

**WORKING
TOGETHER
TO MAKE A
POSITIVE
DIFFERENCE**

**2015-16
ANNUAL REPORT**





.....

A TRUSTED AND RESPECTED PROVIDER OF
ESSENTIAL SERVICES THAT IS MAKING A
POSITIVE DIFFERENCE TO TASMANIA.

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ABOUT TASWATER

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

We commenced operations on 1 July 2013 following the merger of the three former regional Tasmanian water and sewerage corporations (Ben Lomond Water, Cradle Mountain Water and Southern Water) and the common services provider company, Onstream. The merger involved the managed transfer of \$1.54 billion in water and sewerage assets and 842 full-time employees to the new corporation.

We operate under the *Water and Sewerage Corporation Act 2012*. In addition we are governed by 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*
- Shareholders' Letter of Expectations.

We are owned by 29 Tasmanian councils who receive returns through dividends, tax equivalent payments and guarantee fees.

Owners' Representatives Group

The Owners' Representatives Group (ORG) comprises one representative from each of the 29 member councils. The functions, duties and responsibilities of the ORG are outlined in the Corporation's Constitution and the Shareholders' Letter of Expectations.

Their duties include the preparation of the Shareholders' Letter of Expectations and liaison between member councils and TasWater's Board.

Our owner councils and representatives are:

COUNCIL NAME	OWNERS' REPRESENTATIVE
Break O'Day Council	Mayor Mick Tucker
Brighton Council	Mayor Tony Foster AM OAM JP
Burnie City Council	Mayor Anita Dow
Central Coast Council	Mayor Jan Bonde
Central Highlands Council	Mayor Deirdre Flint OAM
Circular Head Council	Deputy Mayor Jan Bishop
Clarence City Council	Mayor Doug Chipman
Derwent Valley Council	Mayor Martyn Evans
Devonport City Council	Alderman Grant Goodwin
Dorset Council	Mayor Greg Howard
Flinders Council	Councillor Gerald Willis
George Town Council	Mayor Bridget Archer
Glamorgan Spring Bay Council	Mayor Michael Kent
Glenorchy City Council	Mayor Kristie Johnston
Hobart City Council	Lord Mayor Alderman Sue Hickey
Huon Valley Council	Mayor Peter Coad
Kentish Council	Mayor Don Thwaites
Kingborough Council	Mayor Steve Wass
King Island Council	Councillor Royce Conley
Latrobe Council	Mayor Peter Freshney
Launceston City Council	Mayor Albert van Zetten
Meander Valley Council	Mayor Craig Perkins
Northern Midlands Council	Mayor David Downie
Sorell Council	Mayor Kerry Vincent
Southern Midlands Council	Mayor Tony Bisdee OAM
Tasman Council	Deputy Mayor Kelly Spaulding
Waratah-Wynyard Council	Mayor Robby Walsh
West Coast Council	Mayor Phil Vickers
West Tamar Council	Councillor Richard Ireland



HIGHLIGHTS FOR 2015-16

Began 24 hour, seven-day-a-week operations in our new Network Operations Centre to improve customer responsiveness and operational efficiency.

Winner of WorkSafe Tasmania's Workplace Health and Safety Leadership Award, Best Workplace Health and Safety Initiative Award and Beyond Compliance Award; and winner of the Australian Water Association's Water Industry Safety Excellence Award.

Invested \$129 million over the year via 466 capital projects aimed at improving public health and environmental outcomes for the state.

Three new water treatment plants completed and four boil water alerts removed with a further six plants due for completion in 2016-17.

AT A GLANCE

SCOPE OF BUSINESS IN 2015-16

265,871

TasWater customer contacts

202,478

number of water connections

2,144 km²

area serviced by water

177,899

number of sewerage connections

492 km²

area serviced by sewerage

933

number of employees

71,531 ML

total volume of water produced

50,000 ML

total volume of sewage collected

\$1.57 bn

total net asset value

AT A GLANCE

ASSETS IN 2015-16

6,231 km

length of water mains

70

drinking water systems

121

water supply reservoirs
and weirs

760

sewage pump
stations

219

water pump stations

64

catchments

4,716 km

length of
sewer mains

33

level 1 sewage
treatment plants¹

79

level 2 sewage
treatment plants

1. Level 1 sewage treatment plants are defined by the Environment Protection Authority (EPA) as those plants with influent of less than 100 kilolitres a day.



OUR VISION

Our vision is to be

A TRUSTED AND RESPECTED
PROVIDER OF ESSENTIAL SERVICES
THAT IS MAKING A POSITIVE
DIFFERENCE TO TASMANIA.

This vision reflects the strong desire of the Board and employees of TasWater to focus on what really matters for our owners, customers and the general community who are dependent on us for essential services.

We see considerable opportunity to make a positive difference to Tasmania by aligning our decision-making with the economic interests of the state, delivering fit-for-purpose solutions and great customer service.

Our core business

Our core business is to provide two essential services for Tasmanians:

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

Our values and behaviours

TasWater's values – developed by our employees in 2014 – reflect how we wish to operate in providing services to the community. Our values and behaviours will continue to be embedded across the business through training and development programs, our performance management process and in the way we recruit.

Our values and behaviours are:

HONEST AND STRAIGHT FORWARD

We uphold the values and behaviours of TasWater in every action and decision.

GETTING IT RIGHT

We will develop responsible solutions and strive for continuous improvement in all that we do.

LONG TERM THINKING

We will deliver outcomes that are in the best interests of the Tasmanian community.

WORKING TOGETHER

We will work together as one TasWater to meet the expectations of our customers.

TAKING OWNERSHIP

We will take personal responsibility for meeting commitments.



THE FUTURE

As TasWater moves into its fourth year of operation, the benefits of the work done so far in building the foundations of an integrated, statewide business are clearly bearing fruit.

Through solid investment in infrastructure, especially in tackling water quality issues, our commitment to improving services for Tasmanians is flowing through to communities across the state.

Within the organisation, TasWater is showing positive signs of becoming a cohesive, more mature business. An example of this is the way all of our staff joined forces to successfully manage our way through the flood crisis in early winter, reflecting the development of contemporary management and operational systems that are essential for an organisation of our size and scope of responsibilities.

As we proceed, it is with optimism and a growing sense of confidence that TasWater and its staff can continue to build a sustainable and affordable water and sewerage network for Tasmania.

While challenges remain, both in the extent of the work ahead and the limits on our budget, progress so far only encourages us on our journey.

REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE

The year in review

In our first year we successfully merged the four former corporations into a single statewide entity while maintaining a seamless transition for customers.

In our second year we delivered on our savings targets while making major improvements in safety, fault response times, sewage spill reductions and Ombudsman complaints.

In our third year of operations we have used the learnings and knowledge gained in the first two years of operation to build a long-term plan to fix Tasmania's water and sewerage infrastructure.

Customer focus

From day one we have been determined to build a customer focused business. The recent establishment of a Network Operations Centre, the delivery of the Supervisory Council and Data Acquisition (SCADA) and telemetry system upgrades and the centralisation of our customer service centres over the course of the financial year are all designed to contribute to improving our customer service.

While we are seeing positive benefits to customers from these initiatives, further investment in technology platforms will be needed if we are to efficiently deliver contemporary levels of customer service.

The majority of our key customer and community metrics were met or better than target, with the only exception being the number of registered complaints.

The majority of complaints related to water quality aesthetics and reflected the number of water treatment systems that require renewal or upgrades to meet modern standards.

Currently, TasWater prices for water and sewerage services are towards the lower end of national benchmarks; however, it is anticipated that prices will have to increase above inflation if we are to tackle the backlog of compliance and ageing infrastructure issues.

Financial performance

Net profit after tax was \$25.3 million, compared with \$33.2 million in the previous year.

Revenue increased, principally because of increased development activity, additional water consumption as a result of a dry spring and summer, and targeted actions to improve our revenue recovery.

Expenditure increased, largely as a result of a decision to reinvest the gains from increased revenue in infrastructure improvement and increased operational costs for completed capital projects.

Drinking water and effluent compliance

It is of considerable concern that, notwithstanding the increased investment in infrastructure improvements, the annual targets for drinking water system compliance and sewage volume compliance were not met.

This result reflects a number of factors, including:

- Some of our infrastructure is failing faster than we can repair and improve it, evidenced by the year-on-year increase in our overdue renewals backlog which has increased in the past 12 months to \$655 million
- The impact of the extended dry period on our water and sewage systems
- Delays in the completion of some key projects.

We are confident that, as the major infrastructure upgrade programs gain momentum, we will see significant improvements in drinking water system and sewage volume compliance.

We also expect that the significant investment in a new asset management information system will help us to better prioritise renewal and maintenance programs.

Capital program

It is pleasing to note that we delivered on our capital expenditure plan. Total capital expenditure was \$129 million compared with \$102 million in the previous year.

Further, our capital program for the balance of the current price and service plan period is fully allocated, and we anticipate achieving the targeted \$330 million expenditure on capital improvements over the three-year plan period.

The key challenge beyond the current pricing period is how best to allocate capital given the competing demands for asset renewals, compliance, growth, dam safety improvements and improvements to our underlying business systems.

People and safety

Safety results were in line with targets and reflect our ongoing drive towards zero harm. We have also observed a very positive shift in the safety related aspects of our culture.

State and national safety awards demonstrate the commitment of our people to creating a safer workplace.

The challenge now is to ensure we do not rest on our laurels, but rather continue our pursuit of a Zero Harm workplace.

Over the course of the year, 82 per cent of our people participated in some form of skills development program with 106 people being recognised with upgraded qualifications. We will continue to invest in programs that enhance the skills and capabilities of our people as an underlying means of driving better outcomes for customers.

The results of the culture survey demonstrated that employees know and agree with our values but are looking for them to be further embedded into the way we do business. This will be a key focus area for next year.

June 2016 flood events

In June the north of the state experienced serious flooding, inundating a number of towns and causing widespread damage. A considerable number of TasWater assets were damaged or destroyed in the floods.

We are still determining the full extent of the damage; however, we anticipate cost of repairs in the order of \$20 million and that the impact on our financial results for financial year 2016-17 will likely be significant.

Looking forward

Efficiency focus

As a monopoly service provider we are determined to be as efficient as possible. While we have already delivered in excess of \$8 million in annualised ongoing savings, we are targeting significant additional savings.

We recently participated in a national benchmarking study to identify opportunities to further reduce our costs. One of the key findings from the benchmarking study is our disproportionate number of assets relative to similar organisations. If we are to have any prospect of reducing our cost to serve to the national average, we have to find ways to significantly rationalise the number of treatment plants.

Long-term funding plan

In the lead up to the 2016 federal election we had been working closely with owner councils and the Local Government Association of Tasmania (LGAT) to secure \$400 million in external funding from the state and federal governments. This funding was sought in order to facilitate our proposed \$1.8 billion program to bring our ageing infrastructure up to modern day reliability and compliance standards.

The proposal in effect shared the cost between TasWater (increased efficiency and increased debt), our customers (tariff increases above CPI), owner councils (extended freeze on distributions) and asked the state and federal governments to contribute the remaining \$400 million.

It is understood that both state and federal governments would like to help, but to date we have not been able to secure a funding commitment.

We remain very concerned about the impact on Tasmania's economy and reputation if we do not find a means of accelerating improvements to our infrastructure.

It has been a year full of challenges and we are certain the next year promises more of the same.

To our people – employees, executives and directors – we acknowledge and thank you for your ongoing efforts to build a TasWater that really makes a positive difference to our state.

To our owner councils and in particular chief representatives Tony Foster and subsequently David Downie, thank you for your wise counsel and support.

We particularly wish to acknowledge the contributions of directors Brian Bayley and Dan Norton who did not seek reappointment when their terms expired in February 2016. Both directors provided eight years of outstanding service to the industry as directors of TasWater and the former regional corporations.

Lastly, we welcome new directors Sally Darke, Helen Locher and Tony Kelly.



