board Delegations Manual.	✓
• Those matters expressly reserved to the Board and those delegated to management are disclosed.	✓
• TasWater undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director.	✓
• TasWater provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	✓
• TasWater has written agreements with each director and senior executive setting out the terms of their appointment.	✓
• The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	✓
• TasWater has a Diversity and Inclusion Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity in the composition of the Board, senior executives and workforce generally and to assess annually both the objectives and the progress in achieving them.	✓
• The Board Selection Committee periodically evaluates the performance of the Board, its committees and individual directors and discloses annually whether a performance evaluation was undertaken in the reporting period.	✓
• TasWater has a process for periodically evaluating the performance of its senior executives and discloses annually whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓

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

The Board of a company should be 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, the Crown's Owner's Representative, the Chief Owner's Representative and the Board Chairman.	!
• The Board Selection Committee has a charter that is regularly reviewed.	
• Succession planning for the Board is managed by the Board Selection Committee in consultation with the Board Chairman.	
• The members of the Board Selection Committee are disclosed and the number of meetings held during the reporting period is 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.	✓

✓ Complies N/A Processes not compliant or not applicable ! Principle adapted to meet TasWater's context but is consistent with the intent.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

Companies should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

- | | |
|---|---|
| · The Board has a Directors' Code of Conduct and TasWater employees have a Code of Conduct, and Values and Behaviours are articulated. | ✓ |
| · The codes of conduct applicable to directors and employees are published on TasWater's website. | ✓ |
| · Any material breaches of the code of conduct are reported to the Audit and Risk Committee and the Board. | ✓ |
| · The current profile of TasWater's Board and workforce is explained in this Annual Report. | ✓ |
| · TasWater's Public Interest Disclosure Policy is published on TasWater's website. | ✓ |
| · Any material incidents reported under the Public Interest Disclosure Policy are reported to the Audit and Risk Committee and the Board. | ✓ |
| · The Fraud and Corruption Control Policy is disclosed. | ✓ |
| · Any incidents of fraud or corruption are reported to the Audit and Risk Committee and Board. | ✓ |

Principle 4 – Safeguard the integrity of corporate reports

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

- | | |
|---|---|
| · The Board has an Audit and Risk Committee comprising four independent non-executive directors. | ✓ |
| · The Chair of the Audit and Risk Committee is an independent non-executive Director who is not the Board Chairman. | ✓ |
| · The Audit and Risk Committee Charter is published on TasWater's website. | ✓ |
| · The directors' qualifications and experience are disclosed in this Annual Report and are published on TasWater's website. | ✓ |
| · The Audit and Risk Committee meeting schedule and directors' attendances 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.

- | | |
|--|---|
| · TasWater's key governance documents prescribe quarterly meetings between the Chairman and Owners' Representatives, formal quarterly reporting of performance and other key matters, and two general meetings of Owners' Representatives each year. | ✓ |
| · This is augmented by the Board's continuous disclosures policy encompassed in its Shareholders Relations Policy. | ! |

07 Governance

Principle 6 – Respect the rights of security holders

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

· TasWater's key governance documents are published via the website.	✓
· TasWater holds quarterly meetings and two general meetings with the Owners' Representatives each year.	✓
· The Owners' Representatives receive quarterly reports.	✓
· The Owners' Representatives general meetings and quarterly meetings provide forums for shareholders to communicate with TasWater.	✓
· The Shareholder Relations Policy, Owners' Representatives Code of Conduct and Owners' Representatives Group's Charter facilitate effective communication between TasWater and the Owners' Representatives and are published on the TasWater website.	✓
· General meeting resolutions can be decided by a show of hands or a poll in accordance with TasWater's Constitution.	!
· Owners' Representatives and owners are able to receive communication from and provide communication to TasWater electronically.	✓

Principle 7 – Recognise and manage risk

Companies should establish a sound risk management framework and periodically review the effectiveness of that framework.

· TasWater has an Audit and Risk Committee comprising four independent non-executive directors, chaired by an independent non-executive Director, that oversees risk.	✓
· The Audit and Risk Committee Charter is published on the 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 reviews the Risk Management Framework periodically and strategic risks at least annually.	✓
· The internal audit arrangements are published in this Annual Report.	✓
· The Board is informed of any material exposure to economic, environmental and social sustainability risks and how those risks are managed.	✓
· Management provided its assurances and formal declarations to the Board regarding the status of risk management and internal control systems. Confirmation of this can be found in the Directors' Declaration accompanying the financial reports.	✓

Principle 8 – Remunerate fairly and responsibly

Companies should pay director remuneration sufficient to attract and retain high-quality directors and design its executive remuneration to attract, retain and motivate high-quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

· The Board holds responsibility for human resources and remuneration policies.	✓
· As at the end of the reporting period, the Board comprises six independent non-executive directors and is chaired by an independent director.	✓
· The Board Charter is published on the website.	✓

✓ Complies N/A Processes not compliant or not applicable ! Principle adapted to meet TasWater's context but is consistent with the intent.

· Board member details are published on the website.	✓
· The number of Board meetings held and the directors' attendance figures are disclosed in this Annual Report.	✓
· Directors have taken advice from independent expert advisors as required. No remuneration advisors undertake other work for management.	N/A
· 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.	N/A

Public interest disclosures 2018-19

The number and types of disclosures made to TasWater during the year and the number of disclosures determined to be a public interest disclosure	0
The number of disclosures determined by TasWater to be public interest disclosures that it investigated during the year	0
The number and type of disclosed matters referred to TasWater by the Ombudsman for investigation	0
The number and type of disclosures referred by TasWater to the Ombudsman for investigation	0
The number and type of investigations taken over from TasWater by the Ombudsman	0
The number and type of disclosed matters that TasWater has declined to investigate	0
The number and type of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	0
Any recommendations made by the Ombudsman that relate to TasWater	0

Right to information requests 2018-19

The number of applications for assessed disclosure made to TasWater.	1 ¹
The number of applications for assessed disclosure refused by TasWater and the basis for refusal.	1 ²
The number of applications for assessed disclosure determined by TasWater.	7 ³
The number of determinations where the information applied for was provided in full.	12 ⁴
The number of applications for internal review and the outcome of those reviews.	1 ⁵
The number of applications for external review and the outcome of those reviews.	0

Personal information protection complaints 2018-19

The number of complaints relating to failure to protect personal information made to TasWater.	4 ⁶
--	----------------

¹ Five of the applications for assessed disclosure were ultimately treated as active disclosures under the *Right to Information Act 2009*.

² Application refused under section 19(1) of the *Right to Information Act 2009*.

³ Includes three applications for disclosure received during the 2017-18 financial year. This does not include applications which were treated as active disclosures under the *Right to Information Act 2009*.

⁴ Includes assessed and active disclosures, and determinations on applications received during the 2017-18 financial year.

⁵ The original decision was upheld.

⁶ In addition to the four complaints received, TasWater also identified a number of inadvertent minor breaches during the year.



08

Financial Report

1 July 2018 to 30 June 2019

65

Directors' Report for the Financial Year Ended 30 June 2019

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 2019. 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 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; and
 - 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 Corporation reported a loss after tax of \$247,529,402 for the year ended 30 June 2019 (2018: profit after tax \$40,214,201). The 2019 underlying result was a profit after tax of \$41,259,054, excluding the impact of the write off of deferred tax balances and the revaluation of our infrastructure assets. This is materially in line with the 2018 profit after tax.

A reconciliation of the movement between the underlying net profit after tax and the reported net loss after tax is provided below:

	\$
Net profit after tax	41,259,054
Deferred tax balance write off	(42,638,592)
Revaluation Decrement	(246,149,864)
Net (Loss) after tax	(247,529,402)

The two primary drivers of the net loss are the write off of deferred tax balances and the revaluation of our infrastructure assets consistent with the requirements of Australian Accounting Standards.

The write off of our deferred tax balances of \$42,638,592 is required following our removal from the National Tax Equivalents Regime. This has resulted in a positive outcome in which we are no longer liable for income tax; however it also means we are unable to benefit from the use of existing deferred tax balances.

The revaluation of our infrastructure assets has resulted in an overall increase of \$242,336,684 in the value of the corporation's net assets, which were \$1,859,256,500 as at 30 June 2019. Sewerage assets have been revised upwards by \$488,486,548, partially offset by a \$246,149,864 decrease to the water assets. A change in the allocation basis of indirect costs was made in order to more appropriately reflect the attribution of costs to each asset category, consistent with our regulatory framework. This has resulted in the contrasting movement in values of the water and sewerage assets. The Australian Accounting Standards require the increase to the value of the sewerage assets to be held in an asset revaluation reserve account in the balance sheet. The reduction in the value of the water assets directly reduced the profit as the decrease is required to be brought to account as an expense.

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. A number of the Corporation's Sewage Treatment Plants (STPs) do not fully comply with effluent discharge licences set by the Environmental Protection Authority (EPA). The Corporation has a Wastewater Risk Management Plan which has been endorsed by the Environmental Regulator outlining initiatives and implementation schedules to address the Environmental Regulator's priorities with respect to environmental risk and non-compliance.

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

- A release from the Sorell STP in July 2018, that resulted in the discharge of effluent other than to a wastewater reuse scheme, and
- A raw sewage spill from a collapsed sewer main in July 2018 in Glenorchy.

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

Drinking water systems

The Board has the responsibility to monitor compliance with drinking water regulations. At the commencement of the year, there were a number of towns on permanent public health alerts. In August 2018, the last of these alerts were removed following the completion of a program of works to provide potable drinking water to impacted communities.

During the year, two temporary boil water alerts were applied following non-compliances at Deloraine (in July 2018) and Herrick (in December 2018). Each of these alerts were lifted within seven days of being imposed.

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

The Corporation has a Drinking Water Quality Risk Management Plan which has been endorsed by the Department of Health.

All of the Corporation's drinking water systems currently comply with the microbiological health guideline values contained in the Australian Drinking Water Guidelines 2011 as specified in the Tasmanian Drinking Water Quality Guidelines.