Miles Hampton
Chairman



Michael Brewster
Chief Executive Officer

CUSTOMERS & COMMUNITY VALUE



Customers and community value key performance indicators (KPI's) for financial year 2015-16

Measure	KPI	2015-16		2014-15
		Target	End of year outcome	End of year outcome
Customer service	Percentage of calls answered in 30 seconds	>= 85%	88.7%	89%
	Total complaints per 1,000 connected properties	<= 9	13.8	11.3
	Percentage of complaints processed within 10 business days	>= 85%	88.7%	89%
	Development application processed within 10 business days	>= 98%	99.2%	97.6%
	Building and plumbing applications processed within 10 business days	>= 98%	99.6%	98.4%
Service interruption and response	Sewer main breaks and chokes per 100 km	<= 104	61	57
	Unplanned water supply interruptions per 100 km	<= 71	84	97
	Average time to attend priority 1 bursts and leaks (minutes)	<= 60	34.8	37.2
	Average time to attend sewage spills, breaks and chokes (minutes)	<= 60	55.1	50.4

Green = target met Amber = within 20% of target Red = greater than 20% outside target
 > greater than; >= greater than or equal to; < less than; <= less than or equal to

Customer service

The centralisation of TasWater's Customer Service Centre in Devonport was completed in 2015-16. On 30 October 2015, the Burnie shop front and the Moonah Customer Service Centre were relocated on schedule, and the Charles Street Customer Service Centre in Launceston was relocated three months ahead of schedule. The centralisation of our customer service centre has a range of benefits, including:

- Efficiencies in operations and greater opportunities to continue to improve customer service
- Co-location with the Network Operations Centre to enhance service delivery to our customers
- A boost for the north west economy.

Network Operations Centre

The 24 hour, seven-day-a-week Network Operations Centre (NOC) was launched in Devonport during the year, sharing accommodation with the newly centralised Customer Service Centre.

The NOC is progressively taking responsibility for monitoring all drinking water and sewerage systems. Once fully operational it will drive a reduction in costs and improved prioritisation for resolution of customer issues relating to water and sewerage infrastructure.

Customer communications

The overall grade of service for the financial year was 88.7 per cent. This exceeds the Office of the Tasmanian Economic Regulator's (OTTER) target of 85 per cent.

Our customer services team received a total of 265,871 customer enquiries for the financial year (153,794 calls, 26,833 at the counters, 63,971 via e-mail and 21,273 via mail). Telephone continues to be the most popular way of doing business with TasWater representing around 58 per cent of all customer contact for the financial year, an increase of nine per cent from last year. This aligns to national trends and provides a greater opportunity to resolve customer enquiries at the first point of contact.

E-mail represents 24 per cent of enquiries, which is a decrease of four per cent. Shop front and mail enquiries have decreased by five per cent.

Assisting customers in need

During the 2015-16 financial year, 52,286 eligible customers received a government funded concession on their water and sewerage account. Customers received concessions totalling \$8.4 million.

eBilling

TasWater issued 896,077 bills and accounts for the year to 211,070 customers. The percentage of bills and accounts issued on time was 99.8 per cent. Last year, we provided customers with more options for accessing and paying their bills by offering eBilling. To date, more than 18,345 customers have signed up to receive their bill in an electronic format.



COLLECTING THE GRIT

The gritter underwent an upgrade at local Wynyard workshop, Southern Prospects, and was re-installed at St Johns Street Sewage Pump Station in July.

A giant grit collector was re-installed at the St John Street Sewage Pump Station after undergoing a complete upgrade as part of the \$3 million federally-funded Tamar River Recovery Plan scheme.

Sitting approximately 8.5 metres below ground, weighing in at three tonnes and standing as tall as a three storey building, the grit collector's screw and bucket conveyors gather, transport and store gross solids as combined sewage and stormwater flows through it.

This is a benefit to the area as the sewerage system in central Launceston collects both stormwater and sewage.

"The refurbishment will improve the gritter's capacity to remove sediment from the combined sewer and stormwater network, reducing the frequency and impact of discharges to the waterway," Tony Willmott, Department Manager Urban Network, said.

"More than half a million dollars has been allocated to TasWater to help prevent sediments and litter entering the river and to investigate long-term combined system improvement strategies.

"TasWater welcomes the opportunity to be part of a project that aims to upgrade Tasmania's sewerage systems to meet current day environmental standards."

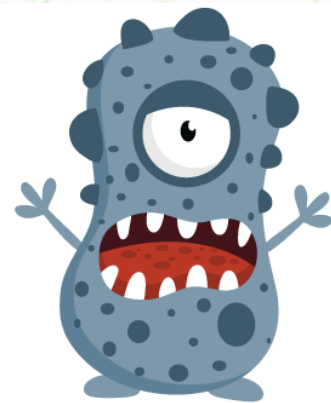
The scheme is a collaborative project being undertaken by TasWater, Launceston City Council, NRM North, the Launceston Flood Authority and the Federal Government.

Other combined system improvements are under investigation in Launceston, including Margaret Street and The Esplanade, where TasWater is looking to reduce the extent to which cigarette butts, sanitary products, grit, rocks and everyday litter are entering the Tamar River.

DISCOVERING OUR WATER

LEFT: Miandetta Primary School students, in Devonport, were introduced to Wally Wastewater and Precious Drop.

RIGHT: Wally Wastewater



Two new characters joined the education team in July 2015 to help promote water programs in Tasmanian schools.

The characters known as Precious Drop and Wally Wastewater assist TasWater's Education Coordinator, Gina Harvey, and Education Officers, Kate Beard and Michael Black, to educate school children about ways to value our water.

"Precious Drop is pretty self-explanatory – our water is a precious and finite resource.

The world has the same quantity of water it had when the earth was first formed. No more, no less," Gina Harvey said.

"Wally Wastewater represents the product that comes from your home to our sewage treatment plants. Wally wants us to think before we sink!

Our sewerage pipes can easily become blocked and we can't treat cotton buds, wipes or sanitary items in our sewage treatment plants."

Precious Drop and Wally Wastewater also help kids learn about protecting public health and the environment.

The education team offers a range of free hands-on activities for students from Prep to Grade 7.

Enquiries can be made to education@taswater.com.au or by visiting www.taswater.com.au

Water surety

During summer the North Esk and St Patricks rivers fell to a level that triggered the Department of Primary Industries, Parks, Water and Environment's threshold for water licence restrictions. These restrictions required reconfiguration of four water sources in the Tamar Valley region to maximise the use of the water treatment plants that draw from the South Esk River.

The stand-by Bell Bay Water Treatment Plant was returned to service and supplied water to the Bell Bay and George Town areas. However, water restrictions were needed to ensure customer demand did not exceed plant capacity.

Regional areas were also challenged during the year with an extended dry period putting strain on water supply systems and requiring water restrictions in several towns across the state.

Taste and odour

Dry weather and low river flows led to taste and odour issues in several water systems. A daily sampling regime was implemented following confirmation of elevated levels of methylisoborneol (MIB) in the Hobart water supply.

In late November 2015, powder activated carbon (PAC) dosing began at the Bryn Estyn Water Treatment Plant to minimise MIB impacts on drinking water.

Testing confirmed MIB levels above average in the Leven River at Penguin and carbon dosing was implemented in early October.

Temporary boil water alerts

Wynyard was placed on a temporary boil water alert after consecutive water samples failed standards for *E. coli* over the New Year period. An incident team was established to manage the issue, seek removal of the public health alert from the Department of Health and Human Services (DHHS), and return the supply to normal operations. It was found that bird entry into the roof covers at Grants Reservoir was the source of the contamination. The alert was removed with approval from DHHS after extensive flushing of the main, additional chlorine dosing, repair of the roof and removal of the birds, and intensive sampling that returned results compliant with Australian Drinking Water Guidelines.

The Strahan water supply also returned routine water sample results that failed standards and resulted in a temporary boil water alert. Again, an incident team was formed to manage the issue. Investigations identified potential issues with uncovered reservoirs that have since been taken offline and raw water quality that is being further protected with catchment management by excluding cattle from the supply creek.

Temporary boil water alerts were also issued for Colebrook, Rocky Creek, National Park (Westerway and Fentonbury), and Lawitta (Boyer and Dromedary).

Complaints management

With significant focus placed on our management of complaints, we have continued to progress our responsiveness and performance improvement. Complaints are measured and monitored in line with the National Performance Framework, which enables us to compare complaint metrics against other water businesses.

We received 2,892 complaints or 13.8 complaints per 1,000 properties. Water quality complaints were the largest category at 38 per cent. In 2015–16 a total of 88.7 per cent of complaints were processed within 10 business days for the year against a target of 85 per cent.

The Ombudsman received 75 customer matters compared to 65 last financial year. Forty-six preliminary enquiries were passed on to TasWater officers for review and one preliminary enquiry was raised formally to the Chief Executive Officer. All have been resolved.

Promoting development and growth

The transition from the State Government headworks waiver to our current Developer Charges Policy was implemented smoothly with generally positive feedback from the development sector. Timely processing of development, building and plumbing applications is essential for the construction industry and is therefore an important key performance indicator for TasWater. Over 99 per cent of applications were processed within our 10 business day target timeframe.



Serviced land

Serviced land is the land which TasWater will permit to be connected to its water and sewerage infrastructure. The identification of serviced land is important as it determines TasWater's obligation to connect and supply customers. Serviced land also underpins policies and arrangements with respect to service extension and expansion, service charges, service introduction, service replacement and, potentially, developer charges.

The Economic Regulator requires TasWater to publish separate descriptions of serviced land for water services and sewerage services and ensure that the description is updated and published on a regular and ongoing basis.

The organisation has undertaken a desktop-based approach to the identification of its serviced land area, which is guided by a statewide set of business rules that address issues such as minimum flow, static pressure and proximity to infrastructure mains.

TasWater has partnered with the Department of Primary Industries, Parks, Water and Environment to publish the details of serviced land using LISTmap (<http://maps.thelist.tas.gov.au/>).

Education in the community

A comprehensive education program has been developed over the past 12 months focusing on delivering quality activities into schools around Tasmania. This includes a suite of lesson plans and other resources for teachers to freely use. The education team also participated in events that provided an opportunity for hundreds of school children to learn about the value of water, such as National Science Week and Kids4Kids programs organised by the Tasmanian Department of Education, as well as community events including Agfest 2016.

The education team has carried out over 110 events and directly interacted with nearly 5,000 people over the past 12 months, and public tours are now operating at Bryn Estyn and Distillery Creek water treatment plants.

Dry conditions over spring and summer resulted in the development of the Save Each Drop campaign to raise customer awareness of water conservation measures, and this information was supported by Save Each Drop events in Campbell Town, Bridport and Triabunna.

Community engagement

Our policy is to professionally engage and communicate with communities who are impacted by our capital works programs, infrastructure issues or changes in service or policy.

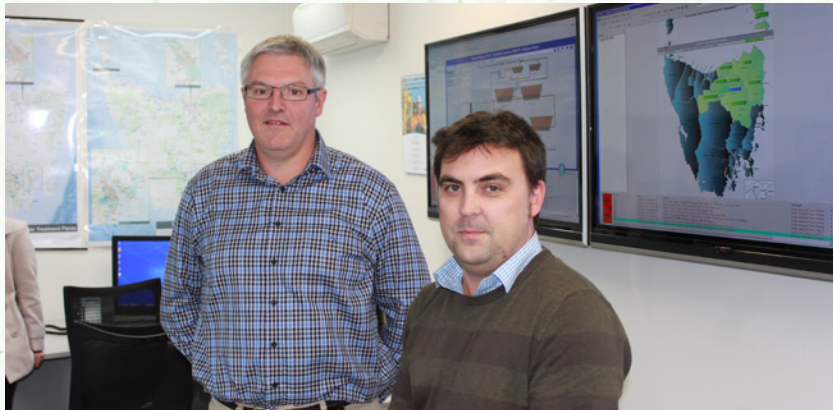
During the year a Community Engagement Framework was developed and finalised to guide the development and delivery of community engagement plans. Now entering its third year of use, TasWater's Your Say online engagement portal is extensively used. With about one project published every fortnight, it ranks among the 10 most active sites in Australia on the Engagement HQ platform.

TasWater has held numerous information sessions and meetings across the state during the year. This included a high level of engagement activity in more than 40 towns. A key program was the start of active engagement with stakeholders around the proposed closure of the Macquarie Point Sewage Treatment Plant which would see flows diverted to an upgraded and extended treatment facility at Selfs Point.

Supporting our community

TasWater uses a modest budget to support the local Tasmanian community through programs that provide opportunity and connectivity. During the 2015-16 financial year, TasWater awarded five community grants to not-for-profit organisations working to improve the quality of life in their local communities. The 2015-16 recipients were:

- Big Monkey Theatre
- HeartKids Victoria/Tasmania
- Tasmanian Arboretum
- Launceston City Mission
- Tasmanian Eye Institute.