Dam portfolio

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

The directors are not aware of any new breaches during the year covered by the report. Dams that are known to exceed tolerable risk limits are being managed under mitigation plans agreed with the Tasmanian Dam Safety Regulator and are regularly reported to the Board.

Dividends

On 28 February 2019, the Board of the Corporation approved the payment of an interim dividend of \$488,649 (2018: \$6,885,803). This interim dividend was paid on 28 February 2019.

On 25 June 2019, the Board approved the payment of a further dividend of \$10,000,000 (2018: \$11,613,294), which was paid on 28 June 2019.

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 of operations or state of affairs in the reporting period.

Likely future developments

Information on likely future developments in the operations of the Corporation is included in the Chairman's Report and CEO's Report within the Annual Report.

Remuneration of directors and senior management

Remuneration report

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of the Corporation's directors and its senior executives for the financial year ended 30 June 2019. 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 (appointed Chair 30/11/2018)
- Mr Miles Hampton (resigned as Chair 29/11/2018)
- Mr Nick Burrows
- Ms Sally Darke
- Mr Vincent (Tony) Kelly
- Mr Peter Lewinsky
- Dr Helen Locher.

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	End Date
Mr Michael Brewster	Chief Executive Officer	01/07/2013	
Ms Cathy Cuthbertson	General Manager People and Safety	09/09/2013	
Dr Dharma Dharmabalan	General Manager Major Projects and System Performance	30/09/2013	28/06/2019
Ms Juliet Mercer	General Manager Corporate and Community Relations	22/08/2016	
Mr Andrew Moir	General Manager Asset Portfolio Planning and Delivery	02/09/2013	
Mr Dean Page	General Manager Finance and Commercial Services	19/08/2013	26/03/2017
	Acting General Manager Retail and Customer Services	27/03/2017	14/01/2018
	General Manager Finance and Commercial Services	15/01/2018	28/02/2018
	Chief Financial Officer	01/03/2018	
Mr Bennie Smith	General Manager Service Delivery	05/12/2016	
Ms Ailsa Sypkes	General Manager Legal and Governance	28/04/2014	

Except as noted, each of the senior executives named held their positions for the whole 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 WSCA, the Owners' Representative Group (ORG) is responsible for determining the remuneration framework for non-executive directors. The Board Selection Committee, comprising a group of Owners' Representatives and the Board Chair, is delegated responsibility for determining the remuneration framework.

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.

Non-executive directors' remuneration was reviewed in the period and increased by the Consumer Price Index (CPI).¹

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 employment contracts. Performance objectives are established and assessed annually. The CEO's performance against objectives is reviewed by the Board at least annually. For other senior executives, the CEO reports to the Board at least annually.

¹ Weighted average of eight capital cities

OS Financial Report

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:

2019 Non-executive Directors	Short-term Benefits		Post Employment Benefits			Total \$
	Salary \$	Other Long-Term Employee Benefits \$	Superannuation \$	Termination Benefits \$		
Mr Miles Hampton (resigned 29/11/2018)	56,012	-	4,600	-	60,612	
Mr Nick Burrows	64,514	-	6,129	-	70,643	
Ms Sally Darke	60,662	-	5,763	-	66,425	
Dr Stephen Gumley AO	88,375	-	8,396	-	96,771	
Mr Vincent (Tony) Kelly	68,365	-	6,495	-	74,860	
Mr Peter Lewinsky	64,514	-	6,129	-	70,643	
Dr Helen Locher	60,662	-	5,763	-	66,425	
Total	463,104	-	43,275	-	506,379	

2018 Non-executive Directors	Short-term Benefits		Post Employment Benefits			Total \$
	Salary \$	Other Long-Term Employee Benefits \$	Superannuation \$	Termination Benefits \$		
Mr Miles Hampton	111,138	-	10,558	-	121,696	
Mr Nick Burrows	64,234	-	6,102	-	70,336	
Ms Sally Darke	60,400	-	5,738	-	66,138	
Dr Stephen Gumley (appointed 16/03/2018)	16,099	-	1,529	-	17,628	
Mr Vincent (Tony) Kelly	63,497	-	6,032	-	69,529	
Ms Sibylle Krieger (resigned 01/02/2018)	38,541	-	3,661	-	42,202	
Mr Peter Lewinsky	64,234	-	6,102	-	70,336	
Dr Helen Locher	60,400	-	5,738	-	66,138	
Total	478,543	-	45,460	-	524,003	

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

	Short-term Benefits		Post Employment Benefits		
	Salary \$	Other Long-Term Employee Benefits \$	Superannuation \$	Termination Benefits \$	Total \$
2019 Senior Executives					
Mr Michael Brewster	512,770	29,470	24,997	-	567,237
Ms Cathy Cuthbertson	241,597	4,519	23,954	-	270,070
Dr Dharma Dharmabalan (resigned 28/06/2019)	302,668	(47,422)	25,172	21,788	302,206
Ms Juliet Mercer	254,681	6,686	25,000	-	286,367
Mr Andrew Moir	324,701	12,684	24,842	-	362,227
Mr Dean Page	315,070	14,349	24,210	-	353,629
Mr Bennie Smith	294,589	9,954	24,987	-	329,530
Ms Ailsa Sypkes	257,563	26,505	22,766	-	306,834
Total	2,503,639	56,745	195,928	21,788	2,778,100

	Short-term Benefits		Post Employment Benefits		
	Salary \$	Other Long-Term Employee Benefits \$	Superannuation \$	Termination Benefits \$	Total \$
2018 Senior Executives					
Mr Michael Brewster	495,106	24,466	27,038	-	546,610
Ms Cathy Cuthbertson	231,331	18,458	27,390	-	277,179
Dr Dharma Dharmabalan	273,563	12,047	24,420	-	310,030
Ms Juliet Mercer	220,006	(1,059)	24,075	-	243,022
Mr Andrew Moir	318,430	3,328	25,000	-	346,758
Mr Dean Page	308,716	19,013	24,050	-	351,779
Mr Bennie Smith	262,391	4,419	24,701	-	291,511
Ms Ailsa Sypkes	242,836	5,162	22,424	-	270,422
Mr Jason Browne (01/07/2017 - 03/09/2017) (Acting)	42,677	(391)	4,234	-	46,520
Mr Matthew Pigden (04/09/2017 - 14/01/2018) (Acting)	91,043	4,444	8,649	-	104,136
Total	2,486,099	89,887	211,981	-	2,787,967

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

Key terms of employment contracts

Senior executive staff

The employment terms and conditions of senior executives are formalised in Individual Employment Agreements.

Consistent with legislated requirements, senior executives receive a superannuation guarantee contribution of 9.50 per cent (2018: 9.50 per cent) up to a minimum of the superannuation guarantee fee contribution limit. In order to avoid exceeding the cap, senior executives may elect to limit concessional contributions to the cap amount and take any additional amounts as salary. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation. Upon retirement, senior executives are paid employee benefit entitlements accrued to the date of retirement.

Terms of employment require the senior executive or the Corporation to provide a minimum notice period prior to termination of contract, subject to conditions of the *Fair Work Act 2009*, where applicable. The length of notice varies between Individual Employment Agreements, however it is generally three to six months. Under certain circumstances, senior executives may be paid a redundancy, the level of which is dependent on individual contractual arrangements.

Non-executive directors

Appointment conditions for non-executive directors are specified in both the WSCA and formal letters of appointment. These include:

- Each term of appointment must not exceed three years
- A director may be re-appointed for further terms not exceeding three years each
- A director can be appointed by consecutive terms for a maximum of ten continuous years from the date of first appointment. The ten year period may only be extended by Special Majority of the Selection Committee
- Either the independent director, the Corporation or the ORG may terminate the relationship on three months' notice or immediately in certain situations and
- The Corporation is to ensure that it has appropriate directors' and officers' liability insurance.

Further information about the remuneration of directors and senior executives is set out in Note 16 to the financial statements.

Indemnification of directors and officers

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

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

Proceedings on behalf of the Corporation

No person has applied for leave of the Court to bring proceedings on behalf of the Corporation or intervened in any proceedings to which the Corporation is a party for the purpose of taking responsibility on behalf of the Corporation for all or any part of those proceedings.

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

Auditor's independence declaration

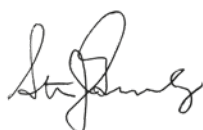
The auditor's independence declaration is included on page 73.

Rounding of amounts

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

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

On behalf of the directors



Dr Stephen Gumley AO
Chair

9 August 2019



Nick Burrows
Director

Auditor's Independence Declaration



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900 | Fax: 03 6173 0999
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

9 August 2019

The Board of Directors
Tasmanian Water and Sewerage Pty Ltd
GPO Box 1393
HOBART TAS 7001

Dear Board Members

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasmanian Water and Sewerage Corporation Pty Ltd for the financial year ended 30 June 2019, 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

A handwritten signature in black ink, appearing to read "RW".

Rod Whitehead
Auditor-General

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

08 Financial Report

Grouping	Note	Contents	Page
Signed Reports	-	Directors' Declaration	75
	-	Independent Auditor's Report	76
Financial Statements	-	Statement of Comprehensive Income	81
	-	Statement of Financial Position	82
	-	Statement of Cash Flows	83
	-	Statement of Changes in Equity	84
General Information	1	General Information	85
	2	Summary of Significant Accounting Policies	87
	3	Events after Balance Date	89
Our Business Performance	4	Operating Segments	89
	5	Revenue and Other Income	91
	6	Expenses	92
	7	Income Tax Equivalents	94
Our Asset Platform	8	Contributed Equity	96
	9	Dividends	97
	10	Current Assets	98
	11	Property, Plant and Equipment	101
	12	Intangibles	108
	13	Current and Non-current Liabilities	109
	14	Asset Revaluation Reserve	111
Our People	15	Employee Benefits	112
	16	Compensation of Key Management Personnel	114
Our Funding Structure and Management of our Financial Risks	17	Financial Instruments	114
Other Important Information	18	Related Party Disclosures	120
	19	Commitments	120
	20	Contingent Assets/Liabilities	121
	21	Remuneration of Auditors	121

Directors' Declaration

The directors declare that for the financial year ended 30 June 2019:

- 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 2019.