OPERATING AS ONE

Kevin Douglas and Rob Dawson in front of the NOC monitors.

TasWater's new Network Operations Centre (NOC), which opened in October 2015, is an exciting next step in working together as a statewide business to improve safety, system performance and response times for high priority customer outages.

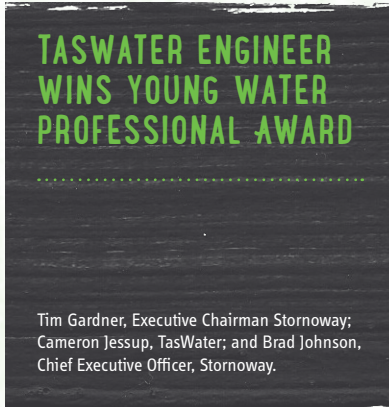
Based in Devonport, the NOC centrally monitors TasWater's infrastructure allowing any changes to be seen in one place in real time to better manage and monitor water and sewer system performance.

Operators manage the system via large monitors that represent assets in the field and relay asset information to work crews as needed.

When an alarm is sent via the Supervisory Council and Data Acquisition System (SCADA) to the NOC, the team will respond accordingly and record the alarm. By recording the alarms TasWater can track systemic issues, identifying areas in the network that need to be prioritised for maintenance or renewal.

Earlier this year, the Operations and Maintenance department ran a 10-week alarm monitoring trial at Ti Tree Bend Sewage Treatment Plant to share knowledge between duty supervisors and coordinators.

This information helped to build the alarm response framework, as well as determine how best to work with field crews.



Tim Gardner, Executive Chairman Stornoway; Cameron Jessup, TasWater; and Brad Johnson, Chief Executive Officer, Stornoway.



Cameron Jessup was announced as the winner of the Young Water Professional of the Year Award for 2015 at the Australian Water Association Tasmanian Gala Dinner and Debate in late November.

Cameron, Senior Engineer Strategy and Systems Knowledge (Sewer), was

recognised with the award – named in honour of Gary Ingram for his service to the Tasmanian Australian Water Association branch – for his contribution to the industry.

“I’m passionate about the industry that I work in and proud of the role that

the water industry plays in the health and wellbeing of individuals and the community as a whole,” he said.

PEOPLE & CULTURE



People and culture key performance indicators (KPIs) for financial year 2015–16

Measure	KPI	2015–16		2014–15
		Target	End of year outcome	End of year outcome
Safety performance	Lost Time Injury Frequency Rate	<= 5.5	4.9	5.9
	Notifiable incidents	<= 10	7	12
	Safety interactions	>= 250	414	338
Workers compensation claims	Number of claims	<= 35	30	37
Annual leave taken	Number of employees with leave balances in excess of 40 days	<= 175	171	181
Sick leave	Average sick days per FTE	<= 4.5	4.79	4.5
Workforce numbers	Permanent employees (FTEs) at end of financial year	N/A	817	813
	Contract, fixed term and labour hire (FTEs) at end of financial year	N/A	116	103

Green = target met Amber = within 20% of target Red = greater than 20% outside target
 > greater than; >= greater than or equal to; < less than; <= less than or equal to

Our people and culture

The delivery of our strategy for the future is not just about what we do, but also how we do it. To be successful TasWater needs empowered, accountable and committed staff. Over the past three years we have invested in initiatives aimed at building the foundations for our people and culture so we get it right over the long term.

Our values, which were developed by our employees, reflect how we wish to operate in providing services to our community. Our culture will reflect our values and our desire to be innovative, customer centric, and focused on excellence and committed to zero harm. Programs such as The Way We Work allow us to embed our values and behaviours across TasWater while helping to build knowledge and skills that can be used in the workplace.

A focus on improving safety and our values-based culture has led to the implementation of a cultural survey to determine how our transformational programs are progressing and outline areas for improvement. With the addition of a formal reward and recognition program, Splash, the organisation can continue to support our values and behaviours while fostering a high performance culture that recognises and rewards employees who go above and beyond.

Enterprise agreement

After almost two years of negotiations, three regionally based agreements covering the majority of employees were successfully finalised. The three agreements have substantially the same terms and conditions, ensuring that all employees are on a level playing field. These agreements will remain in place until 30 June 2018.

In addition to the regionally based agreements, a statewide enterprise agreement covering all technical professionals and managers below department manager level was successfully finalised. This agreement will expire on 1 July 2017.

Safety performance

At the end of the financial year, the 12-month rolling Lost Time Injury Frequency Rate (LTIFR) was 4.9, representing a 17 per cent decrease in comparison to the financial year 2014–15 results of 5.9. This result exceeded our corporate plan LTIFR target of less than five and a half (<5.5). The Total Recordable Injury Frequency Rate (TRIFR) also decreased from 23.3 to 15.4, representing a 34 per cent decrease as at the end of financial year 2015–16. This result also exceeded our corporate plan TRIFR target of less than 21. The number of regulatory safety incidents decreased by 47 per cent from 12 in financial year 2014–15 to a total of seven in the 2015–16 financial year. This result also exceeded our corporate plan target of less than 10.

Safety awards

TasWater's safety vision is to protect the health, safety and wellbeing of our employees, contractors and stakeholders and realise our goal of Zero Harm. To achieve this we provide balanced and structured health and safety systems, programs and processes that empower all workers and leaders to effectively manage safety and health in their areas of responsibility.

TasWater has achieved a number of major milestones towards realising our goal of Zero Harm with three first place award categories and being named overall winner at the WorkSafe Tasmania 2015 Awards dinner in October 2015. TasWater also received national recognition for the invention by employees of the vacuum truck hose by winning the Australian Water Association's OzWater Safety Excellence Award in May 2016.

Major Hazard Study

The TasWater Major Hazard Study and Fatality Risk Reduction work programs continued throughout the year with a specific focus on reducing the top five fatal risk hazard areas that make up 95 per cent of our total estimated fatality risk exposure, measured as Potential Loss of Life (PLL). The top five fatal risk hazard areas and programs of work are:

- Vehicles and mobile equipment
- Working at heights
- Unauthorised access
- Electricity
- Chemicals and chemical gases.

In addition to these specific work programs, the TasWater Fatal Risk Control Standards were finalised and approved by the Central Safety Committee. The TasWater Fatal Risk Control Standards provide a detailed and concise compliance framework for the ongoing management and control of all our identified fatal risk activities. Progress of the Fatal Risk Reduction Action Plan has resulted in a decreased PLL of 55 per cent from an estimate of 0.1509 per year, or one potential fatality every 6.62 years, to one potential fatality every 14.7 years. While this improvement is pleasing, the PLL remains unacceptable and we will continue to invest in programs to reduce the risk of a fatality.

Workforce composition

Workforce head count composition as at 30 June 2016:

Board	Senior management	Workforce
Total: 7	Total: 8	Total: 933
Males: 4	Males: 5	Males: 717
Females: 3	Females: 3	Females: 216

TASWATER MAKES A SPLASH AT STATE SAFETY AWARDS

Members of the TasWater team at the WorkSafe Tasmania awards dinner.



The passion and commitment to the Zero Harm approach to work saw TasWater reach a major milestone with wins at the WorkSafe Tasmania Awards dinner in October.

The team won awards in every category entered, including overall winner.

The awards dinner is the finale for WorkSafe Tasmania month, which is part of a nationwide campaign to increase the awareness of work health and safety and to reduce death, injury and disease in workplaces.

TasWater took out each category for our three entries and the overall prize which gave us \$5,000 to put towards our future initiatives. The winning entries were:

- Workplace Health and Safety Leadership Award – Greg Store
- Best Workplace Health and Safety Initiative Award – Haydn Charlton, Mathew Loone and Mark Richardson
- Beyond Compliance Award – TasWater's Health and Wellbeing Program

"Congratulations to the Health and Safety team and the award recipients," CEO, Michael Brewster, said.

"These awards are well deserved recognition and an absolute credit to the whole TasWater team."



WORKING TOGETHER FOR SCIENCE WEEK

Georgina Dalglish, TasWater Laboratory Technician, explains wastewater microorganisms as they appear under the microscope with participants at Science Week.

TasWater ramped up its education program, with National Science Week activities last August providing the perfect platform to talk about flocculation.

TasWater's Education Coordinator, Gina Harvey, said flocculation is a great way of highlighting the science behind one of the multi-barrier approaches used by TasWater to produce clean drinking water.

"The examples and demonstrations we did are a great way of showing both school

students and the public that there are many complex processes between when water falls as rain, passes through the catchments and into our homes," Mrs Harvey said.

The education team joined TasWater volunteers from across the business who spoke with attendees about the importance of science to our business and how that influences the decisions we make.

Science exhibits were held in Hobart and Launceston as well as on the west coast

with nearly 150 students from Rosebery, Strahan and Zeehan joining students at Queenstown's Mountain Heights School in hands-on demonstrations to show the link between science and the provision of water and sewerage services.

"Hopefully it may have inspired some students to pursue scientific studies, and even one day work, with TasWater," she said.

HIGH PRAISE FOR TEAM INITIATIVE

Edwin Dare, Glen Williams, Damien Alexander, Craig Fitzmaurice, Matthew Roberts, Karl Bourjau, Stephen Cordwell, David Tatnell, Vere Story and Scott Lucas (absent) from the wastewater team at Macquarie Point.



The central wastewater team in Hobart received high praise in August for taking ownership of cleaning the odour scrubber at Macquarie Point Sewage Treatment Plant.

“We were on site at Macquarie Point and it was mentioned that we needed to change out the biofilter (odour scrubber) media,” Brendan Hanigan, Manager Wastewater South, said.

“The team took ownership of the issue and were involved in two weeks of work – breaking up and digging out 300 cubic metres of spent compacted biofilter media, which was then vacuumed out.

“They cleaned all the flooring, crates and replaced all the media, ready to get us through the next four to eight years.”

Due to the constraints of the Macquarie Point site and this odour scrubber, manual movement of the media in and out was required.

“It was done safely, without fuss, without an odour complaint and with little management involvement,” Mr Hanigan said.

THE WINNING DROP

Matthew Layton and Nick Child from TasWater grade the water for colour and taste.



TasWater operators from across the state converged on the Tamar Yacht Club in Launceston in August to participate in the 2015 Tasmanian Water Interest and Taste Test put on by Water Industry of Australia.

Operators attended a fun-filled day to learn about a range of things from

products to water contaminants, and were involved in tasting and voting for water from TasWater sites. Waratah’s drinking water took out the title.

“The day is always a fun way to raise awareness of the quality of our state’s drinking water and to recognise the

efforts of local water operators in delivering valuable water services to their communities,” Glen Rowlands, Department Manager Urban Treatment Plants, Pumping and Storage, said.



Developing our workforce

There is a continued focus on developing the capability of our field workforce through a range of specifically targeted programs. The customised Certificate III in Water Operations, in partnership with the Water Industry Training Centre and Entura, is currently being undertaken by 25 water trainees who have shown significant skill development over the past 12 months.

Together with our training partners, the Institute of Project Management, we have developed and implemented a three-tiered project management program for employees involved with projects. Commencing with a one-day foundation program in which 100 employees participated, we also delivered Certificate IV in Project Management for 40 of our staff. Twenty-five participants have since started the Diploma of Project Management, which will bring an increased skill level to TasWater.

TasWater continues to support an aspiring engineering or science student through the Steve Balcombe Scholarship. The scholarship began in 2001 as a Hobart Water initiative honouring the late inaugural Chairman of Hobart Water, Steve Balcombe. This year's scholarship was awarded to Callum Tate, an engineering student at the University of Tasmania. Callum will receive \$3,000 of financial assistance during each year of his study and work placement at TasWater.

Last year TasWater completed the Australian Government's program, the Corporate Champions. Through the Corporate Champions program we successfully implemented a Knowledge Capture Program, which will now be incorporated into our Ageing Workforce Strategy.

Developing our leaders

There has been a continued focus on developing leadership capacity during 2015. The Senior Leadership Development Program saw all department managers and some emerging leaders complete a 14-month program that incorporated development initiatives ranging from change management through to leadership resilience.