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



Dr Stephen Gumley AO
Chair



Nick Burrows
Director

9 August 2019

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 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 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* (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.

...1 of 5

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 9 August 2019 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this 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
--	---

Water and Sewerage Infrastructure

Refer to note 6 and 11

Property, plant and equipment includes material long-life water and sewerage infrastructure assets recognised at fair value and carried at \$2 041.25m at 30 June 2019. The fair value of these water and sewerage assets is determined using an income valuation methodology based on discounted cash flows. The projected cash flows are discounted to present value using a discount rate based on a real pre-tax weighted average cost of capital (WACC).

The calculation of fair value is judgemental and highly dependent on a range of assumptions and estimates, such as the discount rate, perpetuity factor, expected revenue growth, operating expenditure growth rate, renewal capital expenditure and WACC.

The calculation of depreciation for water and sewerage infrastructure, \$67.64m, requires estimation of asset useful lives and residual values which involves a high degree of subjectivity. Changes in assumptions underlying depreciation calculations can significantly impact the depreciation charged.

- Reviewing the appropriateness of the selected key assumptions used in the valuation model for water and sewerage infrastructure assets.
- Testing whether the cash flows used in the valuation model are consistent with the most recent Corporate Plan approved by the directors.
- Testing, on a sample basis, the internal mathematical accuracy of the valuation model's calculations.
- Challenging management's process for reviewing and adopting the valuations and discussing this with those charged with governance.
- Evaluating management's assessment of useful lives.
- Performing substantive analytical procedures on water and sewerage infrastructure assets depreciation expense.
- Evaluating the adequacy of disclosures made, including those regarding key assumptions used in the valuation, in light of the requirements of the accounting standards.

...2 of 5

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 2019, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they 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

...3 of 5

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

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, related safeguards.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

I have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2019. 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 2019.

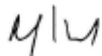
...4 of 5

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

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.



Rod Whitehead
Auditor-General

Tasmanian Audit Office

15 August 2019
Hobart

...5 of 5

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

Tasmanian Water and Sewerage Corporation Pty Ltd

Statement of Comprehensive Income

for the Financial Year Ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Revenue			
Sales Revenue	5	325,209	307,279
Other Revenue	5	33,830	28,988
Total Revenue		359,039	336,267
Expenses			
Raw Materials and Consumables	6	26,754	24,042
Depreciation and Amortisation Expenses	6	83,888	73,596
Employee and Related Expenses	6	93,920	89,835
Operations and Maintenance Expenses	6	61,814	50,194
Administration Expenses	6	22,320	21,438
Finance Expenses	6	19,383	19,706
Revaluation Decrement	6	246,150	-
Total Expenses		554,229	278,811
Net (Loss)/Profit Before Income Tax Equivalents Expense		(195,190)	57,456
Income Tax Equivalents Expense	7.1	52,339	17,242
Net (Loss)/Profit After Income Tax Equivalents Expense		(247,529)	40,214
Other Comprehensive Income: Items that will not be reclassified to Profit and Loss			
Actuarial (Loss)/Gain on Defined Benefit Plans		(1,749)	1,427
Change in Net Asset Revaluation Reserve	11	488,387	(3)
Income Tax Relating to Components of Other Comprehensive Income	7.2	10,496	(428)
Total Other Comprehensive Income		497,134	996
Total Comprehensive Income for the Year		249,605	41,210

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 2019

	Notes	2019 \$'000	2018 \$'000
Current Assets			
Cash and Cash Equivalents	10.1	4,770	2,262
Receivables	10.2	41,135	39,078
Inventories	10.3	6,684	5,881
Prepayments		2,482	1,950
Assets Classified as Held for Sale		-	5
Total Current Assets		55,071	49,176
Non-current Assets			
Receivables	10.2	713	828
Property, Plant and Equipment	11	2,432,706	2,141,488
Intangibles	12	39,742	16,894
Deferred Tax Assets	7.4	-	35,137
Total Non-current Assets		2,473,161	2,194,347
Total Assets		2,528,232	2,243,523
Current Liabilities			
Payables	13.1	29,965	34,856
Current Tax Liability	7.3	1,620	1,725
Employee Benefits	15	16,769	16,128
Borrowings	13.2	87,282	90,833
Unearned Income	13.3	2,057	1,886
Other Current Liabilities	13.4	5,806	3,863
Total Current Liabilities		143,499	149,291
Non-current Liabilities			
Employee Benefits	15	11,263	9,143
Borrowings	13.2	482,103	448,385
Unearned Income	13.3	28,515	29,813
Other Non-current Liabilities	13.4	3,595	6,750
Total Non-current Liabilities		525,476	494,091
Total Liabilities		668,975	643,382
Net Assets		1,859,257	1,600,141
Equity			
Retained Profits		(211,388)	48,217
Asset Revaluation Reserve	14	522,831	24,110
Contributed Equity	8	1,547,814	1,527,814
Total Equity		1,859,257	1,600,141

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 2019

	Notes	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Receipts from Customers and Other Sources		349,842	345,229
Payments to Suppliers and Employees		(231,008)	(200,241)
Headwork Charges		408	335
Interest Received		45	47
Interest Paid		(17,578)	(16,058)
Loan Guarantee Fees Paid to Owner Councils		(2,700)	(2,646)
Income Tax Equivalents Paid to Owner Councils	7.3	(6,811)	(8,855)
Net Cash Inflow from Operating Activities	10.1	92,198	117,811
Cash Flows used in Investing Activities			
Payments for Property, Plant and Equipment		(121,843)	(157,756)
Interest Paid for Capital Works		(2,942)	(2,698)
Payments for Capitalised Employee and Direct Costs		(5,216)	(4,837)
Proceeds from Sale of Property, Plant and Equipment		633	1,073
Equity Contributions	8	20,000	-
Net Cash Outflow used in Investing Activities		(109,368)	(164,218)
Cash Flows from Financing Activities			
Proceeds from Borrowings		347,000	256,550
Repayment of Borrowings		(316,833)	(192,234)
Dividends Paid to Owner Councils		(10,489)	(18,499)
Net Cash Inflow from Financing Activities		19,678	45,817
Net increase/(decrease) in Cash and Cash Equivalents		2,508	(590)
Cash and Cash Equivalents at the Beginning of the Year		2,262	2,852
Cash and Cash Equivalents at the End of the Year	10.1	4,770	2,262

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 2019

	Notes	Retained Profits \$'000	Asset Revaluation Reserve \$'000	Contributed Equity \$'000	Total Equity \$'000
Balance as at 30 June 2017		28,506	24,113	1,527,814	1,580,433
Adjustment on error correction	2.4	(3,003)	-	-	(3,003)
Balance as at 1 July 2017 (restated)		25,503	24,113	1,527,814	1,577,430
Net Profit after Income Tax Equivalents Expense		42,685	-	-	42,685
Adjustment on error correction	2.4	(2,471)	-	-	(2,471)
Dividends Paid	9	(18,499)	-	-	(18,499)
Other Comprehensive Income		999	(3)	-	996
Balance as at 30 June 2018 (restated)		48,217	24,110	1,527,814	1,600,141
Net Loss after Income Tax Equivalents Expense		(247,529)	-	-	(247,529)
Equity Contribution	8	-	-	20,000	20,000
Dividends Paid	9	(10,489)	-	-	(10,489)
Other Comprehensive Income		(1,587)	498,721	-	497,134
Balance as at 30 June 2019		(211,388)	522,831	1,547,814	1,859,257

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 2019

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 Council
- Huon Valley Council
- Kentish Council
- Kingborough Council
- King Island Council
- Latrobe Council
- Launceston City Council
- 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 the Right of Tasmania

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

The principal activities of the Corporation are the provision of water and sewerage services for residential and commercial customers throughout Tasmania.

1.2 Statement of compliance

This Financial Report is a general-purpose financial report, prepared in accordance with the *Corporations Act 2001* (Cth), relevant Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB). The Financial Report also complies with International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

The Financial Report was approved by the Board of Directors on 9 August 2019.

1.3 Basis of preparation

The Financial Report is prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies. Historical cost is based on the fair values of the consideration given in exchange for the assets. All figures, unless indicated otherwise, are reported in Australian dollars.

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

1.4 Significant accounting judgements, estimates and assumptions

In the application of AASB standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

1. General information (continued)

The most significant accounting estimates undertaken in the preparation of this financial report relate to:

- Useful lives of assets
- Fair value of infrastructure, land, buildings and leasehold improvements
- Asset impairment
- Accrued revenue, in particular unbilled water sales and the amortisation period of government grants
- Restoration and rehabilitation provisions
- Defined benefit obligations
- Contingent assets and liabilities.

1.5 Note to reader

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

Information is considered material and relevant if, for example:

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

The notes have been grouped into sections to help readers understand how the Corporation strategy is reflected in the financial performance and position of the Corporation:

- General Information
- Our Business Performance
- Our Asset Platform
- Our People
- Our Funding Structure and Management of our Financial Risks
- Other Important Information.

2. Summary of significant accounting policies

2.1 Application of new and revised accounting standards

Standards and interpretations adopted by the Corporation

AASB 9 Financial Instruments

The Corporation has adopted *AASB 9 Financial Instruments* for the first time for the reporting period commencing 1 July 2018. There has been no requirement to restate prior period balances upon adoption of AASB 9 as there has been no change to the classification of the Corporation's financial assets and they remain measured at amortised cost.

The Corporation has elected to use the simplified approach for measuring the impairment of its trade receivables. This practical expedient allows for the expected credit losses to be calculated using a provision matrix based on historical experience over the expected life of the trade receivables adjusted for forward-looking estimates.

The adoption of AASB 9 does not have a material effect on the classification of the Corporation's financial liabilities as the classification requirements remain largely unchanged from the previous standard.

AASB 15 Revenue from Contracts with Customers

The Corporation has adopted *AASB 15 Revenue from Contracts with Customers* for the first time for the reporting period commencing 1 July 2018, using the cumulative effect method upon adoption. Accordingly, there has been no restatement to prior period balances. There have been no material changes to the way revenue is recognised under the preceding standards. The Corporation has a variety of income sources including sale of water, sewerage income, grants and customer contributions and developer charges.

Standards and interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations relevant to the Corporation listed below were in issue but not yet effective. The Corporation does not intend to adopt any of these pronouncements before their effective dates.

Standard	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 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet	1 January 2019	30 June 2020	<p>The assessment has indicated that most operating leases will be on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal negative impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within the financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>TasWater will be adopting the modified retrospective approach with any initial cumulative adjustment to the opening balance of retained earnings. TasWater will also be utilising the practical expedient that allows the application of AASB 16 to existing contracts that were previously identified as leases under AASB 17 and to new contracts entered into after 1 July 2019.</p> <p>It is estimated on 1 July 2019, TasWater will recognise a \$10,940,743 right of use asset and a corresponding \$10,940,743 lease liability. The impact on the profit and loss for FY2019/20 is an estimated increase in expenditure of \$455,943.</p>

2. Summary of significant accounting policies (continued)

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 Correction of prior period error

During the year, the Corporation capitalised certain assets that had reached practical completion prior to 1 July 2018. Depreciation on these assets relating to prior financial years has been accounted for by restating each of the affected financial statement line items for prior periods as follows:

Statement of Comprehensive Income (extract)

	30 June 2018		
	Previous amount \$'000	Adjustment \$'000	Restated amount \$'000
Depreciation and Amortisation Expense	70,066	3,530	73,596
Profit before income tax	60,986	(3,530)	57,456
Income tax expense	18,301	(1,059)	17,242
Net profit after income tax equivalents	42,685	(2,471)	40,214

Statement of Financial Position (extract)

	30 June 2018			30 June 2017		
	Previous amount \$'000	Adjustment \$'000	Restated amount \$'000	Previous amount \$'000	Adjustment \$'000	Restated Amount \$'000
Property, plant and equipment	2,148,122	(6,634)	2,141,488	2,026,187	(3,601)	2,022,586
Intangible assets	18,080	(1,186)	16,894	19,804	(688)	19,116
Deferred tax assets	32,791	2,346	35,137	41,678	1,287	42,965
Total non-current assets	2,199,821	(5,474)	2,194,347	2,088,703	(3,003)	2,085,700
Total Assets	2,248,997	(5,474)	2,243,523	2,148,831	(3,003)	2,145,828
Net Assets	1,605,615	(5,474)	1,600,141	1,580,433	(3,003)	1,577,430
Retained profit	53,691	(5,474)	48,217	28,506	(3,003)	25,503
Total Equity	1,605,615	(5,474)	1,600,141	1,580,433	(3,003)	1,577,430

Retained profits include reduction in income tax expense of 30% from net profit movement.

2.5 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 of operations 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 2019	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
Revenue				
Service Charges (including Trade Waste)	83,095	154,725	105	237,925
Usage Charges (including Trade Waste)	62,160	7,478	2,072	71,710
Government-Funded Concessions	4,341	3,941	-	8,282
Government Grants and Compensation	1,360	28	-	1,388
Interest Received	285	317	-	602
Other	20,458	18,185	489	39,132
Total Revenue	171,699	184,674	2,666	359,039
Expenses				
Operations and Maintenance (including Raw Materials)	44,826	43,257	485	88,568
Employee-Related Expenses	45,258	48,659	3	93,920
Administration Expenses	10,653	11,541	126	22,320
Depreciation and Amortisation Expenses	46,372	36,818	698	83,888
Finance Expenses	10,756	8,420	207	19,383
Revaluation Decrement	246,150	-	-	246,150
Total Expenses	404,015	148,695	1,519	554,229
Profit/(Loss) Before Tax (continuing operations)	(232,316)	35,979	1,147	(195,190)
Income Tax Equivalent Expense	14,208	36,953	1,178	52,339
Profit/(Loss) After Tax (continuing operations)	(246,524)	(974)	(31)	(247,529)

4. Operating segments (continued)

Segment Results Year Ended 30 June 2018	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
Revenue				
Service Charges (including Trade Waste)	78,065	147,400	102	225,567
Usage Charges (including Trade Waste)	58,233	7,182	2,000	67,415
Government-Funded Concessions	4,345	3,946	-	8,291
Government Grants and Compensation	1,404	-	-	1,404
Interest Received	283	319	-	602
Other	16,405	16,048	535	32,988
Total Revenue	158,735	174,895	2,637	336,267
Expenses				
Operations and Maintenance (including Raw Materials)	37,481	36,416	339	74,236
Employee-Related Expenses	44,592	45,239	4	89,835
Administration Expenses	10,592	10,727	119	21,438
Depreciation and Amortisation Expenses	38,580	34,354	662	73,596
Finance Expenses	10,623	8,856	227	19,706
Total Expenses	141,868	135,592	1,351	278,811
Profit Before Tax (continuing operations)	16,867	39,303	1,286	57,456
Income Tax Equivalent Expense	5,062	11,794	386	17,242
Profit After Tax (continuing operations)	11,805	27,509	900	40,214

Recognition and measurement

The Corporation has voluntarily partially adopted AASB 8 *Operating Segments*. The disclosure requirements of AASB 8 do not apply to the Corporation as they are only applicable to entities with publicly traded shares and debentures. However, the Corporation believes the voluntary disclosure of segment information will assist readers to better assess and understand the Corporation's financial performance.

Information reported to the Corporation's Chief Executive Officer (CEO) for the purposes of resource allocation and assessment of segment performance is predominantly focused on the provision of two regulated services: water and sewerage. Information relating to a third segment, other, is also provided and incorporates non-regulated services such as reuse and irrigation. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. With the exception of property, plant and equipment, no asset and liability information is reported to the CEO for the purposes of resource allocation and assessment of segment performance. Property, plant and equipment information is provided in Note 11.

5. Revenue and other income

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

	2019 \$'000	2018 \$'000
Sales revenue		
Water - Service Charge	79,705	75,943
Sewerage - Service Charge	151,599	144,036
Water - Usage Charge	61,390	57,374
Irrigation Income	1,125	1,127
Trade Waste Income	11,355	10,785
State Government Funded Concessions	8,282	8,291
Other Fees and Charges including New Connections	11,753	9,723
Total Sales Revenue	325,209	307,279
Other revenue		
Contributed Assets and Headwork Charges	29,635	24,458
Government Grants	1,388	1,404
Insurance Recovery - Flood Event	541	-
Other	2,266	3,126
Total Other Revenue	33,830	28,988
Total Revenue	359,039	336,267

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable.

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. 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.

Customer contributions and developer charges

Customer contributions and developer charges received for no consideration are recognised at fair value and treated as revenue when received unless they are directly associated with an incomplete capital project, in which case they are included as a liability and capital work in progress in the Statement of Financial Position and recognised when the project is completed.

OS Financial Report

6. Expenses

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

	2019 \$'000	2018 \$'000
Raw material and consumables		
Power Costs	14,899	13,003
Chemicals	9,095	8,411
Water Commission Rights	2,760	2,628
Total	26,754	24,042
Depreciation expenses		
Infrastructure Assets	67,638	61,097
Buildings and Leasehold Improvements	1,398	1,263
Other Assets	6,153	7,762
Total	75,189	70,122
Amortisation expenses		
Intangibles	8,699	3,474
Total	8,699	3,474
Total Depreciation and Amortisation Expenses	83,888	73,596
Employee and related expenses		
Remuneration and On-Costs	93,367	90,985
Less Capitalised Salaries	(5,216)	(4,837)
Restructure Costs	2,157	265
Other Employee and Related Expenses	3,612	3,422
Total	93,920	89,835
Operations and maintenance expenses		
Maintenance and Planning	46,709	37,943
Property Costs	7,442	7,440
Motor Vehicles	3,064	2,715
Flood Recovery Expenses	958	246
Other Operations and Maintenance	3,641	1,850
Total	61,814	50,194

6. Expenses (continued)

	2019 \$'000	2018 \$'000
Administration expenses		
Insurance	2,315	1,924
Billing Costs	2,591	2,839
Property Costs	1,189	809
Information Systems and Communications	6,153	6,268
Regulatory Fees	2,630	3,237
Other Administration	7,442	6,361
Total	22,320	21,438
Finance expenses		
Interest Expenses - Borrowings	20,990	19,265
Loan Guarantee Fee Expense (paid to Owner Councils)	1,335	2,741
Less Amount Capitalised ¹	(2,942)	(2,698)
Interest Expense - Superannuation	-	398
Total	19,383	19,706
Asset Revaluation Decrement		
Revaluation decrease on water infrastructure assets	246,150	-
Total	246,150	-
Total Expenses	554,229	278,811

¹ Average capitalisation rate is 3.94 per cent per annum (2018: 4.40 per cent per annum)

Recognition and measurement

Leased property, plant and equipment

Leases of property, plant and equipment 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 accounting periods covered by the lease terms, except where an alternative basis would be more representative of the patterns of benefits to be derived from the leased property.

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.

Included in finance expenses is the Loan Guarantee Fee (LGF) which is administered by the Department of Treasury and Finance. The purpose of the LGF is to neutralise the competitive advantage of the Corporation having access to funding through the Tasmanian Public Finance Corporation (Tascorp). The LGF is payable to Owner Councils. Under Section 9 of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018*, which repealed section 22 (Payment of guarantee fees) of the *Water and Sewerage Corporation Act 2012*, TasWater ceased paying loan guarantee fees from 1 January 2019.