A group of ten senior leaders and technical leaders successfully completed a unique leadership program through a partnership between the University of Tasmania and Learning Partners. The group had the opportunity to complete an Advanced Diploma of Management and several units from the Graduate Certificate of Management. Of this group, six have gone on to continue with their Master of Business.

The Frontline Leadership Program incorporated a high level of involvement, training delivery and coaching support for our team leaders, supervisors and coordinators with our People and Safety team assisting participants to take their learnings back into the workplace. Thirty-six participants completed this program in 2015.

Senior Leadership Forums were held to provide senior managers the opportunity to regularly come together to share knowledge of the business, discuss our key projects and initiatives and undertake professional development. A range of internal and external guest speakers featured at these forums.

Further development of our leaders is addressed by the Tasmanian Leaders Program, which is a high profile program that identifies and develops aspiring future community leaders. The 10-month program was completed by Department Manager Strategic Policy and Government Relations, Alison Turner, in 2015. The 2016 program includes TasWater's Department Manager Product Quality, Lance Stapleton.

QUALITY OF PRODUCT AND SERVICES



Quality of product and services key performance indicators (KPIs) for financial year 2015-16

Measure	KPI	2015–16		2014–15
		Target	End of year outcome	End of year outcome
Wastewater compliance	Percentage of treated volume fully compliant with Environment Protection Authority requirements	>= 52%	44%	46%
	Trade waste customers with current consent/contracts	>= 80%	80%	50.6%
	Reportable dry weather sewage spills	<= 110	109	91
Drinking water compliance	Percentage of potable systems compliant with Australian Drinking Water Guidelines microbiological guidelines	>= 98%	97.8%	98%
	Towns on long-term boil water notices or public health alerts	<= 11	23	26
	Percentage of fluoride systems target range (0.8 – 1.2 mg/L)	>= 96%	100%	95%

Green = target met Amber = within 20% of target Red = greater than 20% outside target
 > greater than; >= greater than or equal to; < less than; <= less than or equal to

Public health and environmental performance

TasWater has developed a comprehensive strategy to deliver improved water quality around Tasmania. The Drinking Water Quality Management Plan (DWQMP) outlines the programs and projects that will comply with the Tasmanian Drinking Water Quality Guidelines to provide better quality drinking water for many Tasmanians.

The challenges faced by TasWater to improve drinking water quality are significant. At the end of the financial year the water supplied to 23 towns in Tasmania is not considered potable due to the presence of bacteria or metal contaminants.

Additionally, a number of our potable drinking water systems require further investment to minimise the need to apply temporary boil water alerts, particularly during periods of high rainfall.

We did not meet our target of 98 per cent with a number of water quality incidents occurring during January to March 2016. The percentage of fluoride systems compliant with average dose met the target of 96 per cent on an annualised basis.

Compliance levels of sewage treatment plants

The compliance levels for sewage treatment plants are below TasWater's and regulators' expectations. This is largely due to inadequate infrastructure and trade waste inputs. Projects are planned for 2016–17 to target improvements to our larger sewage treatment plants to improve our performance and reduce environmental impacts.

Effluent quality at a number of sewage treatment lagoons exceeded licence limits due to the amount of sludge held within these ponds. A desludging program is being undertaken to improve effluent quality and compliance with discharge limits for a number of plants.

Not all sewer discharges can be controlled due to factors such as power outages or severe weather events. We have a limited number of mobile generators to restore operations and minimise the impact on the environment. Regional areas can be disadvantaged by distance which has resulted in the purchase of a number of additional mobile generators to limit sewer overflow impacts.

The progressive implementation of a preventative maintenance regime and the upgrade of remote monitoring systems has led to a reduction in dry weather overflows.

Continued asset and operational improvements

During the 2015–16 financial year, we invested \$129 million in the construction of new assets and upgrades to existing assets. Over the course of the year, 466 capital projects were undertaken, 270 completed with 305 capital projects continuing into next year.

Highlights of the 2015–16 capital program include:

- Capital expenditure of \$40 million for infrastructure renewal projects including water pipelines, sewers, treatment plants, reservoirs and residential water meters.
- Over \$20 million invested in the construction and upgrading of water treatment plants and associated infrastructure, and more than \$10 million in upgrading of sewage treatment plants.
- The upgrade of the supervisory control and data acquisition (SCADA) system. This is a multi-year program to create a master SCADA system for centralised monitoring and remote operator intervention. During financial year 2015–16, \$8.5 million was invested in SCADA upgrades at priority installations.

- Capital expenditure of \$5.8 million for fleet and small plant replacement to maintain an efficient and safe vehicle and small plant fleet.
- Capital expenditure of \$3.8 million for safety assessments and improvements including electrical equipment, machine safeguarding, fall prevention and occupational health and safety upgrades.

TasWater is committed to spending \$330 million between 2015–16 and 2017–18. We have embarked on numerous projects and programs focusing on the upgrade and development of infrastructure around the state to provide quality drinking water and improve services for our customers.

Dam safety management

TasWater is responsible for 307 water and wastewater storages, lagoons and weirs which fall within the definition of a dam under the *Water Management Act 1999*. Currently 32 water supply dams and five wastewater dams in our portfolio have a consequence category of 'significant' or greater.

In addition, 11 dams have a risk rating that exceeds the individual and society risk criteria under the Australian National Committee on Large Dams (ANCOLD) Guidelines on Risk Assessment (2003). TasWater manages its portfolio of dams in accordance with a regulator approved dam safety management plan.

Additional resources have been engaged to improve our surveillance programs, accelerate high priority upgrades and decommission obsolete dams. One-hundred-and-seventeen dam safety surveillance inspections were taken in financial year 2015–16.

Major projects underway at the end of June

TasWater continues to focus on improving infrastructure with the following major projects greater than \$3 million being progressed in the 2015–16 financial year:

Water quality projects

• King Island Water Infrastructure Upgrade Program	\$15.8 million
• Ringarooma Valley Water Scheme	\$14.5 million
• Flinders Island water supply system improvements	\$11.0 million
• Margate water main (stage 1 and stage 2)	\$7.5 million
• Rosebery water supply system upgrade	\$7.2 million
• Avoca Treated Water Supply Strategy	\$4.8 million
• Mole Creek Water Treatment Plant	\$4.1 million
• Winnaleah water supply system upgrade	\$3.8 million
• Gretna, Bushy Park and Glenora water supply upgrade	\$3.3 million

Sewerage system projects

• Launceston Sewerage Improvement Project (in concept finalisation phase)	\$285 million
• Kingborough Sewerage System Strategy (treatment and network) upgrade	\$46.7 million
• Macquarie Point Sewerage Treatment Plant Relocation Project (feasibility)	\$5.0 million
• Ti Tree Bend digester upgrade	\$4.0 million
• Burnie Sewage Treatment Plant upgrade	\$3.8 million
• Prince of Wales digester roof replacement	\$3.5 million

Dam safety projects

• Ridgeway Dam safety anchor replacements	\$22.0 million
• Tolosa Dam replacement infrastructure	\$18.5 million
• Lake Mikany Dam upgrade	\$7.3 million
• Pet Dam safety upgrade	\$6.3 million
• Conglomerate Creek Dam upgrade	\$4.2 million
• Swansea Dam clay liner	\$3.8 million



BURNIE CREW HAS WATER ON BY BREAKFAST

TasWater operations and maintenance members of the Remote Services team working on the Burnie outage.

Scheduled night works at Burnie's Mount Road Basin Reservoir were carried out in April to install a new section of pipe with help from a team from Irrigation Tasmania.

"The job involved replacing a valve and pipe section that draws water from the Mount Road Basin in Upper Burnie," Peter Triffitt, Department Manager Remote Services, said.

"The pipe is made of polythene, so the fitting and welding of the poly pipe product required the specialty of the contract team," Mr Triffitt said.

"The work was done at night because it was necessary to isolate a large part of Burnie's northern suburbs, with up to 3,000 customers potentially without water overnight.

"Preplanning and the reconfiguration of the water system were successful in averting such a large customer outage and the resulting water quality issues.

"Despite a few unexpected hitches in the work program, which can sometimes occur, water was back flowing to all customers in time for breakfast."

ROSEBERY'S NEW SEWERAGE WORKS A MAJOR BOOST FOR THE ENVIRONMENT

Rosebery Sewage Treatment Plant received a much needed upgrade.



Rosebery's new sewage treatment plant came on line in December 2015, providing real benefits for the community from a large investment in water and sewage infrastructure by TasWater on the west coast.

This was the first major new sewage treatment plant developed under the statewide corporation and provides a high degree of confidence for the development of other similar major projects.

Until the new sewage treatment plant was commissioned, sewage from Rosebery underwent rudimentary treatment at a small processing plant, with the wastewater discharge contained in tailing dams managed by mining company MMG.

TasWater's General Manager Works Delivery, Dr Dharma Dharmabalan, said "With the completion of TasWater's \$9 million facility, all of Rosebery's sewage is now fully treated, significantly improving the impact on the environment."

"The new plant brings to the west coast the latest in sewage treatment technology with local TasWater staff being trained in the operation and management of the new facility.

"The plant also has its own auxiliary generator, guaranteeing safe operation should Rosebery be isolated from the electricity grid due to the weather or an event like a bushfire."

The sewage network in Rosebery also underwent improvement with more than two kilometres of new pipeline being laid, pump stations upgraded and with a new one installed at Park Road.

Sewer pipelines have also been checked with CCTV cameras to locate cracks and breaks in the pipes as well as work to clearly identify and repair manholes.

TasWater's investment in Rosebery does not stop at sewage treatment with work underway on the town's new \$3.3 million water treatment plant.

BOIL WATER ALERTS LIFTED

Steffen Becker, Design Engineer Civil/Mechanical; and Lionel Clarke, Project Supervisor who worked on the Jacksons Road and Nicholls Rivulet projects.



TasWater was pleased to advise residents in Fingal, Jacksons Road at Franklin and parts of Nicholls Rivulet they no longer had to boil their water before consumption as at the end of November 2015.

TasWater CEO, Michael Brewster, said for the first time in many years residents of Fingal, Tunbridge, parts of Franklin and Nicholls Rivulet will be able to drink water drawn directly from their household taps.

Following a significant upgrade of the water supply to the areas, the Department of Health and Human Services approved the lifting of the boil water alert with water now meeting

both the Australian Drinking Water Guidelines and the provisions of the *Tasmanian Public Health Act 1997*.

Mr Brewster said there are now no restrictions, with residents able to drink from their domestic taps without first having to boil it.

“The new water treatment plants at Fingal and Tunbridge have supplying treated water for several months; however, in line with both national and Tasmanian drinking water guidelines, the water supplied through any new treatment plant has to undergo thorough and prolonged testing to ensure it is safe to drink.”

At Jacksons Road, improvements which have led to the lifting of the boil water alert have involved new pipelines as well as a new reservoir, while at Nicholls Rivulet a new pump station has been installed.

“This enables both areas to access fully treated water from the Glen Huon treatment plant with the advantage of fluoridation.

“The lifting of this boil water alert represents another big step towards achieving TasWater’s aim of removing boil water alerts and do not consume notices across Tasmania,” Mr Brewster said.



COMBINING SYSTEM AND STRATEGY

Beca technical director, Ian Garside; former Bass MHR Andrew Nikolic; and TasWater’s Andrew Truscott, Manager Asset Strategy, look at the system’s plans.

An investigation into the options for upgrading Launceston’s historic combined drainage system is nearing completion.

The combined drainage system collects flows from the central city area, south, west and east Launceston, Newstead and Invermay, covering about a third of Launceston’s 30,000 properties.

A combined drainage system transports stormwater and sewage to a treatment plant in the same set of pipes.

During periods of high rainfall the combined drainage system is designed to overflow to prevent local flooding.

These overflow events are referred to as combined sewer overflows, during which diluted untreated sewage is discharged to the North Esk and Tamar rivers.

“When this happens, the impact can be partially mitigated by screening which removes sewer rubbish such as gross solids (e.g. sanitary products, bottles, cans), grit,

gravel and the litter in street gutters that wash into our combined drainage system during wet weather,” Andrew Truscott, Manager Asset Strategy, said.

This investigation has been undertaken as part of the funding provided by the Federal Government’s Tamar River Recovery Plan.

The Tamar River Recovery Plan is a collaborative project involving Launceston City Council, NRM North, Launceston Flood Authority and the Australian Government.