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

Flood event

Infrastructure assets across northern and north-western Tasmania suffered significant damage due to the severe weather and flooding event in June 2016. The Corporation has outlaid \$5,393,961 (2018: \$3,737,469) to address the damage caused. The recovery costs were a combination of capital items \$2,925,869 (2018: \$2,271,316) and operating costs \$2,468,092 (2018: \$1,466,153). Total insurance recoveries were \$2,991,259 (2018: \$2,450,000). The final insurance claim was received during the current financial year.

7. Income tax equivalents

Under Section 9 of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018*, which repealed section 23 (Payment of tax equivalents) of the *Water and Sewerage Corporation Act 2012*, TasWater was withdrawn from the National Tax Equivalent Regime from 1 January 2019. Income tax equivalents expense on the profit for the year comprises current and deferred tax from 1 July 2018 to 31 December 2018.

7.1 Income tax equivalents recognised in the Statement of Comprehensive Income

	2019 \$'000	2018 \$'000
Current tax equivalents	6,706	9,841
Deferred tax equivalents	2,994	7,401
Write-off deferred tax balances	42,639	-
Total income tax equivalents expense	52,339	17,242

Attributable to continuing operations	52,339	17,242
--	---------------	---------------

The prima facie income tax equivalents on pre-tax accounting profit from operations reconcile to the income tax equivalents in the financial statements as follows:

Profit from continuing operations	(195,190)	57,456
Income tax equivalents calculated at 30%	(58,557)	17,236
Non-deductible expenses	2	6
Non-deductible accounting loss post 31 December 2018 ¹	68,255	-
Write-off deferred tax balances ¹	42,639	-
Total income tax equivalents expense	52,339	17,242

¹ These items have arisen due to TasWater's withdrawal from the National Tax Equivalent Regime from 1 January 2019.

The tax equivalent rate used in the reconciliation above is the national tax equivalent rate of 30 per cent payable by Australian national tax equivalent entities on profits under Australian tax law.

7.2 Income tax recognised directly in equity

The following current and deferred tax equivalents were charged directly to equity during the period:

	2019 \$'000	2018 \$'000
Deferred tax - actuarial (gain)/loss on defined benefit scheme	162	(428)
Deferred tax - reversal of tax impact of prior year revaluations ¹	10,334	-
Total income tax recognised directly in equity	10,496	(428)

¹ These items have arisen due to TasWater's withdrawal from the National Tax Equivalent Regime from 1 January 2019.

7.3 Current tax equivalent assets and liabilities

Current tax equivalent liabilities comprise:

	2019 \$'000	2018 \$'000
Opening balance liability/(asset)	1,725	737
National tax equivalent payable	6,706	9,842
Instalments paid - in respect of prior years	(1,725)	(737)
Instalments paid - current year	(5,086)	(8,117)
Closing balance liability/(asset)	1,620	1,725

7. Income tax equivalents (continued)

7.4 Deferred tax equivalent assets

Deferred tax equivalent assets comprise:

	2019 \$'000	2018 \$'000
Tax losses - revenue	-	9,083
Temporary differences	-	26,054
Closing balance asset/(liability)	-	35,137

Taxable and deductible differences arise from the following:

	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Acquisitions/ Disposals \$'000	Closing Balance \$'000
30 June 2019					
Deferred tax equivalent assets					
Provisions	11,720	(11,882)	162	-	-
Tax losses	9,083	(9,083)	-	-	-
Property, plant and equipment	4,965	(15,299)	10,334	-	-
Other	9,369	(9,369)	-	-	-
Total deferred tax equivalent assets	35,137	(45,633)	10,496	-	-
Attributable to continuing operations	35,137				-

	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Acquisitions/ Disposals \$'000	Closing Balance \$'000
30 June 2018					
Deferred tax equivalent assets					
Provisions	11,721	427	(428)	-	11,720
Tax losses	10,424	(1,341)	-	-	9,083
Property, plant and equipment	10,263	(5,298)	-	-	4,965
Other	10,557	(1,188)	-	-	9,369
Total deferred tax equivalent assets	42,965	(7,400)	(428)	-	35,137
Attributable to continuing operations	42,965				35,137

Recognition and measurement

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

Current tax is the expected tax payable on the taxable income for the period 1 July 2018 to 31 December 2018, using tax rates enacted or substantially enacted at 31 December 2018, and any adjustment to tax payable in respect of previous years.

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

8. Contributed Equity

	2019 Shares '000	2019 Amount \$'000	2018 Shares '000	2018 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	-	-	-	-
- share issue	1,000	20,000	-	-
Crown shares issued and fully paid	1,000	20,000	-	-
Total shares issued and fully paid	91,000	1,547,814	90,000	1,527,814
Total authorised share capital	100,000		90,000	

In May 2018, TasWater entered into an MOU with the State Government that granted the State Government the right to subscribe for a 10 per cent ownership interest in TasWater over 10 years commencing in January 2019. On 27 September 2018, TasWater Owner's Representatives approved a Share Subscription and Implementation Agreement to facilitate the issuance of shares to the State Government and associated amendments to the Corporation's Constitution and Shareholders' Letter of expectations. On 10 December 2018 the *Water and Sewerage Corporation Legislation (Corporate Governance and Pricing) Amendment Act 2018* was passed by Parliament, enabling the State Government to subscribe for an ownership interest in TasWater.

On 3 January 2019, the State Government subscribed for a one per cent ownership interest in TasWater in exchange for \$20,000,000. 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 in all respects, except for voting and dividend rights.

In terms of voting rights, certain matters require a Government Member Resolution. A Government Member Resolution is one in which only the Crown's Owner's Representative is entitled to vote, and which the Crown's Owner's Representative votes in favour of.

The matters requiring a Government Member Resolution are:

- (a) any amendment or revocation and substitution of the Shareholders' Letter of Expectations which involves a change to the process for adoption and amendment of the Corporation's corporate plan;
- (b) any amendments to:
 - (i) the role of the Crown's Owner's Representative in the process to approve, or request amendments to, the corporate plan; or
 - (ii) the Crown's Owner's Representative's role in the mechanism to avoid deadlock in the event that there is any dispute over adopting any amendments to the corporate plan;
- (c) any amendments to the role of the Crown's Owner's Representative on the Selection Committee;
- (d) any amendments to the right of the Crown's Owner's Representative to be consulted in relation to the appointment of the Chief Executive Officer; and
- (e) any amendments to how these voting rights are applied.

8. Contributed Equity (continued)

In terms of dividend rights, the Crown in the Right of Tasmania is not entitled to any dividends, although it would participate in the distribution of any surplus net assets in the event of a wind-up.

The shareholders are not permitted to dispose of the shares they hold in TasWater, but, they are able to transfer shares to other shareholders in a manner that reflects the current distribution of the shares between those shareholders.

Recognition and measurement

Contributions received are recognised on receipt of the payment from the State Government.

9. Dividends

On 28 February 2019, the Board of the Corporation approved the payment of an interim dividend of \$488,649 (2018: \$6,885,803). This interim dividend was paid on 28 February 2019.

On 25 June 2019, the Board approved the payment of a further dividend of \$10,000,000 (2018: \$11,613,294), which was paid on 28 June 2019. 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.

OS Financial Report

10. Current assets

10.1 Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at Bank and on Hand	4,770	2,262
Total cash and cash equivalents	4,770	2,262

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

Net Profit before Income Tax Equivalents	(195,190)	57,456
Depreciation and Amortisation Expenses	83,888	73,596
Revaluation Decrement	246,150	-
Grants of Assets	(1,388)	(1,404)
Loss/(gain) on Sale of Non-current Assets	1,947	287
Contributed Assets	(28,652)	(23,545)

Changes in assets and liabilities

(Increase) Decrease in Receivables	(1,942)	10,311
(Increase) Decrease in Inventory	(803)	(186)
(Increase) Decrease in Prepayments	(532)	876
Increase (Decrease) in Payables	(4,891)	9,134
Increase (Decrease) in Employee Benefits	2,761	(5,544)
Increase (Decrease) in Unearned Income	(1,127)	207
Increase (Decrease) in Other Liabilities	(1,212)	5,478
Income Tax Equivalents Paid	(6,811)	(8,855)

Cash Inflows from Operating Activities	92,198	117,811
---	---------------	----------------

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

Cash at Bank and on Hand	4,770	2,262
Cash as per Statement of Cash Flows	4,770	2,262

10. Current assets (continued)

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

30 June 2019 Liabilities	Cash Flows			Closing Balance \$'000
	Opening Balance \$'000	Cash Received \$'000	Cash Repayment \$'000	
Borrowings	539,218	347,000	(316,833)	569,385

30 June 2018 Liabilities	Cash Flows			Closing Balance \$'000
	Opening Balance \$'000	Cash Received \$'000	Cash Repayment \$'000	
Borrowings	474,902	256,550	(192,234)	539,218

Recognition and measurement

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

10.2 Receivables

	2019 \$'000	2018 \$'000
Current Receivables		
Contractual		
Trade receivables	32,034	24,118
Less allowance for impaired trade receivables	(2,906)	(2,861)
Unbilled water and sewerage income	11,036	12,569
Other current receivables	6	3,161
	40,170	36,987
Statutory		
GST input tax credit receivables	965	2,091
Total Current Receivables	41,135	39,078
Non-current Receivables		
Deferred payment receivables	713	828
Total Non-current Receivables	713	828
Total Receivables	41,848	39,906

An ageing analysis of receivables is provided in Note 174

10. Current assets (continued)

	2019 \$'000	2018 \$'000
Movement in allowance for impaired trade receivables		
Opening balance	(2,861)	(4,010)
Increase in allowance	(1,297)	(485)
Reversal of prior year write-off	-	(1)
Amounts written off during the year	1,252	1,635
Closing balance	(2,906)	(2,861)

Recognition and measurement

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

Statutory Receivables, such as Goods and Services Tax (GST) input tax credit recoverable are not classified as financial instruments as they do not arise from contracts. They are recognised and measured similarly to contractual receivables (except for impairment).