Water quality compliance

The number of towns on boil water or do not consume alerts sits at 23 at the end of the 2015–16 financial year. With several projects underway, we expect this number to be halved in the next 12 months.

TasWater has developed a Small Towns Water Strategy to address the remaining small towns with non-potable water, which will be incorporated into the Drinking Water Quality Management Plan (DWQMP). The DWQMP involves significant investigation by our scientists and engineers to understand raw water risks and design robust solutions.

While the removal of boil water alerts and public health alerts remains a key priority for TasWater, equally important is the ability to continuously sustain safe drinking water in other drinking water systems. A recent example of this is the construction of a new water treatment plant at Ouse to service the townships of Ouse and Hamilton. The new plant utilises multiple barriers to ensure drinking water meets Australian Drinking Water Guidelines.

Trade waste

Trade waste discharges into our sewerage network can significantly impede the performance of our sewage treatment plants. Impacts can include the emission of highly unpleasant odours affecting the amenity of our neighbours and limit our ability to meet our EPA effluent compliance targets.

We are currently implementing a statewide commercial customer compliance program to engage with commercial trade waste customers and assess their business activity for trade waste and pre-treatment system compliance. Customers with non compliant pre-treatment systems will be provided with a timeframe for compliance.

The guideline serves to provide clarity and consistency throughout the state regarding TasWater's requirements for pre-treatment of trade waste. It includes flexibility for customers to achieve compliance in pre-treatment by installing one of the standard listed pre-treatment systems or through a performance solution. TasTAFE instructors are using the guidelines as an instructional tool for plumbing trainees and TasWater began presentations in April for trainees at Tasmanian Polytechnics.

Industrial

TasWater developed an incident management team for ongoing odour issues in Wynyard after a temporary boil water alert was declared, which included community engagement with local residents and stakeholders. It had previously been identified that improving quality of waste from a local industrial business would be a key step in addressing odour and compliance issues for the Wynyard system. TasWater engaged with the business to implement a successful interim dosing program to reduce the impact of odour through the network.

Eighty per cent of industrial trade waste customers are now operating under contemporary trade waste contracts. A number of industrial customers have made substantial commitments to improve trade waste quality by implementing a combination of cleaner production improvements and capital expenditure on pre-treatment equipment.

Collaboration with industrial customers has allowed TasWater to resolve some significant safety and community issues during the year.

Laboratory testing

Laboratory services at Selfs Point and Ti Tree Bend performed over 115,000 tests on water and wastewater samples. In addition, we outsourced 132,000 tests.

These facilities achieved accreditation for their Laboratory Quality System from National Association of Testing Authorities, Australia (NATA), which is based on ISO/IEC 17025: 2005 General requirements for the competence of testing and calibration laboratories. NATA provides an independent assurance of technical competence, which is a mandatory requirement for any laboratory providing regulatory testing as directed by the Environment Protection Authority and the Department of Health and Human Services.

All laboratory and field test results are captured in the statewide water quality database, Aquarius.

BUSINESS SYSTEMS AND PROCESSES





Asset management system

Following a review of TasWater's price and service plan by the Office of the Tasmanian Economic Regulator (OTTER) and the release of an international standard for asset management systems (ISO 55001:2014), TasWater decided to implement a new asset management system to align with the new standard.

While significant progress has been made in the development of the overarching system, there is still much work to be done to align and integrate our management systems.

We have prepared our first asset management improvement plan (AMIP) which identifies areas for improvement in asset management practices and defines a suite of improvement projects to be implemented over the next few years. These will be updated annually as part of a continuous improvement process.

Work has continued on the implementation of our asset management information system, data and process improvement projects and the commencement of asset strategy and planning documentation as part of our efforts to improve asset management capability.

The asset management information system (AMIS) will facilitate the efficient capture of asset data, performance history and operational information. At a high level, analysis of this data will drive a number of important business functions, such as:

- Providing real-time and accurate information to inform asset strategy development
- Improving operational efficiency and workforce utilisation through automated workflow of work approval, allocation, acceptance, completion and closure
- Forming a single repository for asset data and works execution information for costing analysis and reporting
- Capturing consistent data to inform network performance improvement initiatives
- Optimising capital and operational expenditure
- Reducing reactionary maintenance and therefore operational expenditure
- Improving asset lifecycle management
- Aligning TasWater's asset management practices with industry best practice.

The AMIS is planned to go live in late 2016.

ENABLING US TO DRIVE OUR ASSETS

Members of the Project Turbine team at the project launch in Launceston.



The Asset Management Information System project, known as Project Turbine, was officially launched in Launceston in November.

The project is designed to manage our assets and drive service delivery across the organisation.

"The launch was an important step in bringing the project team together to provide an overview of the project so far," Ian Catterall, Project Director, said.

"The project is expected to take 12 months to complete. The project team will design, build and implement the information system and anticipate going live at the end of 2016," he said.

The anticipated benefits that Project Turbine will deliver include making our office and field-based staff activities easier, allowing us to analyse our asset data for preventative maintenance and capital investment decisions, making our inventory

process smoother and underpinning a more customer focused approach to reactive and planned maintenance.

"The team are being supported by external contractors from Deloitte and IBM who are providing project management and solution delivery support," Mr Catterall said.



KEEPING WIPES OUT OF THE PIPES

Kate Beard, Education Officer, demonstrating how wipes do not break down in water over time. These wipes have been sitting in water for months.

The statistics are startling. Each week TasWater pulls 500 kilograms of wet wipes, sanitary products, cotton buds and nappies from the Launceston sewerage system alone.

"Wet wipes and other products are not meant for our pipes and they are causing much trouble for our sewerage system," Gina Harvey, Education Coordinator, said.

The education team is developing a campaign to educate our customers to stop putting the wrong things down our pipes.

"One of the biggest obstacles we are facing is the packaging that companies are using on wet wipes. These products say they are flushable and biodegradable so many people are innocently flushing them, not

realising it is a growing issue for water utilities and the environment," Mrs Harvey said.

"We are developing an activity for kids to teach them about the kind of things that can and cannot enter our sewerage systems."



Single geographic information system

TasWater has successfully implemented a consolidated statewide geographical information system (GIS). Data from the three regional systems has been migrated into a single platform and is now accessible throughout the business from a single web viewer, Geocortex. As part of the launch, a GIS service improvement group, including a range of users throughout the business, has been established to assess and prioritise enhancements to the system.

The GIS is the means by which we store the location and description of our water and sewerage assets.

Field service management system

The past financial year has seen operations and maintenance further consolidate the capture of regulatory compliance data, which has enhanced our ability to provide timely feedback to our internal and external customers. The key driver of this has been the roll out of a field mobility solution.

The FSMS enables the lowering of costs and improvement of service levels through reduced manual handling and the collection of accurate data from the field.

The implementation of the field service management system (FSMS) to the southern-based teams has improved accuracy of data collection from the field-based staff. Capturing real-time data enhances access to information for the customer services teams and increases awareness of where teams are based for the operations and maintenance coordinators.

Asset data and condition specification

TasWater has continued to invest in developing and improving its asset data and condition specifications.

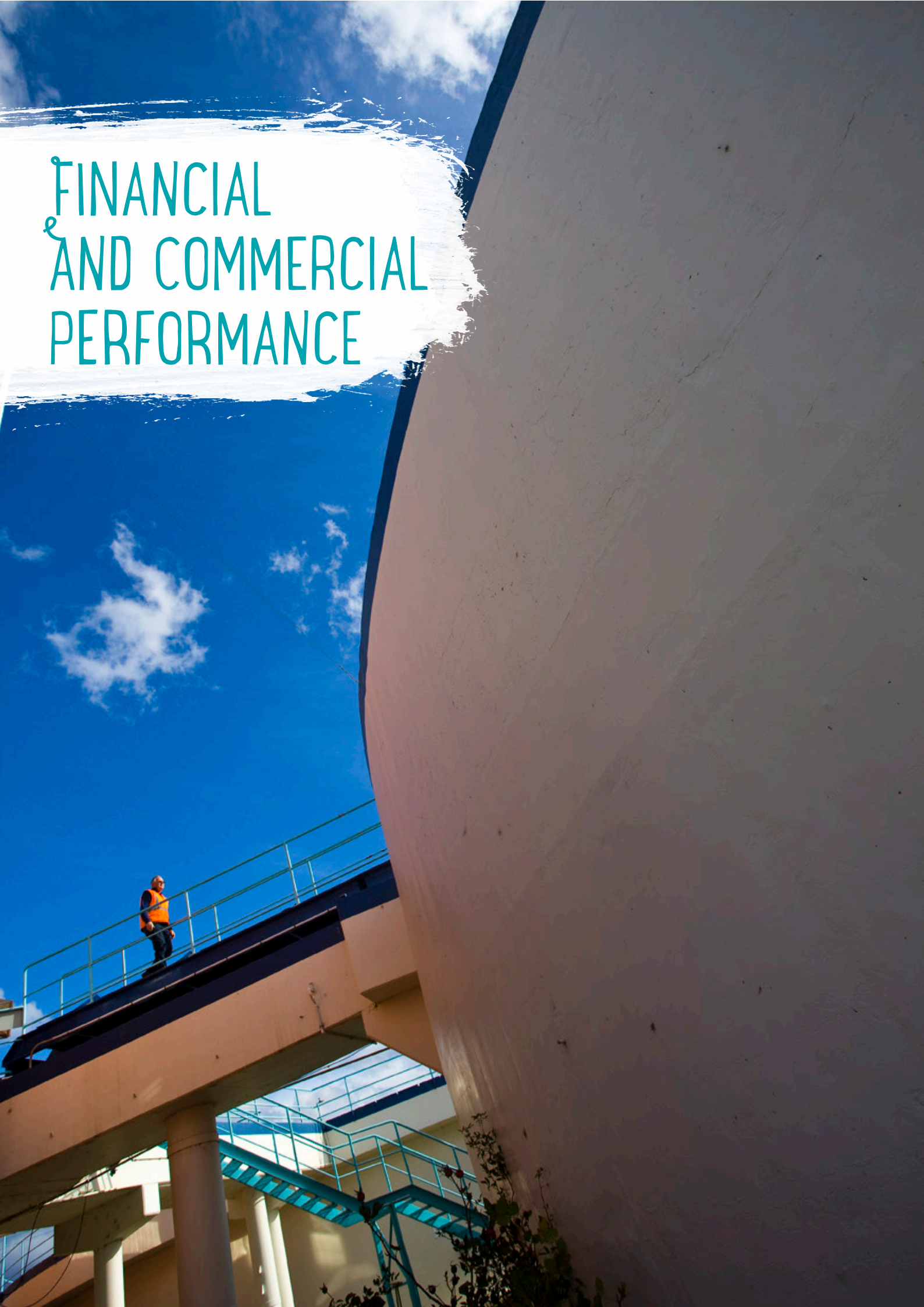
These specifications are used for a variety of purposes throughout the business, including the definition of the GIS, the Maximo (asset management information system) implementation and the Asset Data Improvement Program, which is aimed at improving the accuracy of our data.

Business Systems Information Technology

This financial year an emphasis has been placed on the security, infrastructure resilience and redundancy of the corporation's information technology (IT) assets.

Key works include the standardisation of the network, desktop and server infrastructure at our treatment plants, and the rollout of preventative maintenance schedules in our data centres. Increased security measures for emails and data sharing have been introduced, and financial and operational efficiencies have been realised through the development of a usage estimate and forecast system for revenue prediction.

FINANCIAL & COMMERCIAL PERFORMANCE



Financial and commercial performance key performance indicators (KPIs) for financial year 2015–16

Measure	KPI	2015–16		2014–15
		Target	End of year outcome	End of year outcome
Financial performance	Net profit after tax	\$19.0 M	\$25.3 M	\$33.2 M
	Sustainable cost savings	\$0.5 M	\$0.9 M	Not measured
	Interest cover ratio	>2.35	2.67	3.43
	Total overdue debt as a percentage of rolling revenue	4.8%	5.2%	4.2%
Pricing transition	Percentage of customers on target tariff – water 20mm ^	89.5%	79.7%	68.4%
	Percentage of customers on target tariff for sewage (IET) ^^	81.4%	75.0%	33.8%
Progress against capital plan	Capital expenditure	\$110 M	\$129 M	\$102 M

Green = target met Amber = within 20% of target Red = greater than 20% outside target
 > greater than; >= greater than or equal to; < less than; <= less than or equal to

^ 20 millimetre connection (excludes multiple connections)

^^ Installations classified as IET (excludes higher load ratings)

Price and service plan

We have completed the first year of the regulated price and service plan 2015–18 (PSP2). Solid progress has been made on delivering on our pricing objective of providing equitable pricing across the state – the same price, for the same service. From 1 July 2015, all customers paying above the target tariff were immediately brought down to the target tariff and those below are being progressively brought up to tariff. The overall percentage of customers on target tariff is provided in the table above.

We delivered strongly on our capital expenditure program during 2015–16, investing \$129 million over the year to improve public health and environmental outcomes. Our capital program spend will need to be lower for the remaining years of the PSP2 period if we are to remain within the approved capital expenditure allowance of \$330 million.

Looking forward, planning has begun for the third PSP, including considering what we want to achieve and how we will engage with customers to ensure their views are reflected in our proposal to the economic regulator.

Tasmanian Water and Sewerage Regulatory Framework Review

The Economic Regulator's price determination last year (PSP2), raised questions for us about whether Tasmania's water and sewerage regulatory framework had the best configuration to provide long-term, sustainable outcomes for the state. We commissioned an external assessment of the framework, created in the 2008 reforms, to make sure that it was in line with best practice to support the rollout for improved water and sewerage services. The review found that while the economic framework was generally sound, there were opportunities for improvement in its approach and implementation. In addition, the review found that environmental regulation could be improved to provide cleaner waterways sooner. We are pursuing reforms with the government and regulators and we have accepted all of the recommendations, including how TasWater can improve its approach.

PYENGANA LAD WINS AWARD

Lou Balcombe (Steve's son); Callum Tate, scholarship recipient; Lance Balcombe (Steve's brother); and Alec Balcombe (Steve's son) at the BBQ at Risdon Brook Park.



The prestigious Steve Balcombe Scholarship for 2016 was awarded to Callum Tate, an engineering student at the University of Tasmania (UTAS) in April at a scholarship presentation held at Risdon Brook Park in Hobart.

The scholarship is awarded each year to a UTAS student of engineering, environmental science or earth science.

Callum joined Alec, Lou and Lance Balcombe, TasWater staff, UTAS representatives and past scholarship recipient Matthew Robertson at the barbecue lunch.

The scholarship was set up in 2001 by Hobart Water, in honour of its inaugural Chairman, Steve Balcombe, who died prematurely in the same year. Steve Balcombe had a distinguished career in both the public and private sectors in Tasmania.

The Steve Balcombe Scholarship has been awarded to an aspiring engineer or scientist every year since 2001 by Hobart Water, Southern Water and TasWater.

"Through the scholarship we have hosted some incredibly talented and committed students," Cathy Cuthbertson, General Manager People and Safety, said.

"Callum will receive \$3,000 of financial assistance during each year of his study at UTAS. He will also undertake work experience placements at TasWater during university holidays."

Callum, who is from Pyengana in the north-east of Tasmania, said that receiving the scholarship had had a big impact on him being able to attend university.



GRADUATING STARS

Employees across the state celebrated new qualifications.

Employees from across the state came together in Moonah, Hobart during the year to celebrate a range of new workplace qualifications.

Seventy-eight people were recognised for their participation, in areas including field-based staff, tradespeople, product quality scientists and office-based administrators with funding assistance from Skills Tasmania.

"Investing in staff is essential to maintain the levels of service and management needed to meet community and regulatory expectations," Michael Brewster, TasWater Chief Executive Officer, said.

"Our workforce is highly skilled in a range of disciplines but ongoing training is essential to maintain the levels of service and management needed to meet community expectations and comply with the strict environmental and health regulations governing the industry," he said.

Mr Brewster addressed the graduates along with Board Chairman Miles Hampton and Skills Tasmania Director, Dr Chrissie Berryman, and congratulated the graduates on their determination to juggle work, study and their personal pursuits in order to further their skills.

Skills Tasmania also announced a further funding pool of \$350,000 which will be used to address training needs in the areas of safety, water operations, IT literacy and project management.

WATER SAVING WAYS

TasWater's Gina Harvey and Kate Beard at the Triabunna Save Each Drop information session.



As part of a long-term focus on water conservation, TasWater developed a Save Each Drop campaign to educate the community on how they can help save water.

"Save Each Drop highlights simple and practical ways to reduce water use over summer," TasWater Education Coordinator, Gina Harvey, said.

"Actions like watering the garden early in the morning or in the evening, thinking carefully

before hosing down driveways or boats, and washing the car with a bucket and sponge make a difference.

"Not running your kitchen and bathroom taps unnecessarily can also help save water as well as cutting back on the time you spend in the shower."

Water saving sessions focused on garden water use began in January 2016 as part of a joint project with the Royal Tasmanian

Botanical Gardens featuring special guest Tino Carnevale from ABC TV's Gardening Australia.

Further sessions were held around the state, offering helpful tips on saving water in the home.

To find out how you can make a difference, visit www.saveeachdrop.com.au



WATER RESTRICTIONS IN FORCE

TasWater's Water Services Operator, Roger McKenzie, inspects flows at the Nunamara Intake Weir into Distillery Creek Water Treatment Plant.

A dry summer necessitated the declaration of water restrictions in 11 Tasmanian towns in an effort to conserve water and ensure long-term sustainability.

Campbell Town, Ross, Triabunna, Orford, Launceston and Mole Creek were declared as Stage 1 water restrictions; Bridport, Swansea, Currie and Whitemark were upgraded to Stage 2; and Colebrook was upgraded to Stage 3.

TasWater General Manager Operations and Maintenance, Glen Jameson, said TasWater closely monitored the water sources supplying communities across Tasmania.

"By following the requirements of staged water restrictions we can all cut down on our water consumption," Mr Jameson said.

"These restrictions impacted mainly on the watering of gardens and sporting ovals, and while they allowed the use of water each day, it was limited to certain times."

Although Tasmania experienced some rain during the January/February period, TasWater continued to monitor the supplies for the long-term.

Mr Jameson said restrictions are part of a long-term strategy to not only reduce water

use, but also encourage residents and visitors to adopt a responsible approach to water consumption in warmer months.

Part of this strategy is the Save Each Drop program, which will provide all water users with the tips they need to use water wisely in and around the home.

A TasWater incident management team was established to closely scrutinise any changes in supply and demand on drinking water supply networks.

All water restrictions were removed by the end of March.

CORPORATE 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)*. TasWater was incorporated on 5 February 2013 as a proprietary limited company under the *Corporations Act 2001*, owned in equal shares by the 29 local government councils of Tasmania. Its constitution was adopted on incorporation and ratified by the owners at a general meeting on 16 May 2013.

The WSCA prescribes our objectives as:

- To efficiently provide water and sewerage functions in Tasmania
- To encourage water conservation, the demand management of water and the re-use of water on an economic and commercial basis
- To be a successful business and, to this end:
 - › Operate its activities in accordance with good commercial practice
 - › Deliver sustainable returns to its members
 - › Deliver water and sewerage services to customers in the most cost-efficient manner.

Principal activities

Our principal activities during 2015–16 were:

- Providing water and sewerage services for residential and commercial customers throughout Tasmania
- Undertaking maintenance, upgrading and development works on water and sewerage assets and preparing strategic development plans for 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 Securities Exchange's Corporate Governance Principles and Recommendations (ASX Principles) as the basis for its corporate governance framework.

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

The WSCA mandates other specific governance features, including the composition of the Board, rights and responsibilities of its owner councils, and specific sections of the *Corporations Act 2001* that are formally displaced and therefore do not apply. 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.

Board structure

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

Directors' background and terms of appointment



CHAIRMAN Mr Miles Hampton
B.Ec (Hons), FCPA, FCIS, FAICD

APPOINTED 1 February 2013
REAPPOINTED 1 February 2015

Mr Hampton was the chairman of Southern Water, Ben Lomond Water, Cradle Mountain Water and Onstream from 2011-13 and a director since 2008. He was previously chairman of the bulk water authority, Hobart Water, from 2005-09.

Mr Hampton is a former member of the Tasmanian Planning Commission and the Infrastructure Advisory Council. He 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 previously been a director of Australian Pharmaceutical Industries Ltd, The Van Diemen's Land Company, Forestry Tasmania, Impact Fertilisers Pty Ltd and Money3 Corporation Ltd.




Brian Bayley
Dip. Civ. Eng.

APPOINTED 1 March 2013
TERM EXPIRED 29 February 2016

Formerly a director of Southern Water, Ben Lomond Water and Cradle Mountain Water from 2009-13, Mr Bayley has 40 years of experience in the water industry and was Managing Director of Melbourne Water for seven years until 2005.

Mr Bayley's experience includes time spent in a senior management role with a UK water business, Anglian Water; project work for the Victorian State Government; and time as National Water Sector Leader for the engineering consultancy business, Evans and Peck.

Mr Bayley was a director of the Water Services Association of Australia from 1998 to 2004 and chaired the Association from 2001-03. He also chaired the Victorian Water Industry Association from 2001-03.



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


APPOINTED 1 March 2013
REAPPOINTED 1 March 2014

Mr Lewinsky is currently Chair of Holmesglen Institute, TAL Superannuation Ltd and the Australian Centre for the Moving Image.

He is also a director of Ambulance Victoria and a member of various government audit committees.

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.




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

APPOINTED 26 March 2015

Mr Burrows is currently Chairman of TasTAFE and Tasmanian Quality Assured Inc. and a member of the boards of Australian Seafood Industries Pty Ltd, Clean Seas Tuna Ltd, Metro Tasmania Pty Ltd and Peloton Global Pty Ltd. 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 corporations, he was a director of Southern Water from 2011-13.

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




Sally Darke
B.Ec, FAICD

APPOINTED 1 January 2016

Ms Darke has in excess of 30 years' experience as a human resources professional and is a former director of professional services firm KPMG. As a consultant for the past 10 years with KPMG she developed extensive experience in strategic human resource management, governance, strategic planning, executive recruitment and Board and CEO performance reviews. Ms Darke's client base included local, state and commonwealth government, private enterprise and the not-for-profit sector in Tasmania.

She is a Director of the Tasmanian Community Fund, a member of the Board of Governance of Scotch Oakburn College, an adviser to the Board of B & E Ltd, a member of the Local Government Code of Conduct Panel and a past State Councillor with the Australian Institute of Company Directors.




Dr Daniel Norton AO
B.Agric Sci (Hons), M.Econ, PhD, Hon. LL.D, FAICD

APPOINTED 1 March 2013
TERM EXPIRED 29 February 2016

Dr Norton is an experienced chairman and CEO who has worked in the transport and electricity industries, central government agencies and in international commodity marketing. He has firsthand experience across a broad range of areas including public policy, electricity, transport (including ports and rail), privatisation and corporatisation, financial management reform, education, water and sewerage services, health science research, health services, information and communications technology, agricultural marketing and public sector management.

Dr Norton holds a number of Board positions including Chairman, Tasmanian Networks Pty Ltd; Board member, Infrastructure Australia; Director, WINenergy Pty Ltd; and Chairman, Royal Hobart Hospital Redevelopment Executive Steering Committee.



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

APPOINTED 1 March 2016

Mr Kelly has over 40 years' experience in the water and sewerage industry and most recently was the Managing Director of Yarra Valley Water.

He is an Adjunct Professor at the University of Technology Sydney, the Chair of the Lower Yarra Future Directions Group and a member of the Board of WaterLinks. In addition, he has held numerous positions on other industry and not-for-profit bodies, including as Chairman of WaterAid Australia, the Savewater Alliance and the Victorian Water Industry Association's Sustainability Taskforce.




Sibylle Krieger
LLB (Hons), LL.M, MBA, FAICD

APPOINTED 1 March 2013
REAPPOINTED 1 March 2015

Ms Krieger has 35 years of broad commercial experience as a lawyer, economic regulator and non-executive director. She was a partner in two large commercial law firms for 22 years.

Ms Krieger spent six years as a tribunal member of the principal New South Wales economic regulator (IPART) which deals with a wide range of regulated sectors, including water. She is the Chair of Xenith IP Group Ltd, a director of the Australian Energy Markets Operator Ltd, a trustee of Sydney Grammar School and a director of its foundation, and a member of the Tasmanian Energy Security Taskforce. She was formerly a director of Sydney Ports Corporation and Allconnex Water and a trustee of the Royal Botanic Gardens and Domain Trust.