The Corporation makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Corporation used its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

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 past payment experience. Debts are written off when collection is no longer probable.

10.3 Inventories

	2019 \$'000	2018 \$'000
Stores and consumables	6,983	6,198
Less allowance for obsolete stock	(299)	(317)
Total	6,684	5,881

Recognition and measurement

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

11. Property, plant and equipment

	2019 \$'000	2018 \$'000
Infrastructure assets - water		
At Fair Value	940,361	1,042,429
Accumulated Depreciation	(190,498)	(153,369)
Net book value	749,863	889,060
Infrastructure assets - sewerage		
At Fair Value	1,463,442	908,224
Accumulated Depreciation	(172,053)	(148,014)
Net book value	1,291,389	760,210
Freehold land		
At Fair Value	83,490	83,369
Net book value	83,490	83,369
Buildings and leasehold improvements		
At Fair Value	54,861	32,157
Accumulated Depreciation	(32,664)	(4,889)
Net book value	22,197	27,268
Other Assets		
At Cost	62,729	58,121
Accumulated Depreciation	(32,664)	(28,959)
Net book value	30,065	29,162
Work in progress		
At Cost	255,702	352,419
Net book value	255,702	352,419
Total property, plant and equipment	2,432,706	2,141,488

11. Property, plant and equipment (continued)

Recognition and measurement

The Corporation uses the revaluation methodology in accordance with AASB 116 *Property, Plant and Equipment* and measures fair value in accordance with AASB 13 *Fair Value Measurement*.

Infrastructure, Freehold Land and Building assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment losses, where applicable. The initial cost is determined as the purchase value of the asset at the date of acquisition plus costs incidental to the acquisition. Developer contributions received for no consideration are recorded at fair value. The cost of fixed assets constructed by the Corporation includes the cost of all materials used in construction, applicable finance expenses and the cost of direct labour on the project. Internal labour and other related costs may also form part of the project cost.

Other Assets are stated at cost less accumulated depreciation and accumulated impairment adjustments. Other Assets include motor vehicles, furniture, fittings, telemetry equipment and IT hardware.

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

Depreciation

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

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

- Dams / Earthworks 100 – 135 years
- 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.

11. Property, plant and equipment (continued)

Movements in carrying amounts

Asset Group (\$'000)	Infrastructure Assets - Water at Fair Value Level 3	Infrastructure Assets - Sewerage at Fair Value Level 3	Freehold Land at Fair Value Level 2	Freehold Land at Fair Value Level 3	Buildings & Leasehold Improvements at Fair Value Level 2	Buildings & Leasehold Improvements at Fair Value Level 3	Other Assets at Cost	Assets under Construction at Cost	Total
Net Book Values as at 1 July 2018	889,060	760,210	81,026	2,343	19,817	7,451	29,162	352,419	2,141,488
Contributed Assets at Fair Value	15,578	12,860	-	-	-	-	-	-	28,438
Additions at Cost	-	-	-	-	-	-	-	124,992	124,992
Transfers from Work in Progress	133,309	64,243	456	62	328	86	10,401	(208,885)	-
Transfers between Asset Classes	(1,854)	(4,361)	428	(423)	2,327	(6,284)	(1,387)	(12,824)	(24,378)
Disposals	(2,263)	(755)	(6)	-	-	-	(1,958)	-	(4,982)
Revaluation increment	-	488,326	-	66	-	95	-	-	488,487
Revaluation decrement	(245,463)	-	-	(462)	-	(225)	-	-	(246,150)
Assets transferred to Held for Sale	-	-	-	-	-	-	-	-	-
Depreciation Expenses	(38,504)	(29,134)	-	-	(1,213)	(185)	(6,153)	-	(75,189)
Net Book Values as at 30 June 2019	749,863	1,291,389	81,904	1,586	21,259	938	30,065	255,702	2,432,706

11. Property, plant and equipment (continued)

Asset Group (\$'000)	Infrastructure Assets - Water at Fair Value Level 3	Infrastructure Assets - Sewerage at Fair Value Level 3	Freehold Land at Fair Value Level 2	Freehold Land at Fair Value Level 3	Buildings & Leasehold Improvements at Fair Value Level 2	Buildings & Leasehold Improvements at Fair Value Level 3	Other Assets at Cost	Assets under Construction at Cost	Total
Net Book Values as at 1 July 2017	860,443	743,696	80,841	2,343	14,767	7,451	27,202	285,843	2,022,586
Contributed Assets at Fair Value	11,432	12,690	-	-	-	-	-	-	24,122
Additions at Cost	6,283	2,277	-	-	6	-	503	157,168	166,237
Transfers from Work in Progress	43,285	30,820	95	-	6,307	-	10,085	(90,592)	-
Transfers between Asset Classes	(211)	(7)	220	-	-	-	(2)	-	-
Disposals	(283)	(58)	(125)	-	-	-	(864)	-	(1,330)
Assets transferred to Held for Sale	-	-	(5)	-	-	-	-	-	(5)
Depreciation Expenses	(31,889)	(29,208)	-	-	(1,263)	-	(7,762)	-	(70,122)
Net Book Values as at 30 June 2018	889,060	760,210	81,026	2,343	19,817	7,451	29,162	352,419	2,141,488

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
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

11. Property, plant and equipment (continued)

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 3 to 5 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 2016 by Jardine Lloyd Thompson Pty Ltd (JLT) using a fair value approach. The fair value measurement of the freehold land and buildings has been categorised as either Level 2 or Level 3 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 capitalised income approach was utilised where the building would be predominantly bought by investors. The building was assessed by applying a yield to the potential rental return from the building based on market evidence analysed by JLT. Where market based evidence of fair value is not applicable due to the specialised nature of an asset the depreciated replacement cost approach has been used which takes into account physical deterioration, functional, and economic obsolescence. Assets valued using the depreciated replacement cost approach have been categorised as a Level 3 value.

Infrastructure assets

Due to the specialised nature of the Corporation's infrastructure assets, fair value is estimated using the income approach (based on discounted cash flows). This involves discounting the forecast stream of cash flows to both debt and equity investors at a weighted average cost of capital (WACC), which represents an estimated hypothetical market participant's discount rate.

As at 30 June 2019, the Corporation compared the carrying value of infrastructure assets to a range of fair values calculated using the income approach. The range has been established by progressively modelling sensitivities to key significant unobservable inputs to generate a series of future cash flows.

The Corporation's infrastructure asset valuation methodology was reviewed by an independent expert during the financial year ending 30 June 2017. The independent expert considered the approach taken by the Corporation to be in line with Australian accounting standards.

Based on the outcomes of the fair values determined under this approach, the Corporation has determined that the existing carrying value for water infrastructure assets was overstated as at the end of the reporting period by \$246,149,864, and a valuation adjustment to decrease the value was required. Additionally, the Corporation has determined that the existing carrying value for sewerage infrastructure assets was understated by \$488,486,548 as at the end of the reporting period and a valuation adjustment to increase the value 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.

11. Property, plant and equipment (continued)

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 and buildings and improvements located at treatment plants. The Corporation has established upper and lower fair value thresholds for each Cash Generating Unit by progressively modelling the below sensitivities.

Unobservable Input	Basis for Inputs 30/06/2018	Basis for Inputs 30/06/2019	Range of Sensitivities to Base Considered	Relationship of Unobservable Inputs to Fair Value
Discount rate	Real pre-tax weighted average cost of capital of 4.44% per annum. The Risk Free Rate of 3.28% was calculated as the simple averages of the 10-year Commonwealth Government bond rate over the previous 40 business days and over the last 10 years.	Real pre-tax weighted average cost of capital of 3.73% per annum. The Risk Free Rate of 2.51% was calculated as the simple averages of the 10-year Commonwealth Government bond rate over the previous 40 business days and over the last 10 years.	None	The higher the discount rate, the lower the fair value.
Perpetuity factor	10-year discount period with a terminal value, based on a perpetuity factor of 24.16 applied for subsequent years.	10-year discount period with a terminal value, based on a perpetuity factor of 29.24 applied for subsequent years	None	The higher the perpetuity factor, the higher the fair value.
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 2.50% to 3.50%. Fixed Sewerage Revenue Growth range 2.50% to 3.50%	The higher the revenue growth rate, the higher the fair value.
Nominal average cost increase	Based on the most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 2.25% per annum.	Based on the most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 2.38% per annum.	None	The higher the nominal average cost increase, the lower the fair value.
Nominal labour cost increase	Based on the most recent expenditure forecast and Corporate Plan, incorporating nominal average labour cost increase of 3.00% per annum.	Based on the most recent expenditure forecast and Corporate Plan, incorporating nominal average labour cost increase of 3.00% per annum.	None	The higher the nominal average labour 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 46% to 54% Sewerage Renewal range 44% to 56%	The higher the renewal capital spend, the lower the fair value.

11. Property, plant and equipment (continued)

Cost disclosure

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

If property, plant and equipment were measured at depreciated replacement cost, the carrying amounts at 30 June would be as follows:

As at 30 June 2019:

Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets Under Construction	Total
Depreciated replacement cost	1,830,259	1,805,480	64,681	36,664	81,609	255,702	4,074,395
Accumulated depreciation	(516,662)	(513,422)	-	(16,885)	(81,609)	-	(1,128,578)
Net Carrying Amount	1,313,597	1,292,058	64,681	19,779	-	255,702	2,945,817

As at 30 June 2018:

Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets Under Construction	Total
Depreciated replacement cost	1,688,659	1,736,243	64,164	34,373	75,266	352,419	3,951,124
Accumulated depreciation	(419,521)	(469,736)	-	(8,863)	(71,547)	-	(969,667)
Net Carrying Amount	1,269,138	1,266,507	64,164	25,510	3,719	352,419	2,981,457

The Corporation deemed cost as at 1 July 2014 to be the depreciated replacement cost as noted above. If plant and equipment were measured using the cost model, the carrying amounts at 30 June would be as follows:

As at 30 June 2019:

Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets Under Construction	Total
Cost	3,106,781	2,671,974	64,681	31,385	83,695	255,702	6,214,218
Accumulated depreciation	(1,793,184)	(1,379,916)	-	(11,606)	(83,695)	-	(3,268,401)
Net Carrying Amount	1,313,597	1,292,058	64,681	19,779	-	255,702	2,945,817

As at 30 June 2018:

Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets Under Construction	Total
Cost	2,965,181	2,602,737	64,164	34,931	77,352	352,419	6,096,784
Accumulated depreciation	(1,696,043)	(1,336,230)	-	(9,421)	(73,633)	-	(3,115,327)
Net Carrying Amount	1,269,138	1,266,507	64,164	25,510	3,719	352,419	2,981,457

12. Intangibles

	2019 \$'000	2018 \$'000
Intangibles		
At Cost	57,252	27,116
Accumulated Amortisation	(29,475)	(12,864)
Net book value	27,777	14,252
Work in progress		
At Cost	11,965	2,642
Total	11,965	2,642
Total intangibles	39,742	16,894

Movements in carrying amounts

	Intangibles \$'000	Work in Progress \$'000	Total \$'000
Net Book Values as at 1 July 2018	14,252	2,642	16,894
Additions at Cost	-	7,169	7,169
Transfers from Work in Progress	10,670	(10,670)	-
Transfers between Asset Classes	11,554	12,824	24,378
Amortisation Expenses	(8,699)	-	(8,699)
Net Book Values as at 30 June 2019	27,777	11,965	39,742
Net Book Values as at 1 July 2017	15,093	4,023	19,116
Additions at Cost	149	1,103	1,252
Transfers from Work in Progress	2,484	(2,484)	-
Amortisation Expenses	(3,474)	-	(3,474)
Net Book Values as at 30 June 2018	14,252	2,642	16,894

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.

12. Intangibles (continued)

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
- 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 ten years.

13. Current and non-current liabilities

13.1 Payables

	2019 \$'000	2018 \$'000
Contractual		
Trade Creditors	5,864	16,156
Accrued Expenses	24,101	18,700
Total	29,965	34,856

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 with 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. Current and non-current liabilities (continued)

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.

	2019 \$'000	2018 \$'000
Current Borrowings	87,282	90,833
Non-current Borrowings	482,103	448,385
Total borrowings	569,385	539,218

Credit facilities

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

	2019 \$'000	2018 \$'000
Master loan borrowing limit - Tascorp		
Facility	625,000	590,000
Less used/committed	(569,385)	(539,218)
Unused facility	55,615	50,782
Corporate MasterCard		
Facility	300	300
Less used/committed	(49)	(44)
Unused facility	251	256

13.3 Unearned income

	2019 \$'000	2018 \$'000
Current		
Government grants	1,635	1,358
Customer contributions	298	408
Other	124	120
Total current	2,057	1,886
Non-current		
Government grants	28,515	29,813
Total non-current	28,515	29,813
Total unearned income	30,572	31,699

13. Current and non-current liabilities (continued)

13.4 Other liabilities

	2019 \$'000	2018 \$'000
Current		
Provision for rehabilitation	5,806	3,863
Total current	5,806	3,863
Non-current		
Provision for rehabilitation	3,595	6,750
Total non-current	3,595	6,750
Total Other Liabilities	9,401	10,613
Movement in Provision		
Opening Balance	10,613	5,134
New provisions raised	365	4,757
Outflows during the year	(1,040)	(178)
Re-measurement	(537)	900
Closing Balance	9,401	10,613

Recognition and measurement

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 which has been decommissioned during the year and plans to decommission in 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.

14. Asset revaluation reserve

	2019 \$'000	2018 \$'000
Asset Revaluation Reserve	522,831	24,110
Movement in Reserve		
Opening Balance	24,110	24,113
Disposals - Level 2 assets	-	(3)
Revaluation decrement - Level 2 assets	(100)	-
Revaluation increment - Level 3 assets	488,487	-
Reversal of tax impact of prior revaluations	10,334	-
Closing Balance Asset Revaluation Reserve	522,831	24,110

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

15. Employee benefits

	2019 \$'000	2018 \$'000
Current		
Annual Leave	7,627	7,685
Long Service Leave	8,157	7,527
Accrued Days Off	246	205
Defined Benefit Superannuation	739	711
Total current	16,769	16,128
Non-current		
Long Service Leave	2,871	2,161
Defined Benefit Superannuation	8,392	6,982
Total non-current	11,263	9,143
Total employee benefits	28,032	25,271

The employee benefits provision at 30 June 2019 included attributable on-costs & superannuation of \$3,173,449 (2018: \$2,964,741).

Defined Benefit Superannuation Plans

Statement of financial position results as at 30 June - Net liability/(asset)	Quadrant		RBF		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current net liability/(asset)	-	-	739	711	739	711
Non-current net liability/(asset)	551	(348)	7,841	7,330	8,392	6,982
Total	551	(348)	8,580	8,041	9,131	7,693

Reconciliation of Fair Value of Scheme Assets	Quadrant		RBF		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Fair value of plan assets at beginning of the year	14,078	14,783	1,873	1,887	15,951	16,670
Employer contributions	428	444	614	946	1,042	1,390
Contributions by plan participants	209	220	32	44	241	264
Taxes and expenses paid	(120)	(133)	-	-	(120)	(133)
Benefits paid	(1,549)	(2,848)	(771)	(1,278)	(2,320)	(4,126)
Expected return on plan assets (including interest income)	391	394	36	274	427	668
Expected assets at year end	13,437	12,860	1,784	1,873	15,221	14,733
Actuarial gain/(loss) on assets	733	1,218	-	-	733	1,218
Individual plan assets at year end	14,170	14,078	1,784	1,873	15,954	15,951
Actual return on plan assets	1,124	1,612	36	274	1,160	1,886

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

15. Employee benefits (continued)

	Quadrant		RBF		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Present Value of the Defined Benefit Obligations						
Present value of defined benefit obligations at beginning of the year	13,730	15,293	9,914	10,988	23,644	26,281
Current service cost	372	413	39	88	411	501
Interest cost	381	408	407	463	788	871
Contributions by plan participants	209	220	32	44	241	264
Taxes and expenses paid	(120)	(133)	-	-	(120)	(133)
Benefits paid	(1,549)	(2,848)	(771)	(1,278)	(2,320)	(4,126)
Expected defined benefit obligations at year end	13,023	13,353	9,621	10,305	22,644	23,658
Actuarial loss/(gain) on liabilities	1,698	377	743	(391)	2,441	(14)
Present value of defined benefit obligations at end of the year	14,721	13,730	10,364	9,914	25,085	23,644

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 also contributes to a number of complying accumulated benefits superannuation funds in accordance with the *Superannuation Guarantee (Administration) Act 1992*. Commonwealth contributions are expensed as they are made.

The Corporation makes contributions to two defined benefit superannuation plans, Quadrant Superannuation Scheme (Quadrant) and the Retirement Benefits Fund (RBF). Quadrant was transferred into Tasplan with effect from 1 December 2015, via a successor fund transfer that leaves the Corporation's superannuation obligations substantially unchanged. The Corporation also makes superannuation contributions for a number of its employees to another Quadrant sub-fund, the Quadrant Defined Benefits Fund. The Quadrant Defined Benefits Fund is a multi-employer sponsored plan, where the Fund's assets and liabilities are pooled and are not allocated by the 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.

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

In addition, the Corporation contributes to other accumulation schemes on behalf of a number of employees. However, the Corporation has no ongoing responsibility to fund any deficiencies that may occur in those schemes.

16. Compensation of key management personnel

	2019	2018
Directors		
Short-Term	463,104	478,543
Other Long-Term	-	-
Post-Employment (superannuation)	43,275	45,460
Termination Benefits	-	-
Total directors	506,379	524,003
Other key management personnel		
Short-Term	2,503,639	2,486,099
Other Long-Term	56,745	89,887
Post-Employment (superannuation)	195,928	211,981
Termination Benefits	21,788	-
Total other key management personnel	2,778,100	2,787,967
Total compensation of key management personnel	3,284,479	3,311,970

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

17. Financial instruments

17.1 Managing financial risk

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

17.2 Financial assets and financial liabilities

AASB 9 *Financial Instruments* replaces the existing standard AASB 139 *Financial Instruments: Recognition and Measurement* and revises classification, measurement and disclosure of financial assets and liabilities. It reduces the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by the Corporation's business model for holding the particular asset and its contractual cash flows.

The Corporation has applied this standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require the Corporation to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of accumulated surpluses for transitional effects of re-measurement. The Corporation has assessed that there were no changes in measurement upon initial application of AASB 9 and therefore no adjustment to opening balance of accumulated surpluses.

17. Financial instruments (continued)

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

Financial Instruments	Notes	Classification under AASB 9	Carrying Amount under AASB 9 30 June 2019 \$'000	Carrying Amount under AASB 9 30 June 2018 \$'000
Financial Assets				
Cash and cash equivalents	10.1	Amortised cost	4,770	2,262
Receivables	10.2	Amortised cost	40,883	37,815
Total			45,653	40,077
Financial Liabilities				
Payables	13.1	Amortised cost	29,965	34,856
Borrowings	13.2	Amortised cost	569,385	539,218
Total			599,350	574,074

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. There have been no changes in recognition or measurement categories upon initial application of AASB 9.

Financial assets

Financial assets are classified as cash and cash equivalents and receivables. The Corporation does not currently hold, nor is it likely to hold, any financial assets classified 'at fair value through the Statement of Comprehensive Income' or 'held-to-maturity' investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Loans and receivables exclude statutory receivables.

Impairment of financial assets

The Corporation makes use of a simplified approach in accounting for trade and other receivables, and records 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 past payment experience. Debts are written off when collection is no longer probable. Impairment losses are recognised in the Statement of Comprehensive Income.

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'.

17. Financial Instruments (continued)

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.

17.3 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.