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

APPOINTED 1 March 2016

Dr Locher has in excess of 25 years' experience working both within Australia and overseas on environmental, social and sustainability issues with a particular focus around water resource management and sustainable regional development.

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.

Directors' meeting attendance 2015-16¹

	Board		Audit and Risk Committee (AAR)		Capital Works Committee (CWC)		Environment and Public Health Committee (EPH)	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Miles Hampton (Board Chair)	13	13	-	5+	-	4+	-	4+
Brian Bayley (EPH Chair) (Term expired 29 February 2016)	9	9	-	1+	2	2	3	3
Dr Dan Norton AO (CWC Chair) (Term expired 29 February 2016)	9	9	3	3	2	2	-	-
Nick Burrows (AAR Chair)	13	13	5	5+	-	3+	4	4
Sibylle Krieger (EPH Chair from 1 March 2016)	13	12	3	4+	4	4	1	2+
Peter Lewinsky (CWC Chair from 1 March 2016)	13	11	5	5	2	4+	3	4+
Sally Darke (Commenced 1 January 2016)	7	7	2	2	-	1+	1	1
Vincent (Tony) Kelly (Commenced 1 March 2016)	4	4	2	2	2	2	-	-
Dr Helen Locher (Commenced 1 March 2016)	4	4	-	2+	2	2	1	1

¹ Does not include matters dealt with by circular resolution at either Board or Board committee level

+ Denotes attendance by directors who are not members of the relevant Board committee for the full year.

Board committees

Audit and Risk Committee

TasWater's Audit and Risk Committee (AAR) comprises four independent directors. The committee was chaired by Mr Nick Burrows and met five 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 Risk and Audit Committee at scheduled meetings.

During 2015-16, 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 was chaired by Dr Dan Norton AO until 29 February 2016 and Mr Peter Lewinsky was appointed as Chair with effect from 1 March 2016. 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 2015-16 was to:

- Review and recommend to the Board for approval of 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 for Board approval
- Review and recommend major projects for Board approval
- Monitor and overview 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 Committee (EPH) comprises four independent directors. It was chaired by Mr Brian Bayley until 29 February 2016 and Ms Sibylle Krieger was appointed as Chair from 1 March 2016. The Committee met four times during the year.

In accordance with its charter approved by the Board, EPH assisted the Board by reviewing, monitoring and overseeing matters relating to environmental management and compliance and public health performance and compliance.

Its major focus in 2015-16 was:

- Ongoing improvement of water quality, particularly in relation to developing system improvements for the removal of public health alerts in small towns
- Understanding the impacts of trade waste on TasWater's operations and stakeholder implications in moving towards contemporary trade waste management
- Understanding the business' 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 eight 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 three times during the year.

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 No 1 - Lay solid foundations for management and oversight <i>Companies should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</i>	
The respective roles and responsibilities of TasWater's Board and management are disclosed.	✓
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 Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity 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 No 2 - Structure the Board to add value <i>Companies should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</i>	
<ul style="list-style-type: none"> The process of recruiting directors is undertaken by a Board Selection Committee in accordance with the WSCA, comprising representatives appointed by the owners' representatives in each of the three regions and the Board 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 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.	✓
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 are provided.	✓
Principle No 3 - Act ethically and responsibly <i>Companies should act ethically and responsibly.</i>	
The Board has a Directors' Code of Conduct and TasWater employees have a Code of Conduct.	✓
The codes of conduct applicable to directors and employees are published on TasWater's website.	✓

KEY ✓ Complies ✗ Processes not compliant or not applicable △ Complies with the principle, as adapted to meet TasWater's context but is consistent with the intent

Principle No 4 – Safeguard integrity in corporate reporting

Companies should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

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.	✓
The Audit and Risk Committee meeting schedule is disclosed in this annual report.	✓
The CEO and General Manager Finance and Commercial Services 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.	✓
The Auditor General is invited to attend TasWater's Annual General Meeting.	✓

Principle No 5 – Make timely and balanced disclosure

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

Our key governance documents prescribe 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 Shareholder Relations Policy.	⚠

Principle No 6 – Respect the rights of shareholders

Companies should respect the rights of its shareholders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

TasWater's key governance documents are published via the website.	✓
TasWater holds quarterly meetings and biannual general meetings with the owners' representatives.	✓
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 Charter facilitate effective communication between TasWater and the owners' representatives and are published on the TasWater website.	✓
Owners' representatives and owner councils are able to receive communication from and provide communication to TasWater electronically.	✓

Principle No 7 – Recognise and manage risk

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

TasWater's Risk Management Framework has been established and undergoes periodic review.	✓
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.	✓
The Audit and Risk Committee reviews the risk management framework periodically.	✓
The internal audit arrangements are published in this annual report.	✓
Management provides 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.	✓
The Board is informed of any material exposure to economic, environmental and social sustainability risks and how those risks are managed.	✓

KEY ✓ Complies ✗ Processes not compliant or not applicable ⚠ Complies with the principle, as adapted to meet TasWater's context but is consistent with the intent

Principle No 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 shareholders.

The Board holds responsibility for human resources and remuneration policies.	✓
The Board Charter is published on the website.	✓
Directors have taken advice from independent expert advisors as required. No remuneration advisors undertake other work for management.	✓
Under the enabling legislation, remuneration for directors is the responsibility of owners' representatives and the Board Selection Committee. Disclosures in Principle 2 explain the composition of the Board Selection Committee.	△
The Remuneration Report, incorporated in the Directors' Report, provides further detail on TasWater's remuneration policies.	✓

Public interest disclosures 2015–16¹

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 applications 2015–16

The number of applications for assessed disclosure made to TasWater	25 ²
The number of applications for assessed disclosure refused by TasWater	3 ³
The number of applications for assessed disclosure determined by TasWater	14 ⁴
The number of applications for internal review and the outcome of those reviews	4 ⁵
The number of applications for external review and the outcome of those reviews	0

Personal information protection complaints 2015–16

The number of complaints relating to failure to protect personal information made to TasWater	2 ⁶
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KEY ✓ Complies ✗ Processes not compliant or not applicable △ Complies with the principle, as adapted to meet TasWater's context but is consistent with the intent

- TasWater is subject to the Public Interest Disclosures Act 2002. Our Public Interest Disclosures (Whistleblowers) Policy and our Public Interest Disclosures Model Procedures Manual (as approved by the Ombudsman on 21 July 2014) are available on our website at www.taswater.com.au/About-Us/Governance-and-Policies or by contacting us on 13 6992.
- A total of 25 applications for assessed disclosure were received by TasWater; however, nine of these were considered to be more appropriately treated as active disclosures and are therefore excluded from the balance of these statistics.
- One refusal related to an application for assessed disclosure made prior to 1 July 2015.
- This excludes the applications originally made for assessed disclosure but treated as active disclosures by TasWater, but includes the determination of applications for assessed disclosure made prior to 1 July 2015.
- Three of the decisions on review upheld the original decision, but also included additional information identified at the time of the review. One decision on review overturned the original decision.
- Both complaints were investigated and it was determined that TasWater's use of the complainant's personal information was in accordance with the Personal Information Protection Principles and the Australian Privacy Principles.

FINANCIAL REPORT

TASMANIAN WATER AND SEWERAGE CORPORATION PTY LTD
1 JULY 2015 to 30 JUNE 2016



DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Legislative Authority

The *Water and Sewerage Corporation Act 2012* (WSCA) was given Royal Assent on 11 December 2012. The Act provided for the establishment and incorporation of the Corporation, and for the transfer of the assets, rights, liabilities, obligations and employees of the four corporations established under the *Water and Sewerage Corporations Act 2008* (trading as Ben Lomond Water, Cradle Mountain Water, Southern Water and Onstream) to the Corporation on 1 July 2013 following the cessation of the trading activities of these four corporations.

TasWater was formed on 5 February 2013 under the *Corporations Act 2001* and pursuant to the 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 delivery of reliable, 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 profit after tax of \$25,310,222 for the year ended 30 June 2016 (2015: \$33,154,554).

A more detailed review of the Corporation's operations during the year is contained elsewhere in the Annual Report.

Audit Opinion

The Tasmanian Audit Office has raised an Emphasis of Matter in their audit opinion relating to the carrying value of water & sewerage infrastructure assets.

The valuation of our infrastructure assets is based on a discounted cash flow model. The model is highly sensitive to a number of key inputs, and coupled with the uncertainty regarding our future net cash flows, there is a wide range of realistically probable valuation outcomes.

In 2015 the TasWater Board discussed with the Tasmanian Audit Office the unhelpful outcome of substantial adjustments to the carrying value of infrastructure assets on an annual basis that could occur because of minor and often temporary changes in the key assumptions that underpin asset valuation assessments.

Consistent with these discussions TasWater adopted an approach that had the carrying value of its assets assessed for impairment purposes by comparing the book value with a range of upper and lower bounds, the latter established by applying a range of upper and lower input assumptions.

If the carrying value fell within the calculated range, it was determined that no change in the carrying value of assets was considered necessary.

This was the approach taken in 2015 and no impairment or adjustment in carrying values was made.

TasWater has adopted the same approach in 2016 and with the carrying value falling well inside the upper and lower bounds the Board has determined that there is no impairment or need to adjust the carrying values.

The Board of TasWater intends to engage an independent expert to conduct a comprehensive review of the valuation methodology prior to the finalisation of the 2017 Financial Report.

Environmental Regulations

The Corporation's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Board has the responsibility to monitor compliance with environmental regulations. The Directors are not aware of any significant breaches during the year covered by the report apart from the failure of the majority of the Corporation's sewage treatment plants to regularly comply with effluent discharge licences set by the Environmental Regulator. The Corporation has an agreed Wastewater Management Plan with the Environmental Regulator outlining initiatives and implementation schedules to address the Environmental Regulator's priorities with respect to these non-compliances.

Drinking Water Systems

The Board has the responsibility to monitor compliance with drinking water regulations. The Directors are not aware of significant breaches during the year covered by the report. The majority of the Corporation's drinking water systems comply with the health guideline values contained in the Australian Drinking Water Guidelines (2011) as specified in the Tasmanian Drinking Water Quality Guidelines. The Corporation has submitted a Drinking Water Quality Management Plan to the Department of Health and Human Services outlining initiatives and implementation schedules to address the non-compliant systems.

Dam Portfolio

The Corporation manages its dams using a Dam Portfolio Risk Assessment process in accordance with the Australian National Council on Large Dams (ANCOLD) Dam Safety Management Guidelines 2003. The majority of dams are compliant with the ANCOLD guidelines. The Corporation runs a substantial risk mitigation program. Those dams that fall outside any criteria of the Guidelines, including the Societal Risk Criteria, are being managed under additional mitigation plans which are being monitored by the Board and provided to the Tasmanian Dam Safety Regulator. An annual report is provided to the Dam Safety Regulator regarding the status of all dams with a rating of significant hazard or above and sets out the program of works for the following financial year. The Corporation has an obligation to immediately advise the Regulator of adverse developments in dam status.

Dividends

On 24 February 2016 the Board of the Corporation approved the payment of an interim dividend of \$7,341,988 (2015: \$10,061,138). This interim dividend was paid on 29 February 2016.

On 29 June 2016 the Board approved the payment of a further dividend of \$12,990,468 (2015: \$12,058,939), which was paid on 30 June 2016.

Subsequent Events

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 2016. 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:

- Mr Miles Hampton (Chair)
- Dr Dan Norton AO (Deputy Chair) (term expired 29/2/16)
- Mr Brian Bayley (term expired 29/2/16)
- Mr Nick Burrows
- Ms Sibylle Krieger
- Mr Peter Lewinsky
- Ms Sally Darke (appointed 1/1/16)
- Mr Vincent (Tony) Kelly (appointed 1/3/16)
- Dr Helen Locher (appointed 1/3/16)

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

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

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

Senior Executive	Title	Commencement Date	End Date
Mr Michael Brewster	Chief Executive Officer	1/7/13	
Mr Dean Page	General Manager Finance and Commercial Services	19/8/13	
Mr Cameron Crawford	General Manager Strategy and Stakeholder Management	9/9/13	5/6/15
Ms Cathy Cuthbertson	General Manager People and Safety	9/9/13	
Mr Andrew Moir	General Manager Asset and Product Management	2/9/13	
Dr Dharma Dharmabalan	General Manager Works and Delivery	30/9/13	
Mr Glen Jameson	General Manager Operations and Maintenance	9/9/13	28/7/16
Ms Eleanor Bray	General Manager Retail and Customer Services	23/9/13	
Ms Ailsa Sypkes	General Manager Legal and Governance	28/4/14	

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 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 are offered as part of any remuneration.