As at 30 June 2019	Variable interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average interest rate
		< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000			
Financial Assets							
Cash at Bank	4,770	-	-	-	-	4,770	1.50%
Receivables	-	-	-	-	40,883	40,883	
Total financial assets	4,770	-	-	-	40,883	45,653	
Financial Liabilities							
Payables	-	-	-	-	(29,965)	(29,965)	
Borrowings	(41,000)	(46,282)	(222,103)	(260,000)	-	(569,385)	3.62%
Total financial liabilities	(41,000)	(46,282)	(222,103)	(260,000)	(29,965)	(599,350)	
Net Financial (Liabilities) Assets	(36,230)	(46,282)	(222,103)	(260,000)	10,918	(553,697)	

17. Financial instruments (continued)

As at 30 June 2018	Variable interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average interest rate
		< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000			
Financial Assets							
Cash at Bank	2,262	-	-	-	-	2,262	1.75%
Receivables	-	-	-	-	37,815	37,815	
Total financial assets	2,262	-	-	-	37,815	40,077	
Financial Liabilities							
Payables	-	-	-	-	(34,856)	(34,856)	
Borrowings	(40,100)	(50,733)	(228,385)	(220,000)	-	(539,218)	4.28%
Total financial liabilities	(40,100)	(50,733)	(228,385)	(220,000)	(34,856)	(574,074)	
Net Financial (Liabilities) Assets	(37,838)	(50,733)	(228,385)	(220,000)	2,959	(533,997)	

The table above highlights that the Corporation's total exposure to variable interest rates at 30 June 2019 was a net liability of \$36,230,080 (2018: \$37,837,561)

There is sufficient volatility in interest rates and it is reasonably possible rates may change over the next 12 months. The table below shows the impact on net profit and equity of a 0.50 per cent increase and a 0.50 per cent decrease in interest rates.

Interest Rate Sensitivity	30 June 2019		30 June 2018	
	Net Profit higher/(lower) 0.5% increase \$'000	Net Profit higher/(lower) 0.5% decrease \$'000	Profit after tax higher/(lower) 0.5% increase \$'000	Profit after tax higher/(lower) 0.5% decrease \$'000
Cash and Cash Equivalents	24	(24)	8	(8)
Interest Bearing Liabilities - Variable	(150)	150	(140)	140
Total	(126)	126	(132)	132

TasWater was withdrawn from the National Tax Equivalent Regime from 1 January 2019. As a consequence the Corporation's exposure to movements in interest rates is no longer insulated by any associated income tax impact.

17.4 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 17.2, the Corporation's maximum exposure to credit risk at reporting date was \$45,652,515 (2018: \$40,077,168).

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 rating 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.

17. Financial instruments (continued)

The ageing of the Corporation's receivables at reporting date was:

Receivables	30 June 2019		30 June 2018	
	Gross \$'000	Impaired \$'000	Gross \$'000	Impaired \$'000
Not past due	34,110	(793)	30,879	(878)
0 - 30 days	4,667	(129)	4,102	(105)
31 - 60 days	999	(49)	963	(52)
61 - 90 days	894	(78)	874	(51)
91 days and over	3,119	(1,857)	3,858	(1,775)
Total	43,789	(2,906)	40,676	(2,861)

17.5 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 \$88,428,128 at 30 June 2019, its operating cash flows are strong. The deficiency in working capital is due to the existence of current borrowings of \$87,282,284 with short-term maturities. These debt maturities will be refinanced in line with the Corporation's treasury policy which seeks to spread interest rate risk by having approximately 1/10th of the portfolio repricing on an annual basis. If the current borrowings are excluded, the working capital deficiency reduces to \$1,145,844

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
As at 30 June 2019						
Payables	29,965	-	-	-	-	29,965
Borrowings	56,888	49,545	78,013	199,786	283,591	667,823
Total	86,853	49,545	78,013	199,786	283,591	697,788

	3 months or less \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	> 5 years \$'000	Total \$'000
As at 30 June 2018						
Payables	34,856	-	-	-	-	34,856
Borrowings	55,278	54,309	62,880	219,445	244,386	636,298
Total	90,134	54,309	62,880	219,445	244,386	671,154

17.6 Foreign exchange risk

The Corporation is exposed to an insignificant foreign currency risk relating to purchases of supplies and consumables from overseas. While there is a limited amount of purchases denominated in foreign currencies, the risk is further reduced by a short-term timeframe between commitment and settlement. Should a significant foreign currency exposure arise, the Corporation is authorised to enter into a derivative instrument to limit the effect of foreign currency movements. The Corporation did not enter into any derivative instruments during the year.

17. Financial instruments (continued)

17.7 Net fair value

At balance date the Corporation did not hold any financial instruments which have been measured at fair value and recognised in the Statement of Financial Position. At 30 June, the Corporation was not carrying any financial assets or liabilities which were tradeable on an active market with reference to quoted market prices. The Corporation had not entered into any derivatives or forward foreign currency contract at balance date. Accordingly, there are no financial instruments to report in the Level 1, 2 or 3 of the fair value hierarchy for 30 June. 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 2019. The fair value of financial assets and financial liabilities at year end were:

Category	30 June 2019		30 June 2018	
	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	4,770	4,770	2,262	2,262
Receivables	40,883	40,883	37,815	37,815
Total financial assets	45,653	45,653	40,077	40,077
Financial Liabilities				
Borrowings	569,385	609,898	539,218	552,161
Payables	29,965	29,965	34,856	34,856
Total financial liabilities	599,350	639,863	574,074	587,017

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 2019. Borrowings held until maturity are paid at the carrying amount.

17.8 Capital management policy

The Corporation has established a Capital Expenditure Program necessary to achieve business and regulatory objectives as outlined within the Corporation's Price and Service Plan (2018-19 to 2020-21) and Long Term Strategic Plan (2017-18 to 2036-37). The Corporation manages capital to achieve those objectives within financially prudent gearing thresholds while being mindful of providing acceptable returns to shareholders.

18. Related party disclosures

18.1 Board directors

The Board directors during the financial year ended 30 June 2019 and up to the date of this report were:

- Dr Stephen Gumley AO (appointed Chair 30/11/2018)
- Mr Miles Hampton (resigned Chair 29/11/2018)
- Mr Nick Burrows
- Ms Sally Darke
- Mr Vincent (Tony) Kelly
- Mr Peter Lewinsky
- Dr Helen Locher.

18.2 Key management personnel and director transactions

There were no loans made by the Corporation to key management personnel and their related parties during the financial year.

Some 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 external customers.

There were no related party transactions requiring disclosure.

19. Commitments

19.1 Capital commitments

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

	2019 \$'000	2018 \$'000
Payments within 1 year	48,729	64,373
Payments 1 - 5 years	20,738	-
Payments longer than 5 years	-	-
Total capital commitments	69,467	64,373

Reconciliation of Capital Commitments

Building and infrastructure	67,034	62,917
Plant and equipment	184	1,164
Intangibles	2,249	292
Other	-	-
Total capital commitments	69,467	64,373

19. Commitments (continued)

19.2 Lessee expenditure commitments

	2019 \$'000	2018 \$'000
Lease payments expensed during the period	1,088	1,107
Operating Lease Commitments		
Payments within 1 year	899	865
Payments 1 - 5 years	3,305	2,972
Payments longer than 5 years	1,549	2,052
Total lease expenditure commitments	5,753	5,889

Future lease commitments represent payments due on current operating leases for the Corporation's office accommodation, information technology, office equipment and motor vehicles. The IT and office equipment leases are cancellable but incur a penalty of the present value of future lease payments. There is no documented option to purchase the leased assets on expiry of the leases.

19.3 Lessor income agreements

	2019 \$'000	2018 \$'000
Lease income recognised during the period	456	492
Operating Lease Commitments		
Income within 1 year	435	408
Income 1 - 5 years	1,687	1,526
Income longer than 5 years	1,525	1,494
Total lease income commitments	3,647	3,428

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

20. Contingent assets/liabilities

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

21. Remuneration of auditors

	2019 \$'000	2018 \$'000
Financial Statement Audit Services		
Annual external statutory audit fee	129	123
Annual external regulatory audit fee	19	15
Total	148	138

Acronyms

Term	Description
AAR	Audit and Risk Committee
ADWG	Australian Drinking Water Guidelines
ASX	Australian Securities Exchange
AWA	Australian Water Association
CEO	Chief Executive Officer
CDO	Capital Delivery Office
CFO	Chief Financial Officer
CWC	Capital Works Committee
DoH	Department of Health
DPIPWE	Department of Primary Industries, Parks, Water and Environment
EIN	Environmental Infringement Notices
EPA	Environment Protection Authority
EPH	Environment and Public Health Committee
EPN	Environmental Protection Notice
FTE	Full-time equivalent
IDEA	Innovation Driving Everyday Actions (program)
IoT	Internet of Things
ISSA	International Social Security Association
KPI	Key Performance Indicator
OHS	Occupational Health and Safety
LTIFR	Lost Time Injury Frequency Rate
LTSP	Long Term Strategic Plan
MOU	Memorandum of Understanding
MRC (Tas)	Migrant Resource Centre Tasmania
OCC	Operations Control Centre
ORG	Owners' Representatives Group
PHA	Public Health Alert
PIP	Productivity Improvement Program
SOIR	State of the Industry Report
STP	Sewage treatment plant
STP (Level 1)	Sewage treatment plant that processes less than 100 kilolitres of sewage per day, regulated by the relevant council
STP (Level 2)	Sewage treatment plant that processes more than 100 kilolitres of sewage per day, regulated by the EPA
TER	Tasmanian Economic Regulator
TRIFR	Total Recordable Injury Frequency Rate
UTAS	University of Tasmania
WIOA	Water Industry Operators Association
WSCA	<i>Water and Sewerage Corporation Act 2012</i>
WTP	Water treatment plant



ABN 47 162 220 653

Email: enquiries@taswater.com.au | Phone: 13 6992 | GPO Box 1393, Hobart, Tasmania 7001