Non-executive directors' remuneration

Under the WSCA, the statewide Owners' Representative Group (ORG) is responsible for determining the remuneration framework for non-executive directors. The selection committee of the ORG makes its determination of the remuneration framework based on the recommendation of the selection committee, as described in the Constitution. The selection committee is then responsible for determining the remuneration for each director within the parameters of that 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.

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 CPI.

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.

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:

2016 Non-executive directors	Short-term benefits	Post employment benefits		Total \$
	Salary \$	Superannuation \$	Termination benefits \$	
Mr Miles Hampton	113,804	10,811	0	124,615
Dr Dan Norton AO (term expired 29/2/16)	43,559	4,138	0	47,697
Mr Brian Bayley (term expired 29/2/16)	43,559	4,138	0	47,697
Mr Nick Burrows	64,975	6,173	0	71,148
Ms Sibylle Krieger	61,096	5,804	0	66,900
Mr Peter Lewinsky	62,917	5,979	0	68,896
Ms Sally Darke (appointed 1/1/16)	29,364	2,790	0	32,154
Mr Vincent (Tony) Kelly (appointed 1/3/16)	21,804	2,071	0	23,875
Dr Helen Locher (appointed 1/3/16)	21,804	2,071	0	23,875
Total	462,882	43,975	0	506,857

2015 Non-executive directors	Short-term benefits	Post employment benefits		Total \$
	Salary \$	Superannuation \$	Termination benefits \$	
Mr Miles Hampton	109,589	10,411	0	120,000
Dr Dan Norton AO	61,467	5,839	0	67,306
Mr Brian Bayley	61,467	5,839	0	67,306
Mr Nick Burrows (appointed 26/3/15)	14,360	1,364	0	15,724
Ms Sibylle Krieger	57,798	5,491	0	63,289
Mr Peter Lewinsky	57,798	5,491	0	63,289
Ms Sarah Merridew (resigned 25/3/15)	47,107	4,475	0	51,582
Dr Jane Sargison (resigned 24/6/15)	57,798	5,491	0	63,289
Total	467,384	44,401	0	511,785

2016 Senior executives	Short-term benefits	Post employment benefits		Total \$
	Salary \$	Superannuation \$	Termination benefits \$	
Mr Michael Brewster	425,070	39,605	0	464,675
Mr Dean Page	262,928	24,299	0	287,227
Ms Cathy Cuthbertson	212,148	24,072	0	236,220
Mr Andrew Moir	284,703	26,375	0	311,078
Dr Dharma Dharmabalan	265,856	24,380	0	290,236
Mr Glen Jameson (resigned 28/7/16)	233,679	20,833	0	254,512
Ms Eleanor Bray	234,937	21,430	0	256,367
Ms Ailsa Sypkes	212,372	20,178	0	232,550
Total	2,131,693	201,172	0	2,332,865

2015 Senior executives	Short-term benefits	Post employment benefits		Total \$
	Salary \$	Superannuation \$	Termination benefits \$	
Mr Michael Brewster	399,824	37,076	0	436,900
Mr Dean Page	245,060	22,220	0	267,280
Mr Cameron Crawford (resigned 5/6/15)	189,661	19,642	87,802	297,105
Ms Cathy Cuthbertson	198,580	22,440	0	221,020
Mr Andrew Moir	268,178	24,802	0	292,980
Dr Dharma Dharmabalan	247,711	22,652	0	270,363
Mr Glen Jameson	212,154	19,146	0	231,300
Ms Eleanor Bray	221,436	20,144	0	241,580
Ms Ailsa Sypkes	199,087	18,913	0	218,000
Total	2,181,690	207,035	87,802	2,476,527

- Salary includes base salary and where applicable vehicle allowances and non-monetary remuneration benefits.

- Termination benefits include payments in lieu of notice, unused annual leave and unused long service leave at the date of termination. Mr Crawford commenced with a predecessor corporation on 29 January 2007.

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 (2015: 9.50 per cent). 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 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.

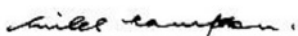
Non-executive directors

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 10 continuous years from the date of first appointment. The 10-year period may only be extended by Special Majority of the Selection Committee.
- Either the independent director, the Corporation or the Owner's Representative Group may terminate the relationship on three months' notice or immediately in certain situations.
- 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 18 to the financial statements.

On behalf of the Directors



Miles Hampton
Chair

15 August 2016

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 50.

Rounding of amounts

The Corporation is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 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*.



Nick Burrows
Director



Tasmanian
Audit Office

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15 August 2016

The Board of Directors
Tasmanian Water and Sewerage Pty Ltd
PO Box 1060
GLENORCHY TAS 7010

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 2016, 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

R J Whitehead
Auditor-General

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FINANCIAL STATEMENTS

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15 August 2016

**FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016
DIRECTORS' DECLARATION**

The Directors declare that for the financial year ended 30 June 2016:

- 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 General Manager Finance and Commercial Services for the financial year ended 30 June 2016.

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



Miles Hampton
Chair



Nick Burrows
Director



Independent Auditor's Report

To the Members of Tasmanian Water and Sewerage Corporation Pty Ltd

Financial Report for the Year Ended 30 June 2016

Report on the Financial Report

I have audited the accompanying financial report of Tasmanian Water and Sewerage Corporation Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration.

Auditor's Opinion

In my opinion:

- (a) the Company's financial report is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 30 June 2016 and its financial performance for the year ended on that date
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.1.

Emphasis of Matter

I draw attention to Note 9 to the financial statements which states that the adopted valuation technique used to measure the fair value of infrastructure assets has not been applied consistently since the initial valuation on 1 July 2013 when the Corporation commenced trading. My opinion has not been modified in respect of this matter.

Report on the Remuneration Report

I have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2016. 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 which has been conducted in accordance with Australian Auditing Standards.

Opinion

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 2016.

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The Responsibility 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*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3.1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with Australian Accounting Standard/International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Directors' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

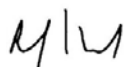
Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*.

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the Directors dated 15 August 2016 and included in the Directors' Report, would be unchanged if provided to the Directors as at the date of this auditor's report.

Tasmanian Audit Office



R J Whitehead
Auditor-General

Hobart
22 August 2016

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 | TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	2016 \$'000	2015 \$'000
REVENUE			
Sales Revenue	4	273,196	274,727
Other Revenue	4	31,270	25,587
Initial Recognition of Assets	4	4,866	-
Total Revenue		309,332	300,314
EXPENSES			
Raw Materials and Consumables	5	22,325	20,602
Depreciation and Amortisation Expenses	5	69,995	67,870
Employee and Related Expenses	5	86,643	79,821
Operations and Maintenance Expenses	5	49,323	46,939
Administration Expenses	5	19,472	19,089
Finance Expenses	5	18,783	18,611
Asset Revaluation Decrement	5	6,593	-
Total Expenses		273,134	252,932
Net Profit before Income Tax Equivalents Expense		36,198	47,382
Income Tax Equivalents Expense	6.1	(10,888)	(14,228)
Net Profit after Income Tax Equivalents Expense		25,310	33,154
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss			
Actuarial (Loss)/Gain on Defined Benefit Plans	12.1	(3,908)	1,854
Change in Asset Revaluation Surplus	12.1	34,448	-
Income Tax Relating to Components of Other Comprehensive Income	6.2	(9,162)	(556)
Total Other Comprehensive Income		21,378	1,298
Total Comprehensive Income for the Year		46,688	34,452

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016 | TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	2016 \$'000	2015 \$'000
CURRENT ASSETS			
Cash and Cash Equivalents	8.1	2,748	12,148
Receivables	8.2	41,937	46,322
Inventories	8.3	5,587	5,181
Prepayments		2,726	1,892
Assets Classified as Held for Sale	8.4	565	275
Total Current Assets		53,563	65,818
NON-CURRENT ASSETS			
Property, Plant & Equipment	9	1,985,155	1,878,388
Intangibles	10	14,630	8,979
Deferred Tax Assets	6.4	44,126	58,183
Total Non-current Assets		2,043,911	1,945,550
Total Assets		2,097,474	2,011,368
CURRENT LIABILITIES			
Borrowings	11.1	98,031	117,858
Employee Benefits	11.2	15,723	15,127
Payables	11.3	22,838	26,324
Unearned Income	11.4	1,778	4,410
Other Current Liabilities	11.5	1,504	1,321
Current Tax Liability	6.3	1,417	2,666
Total Current Liabilities		141,291	167,706
NON-CURRENT LIABILITIES			
Borrowings	11.1	332,252	247,883
Employee Benefits	11.2	12,855	8,707
Unearned Income	11.4	32,577	34,923
Other Non-current Liabilities	11.5	3,787	3,793
Total Non-current Liabilities		381,471	295,306
Total Liabilities		522,762	463,012
Net Assets		1,574,712	1,548,356
EQUITY			
Retained Profits	12.1	22,784	20,542
Asset Revaluation Reserve	12.2	24,114	-
Contributed Equity	12.3	1,527,814	1,527,814
Total Equity		1,574,712	1,548,356

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 | TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Other Sources		296,410	290,237
Payments to Suppliers and Employees		(202,209)	(176,332)
Grant Funds		5,000	5,000
Headwork Charges		144	829
Interest Received		58	67
Interest Paid		(15,213)	(16,100)
Loan Guarantee Fees Paid to Owner Councils		(2,426)	(2,341)
Income Tax Equivalents Paid to Owner Councils	6.3	(7,242)	(5,539)
Net Cash inflow from Operating Activities	20.1	74,522	95,821
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant & Equipment		(117,162)	(94,221)
Interest Paid for Capital Works		(1,870)	(721)
Payment for Capitalised Employee and Direct Costs		(9,615)	(7,539)
Contributions Received		-	2,701
Proceeds from Sale of Property, Plant & Equipment		515	1,930
Net Cash outflow from Investing Activities		(128,132)	(97,850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		239,241	206,894
Repayment of Borrowings		(174,699)	(173,618)
Dividends Paid to Owner Councils	12.1	(20,332)	(22,120)
Net Cash outflow from Financing Activities		44,210	11,156
Net (decrease) / increase in Cash and Cash Equivalents		(9,400)	9,127
Cash and Cash Equivalents at the Beginning of the Year		12,148	3,021
Cash and Cash Equivalents at the End of the Year	20.2	2,748	12,148

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 | TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	Retained Profits \$'000	Asset Revaluation Reserve \$'000	Contributed Equity \$'000	Total Equity \$'000
BALANCE AS AT 30 JUNE 2014		8,210	-	1,527,814	1,536,024
Net Profit after Income Tax Equivalent Expense	12.1	33,154	-	-	33,154
Dividends Paid	12.1	(22,120)	-	-	(22,120)
Other Comprehensive Income		1,298	-	-	1,298
BALANCE AS AT 30 JUNE 2015		20,542	-	1,527,814	1,548,356
Net Profit after Income Tax Equivalent Expense	12.1	25,310	-	-	25,310
Dividends Paid	12.1	(20,332)	-	-	(20,332)
Other Comprehensive Income		(2,736)	24,114	-	21,378
BALANCE AS AT 30 JUNE 2016		22,784	24,114	1,527,814	1,574,712

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 | TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

1 General Information

Tasmanian Water and Sewerage Corporation Pty Ltd (the Corporation), trading as TasWater, is a propriety limited company incorporated in Australia. The address of the Corporation's registered office is 169 Main Road, Moonah, Tasmania.

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

2 Application of new and revised accounting standards

2.1 New and revised Standards and Amendments adopted by the Corporation

The Corporation has applied the following standards and amendments for the first time for the financial reporting period commencing 1 July 2015:

Standard/Interpretation	Impact on the Corporation
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	No material impact.

2.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 <i>Financial Instruments</i>	1 January 2018	30 June 2019
AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2017	30 June 2018
AASB 16 <i>Leases</i>	1 January 2018	30 June 2019

The impact of the adoption of the Australian Accounting Standards and Interpretations in issue but not yet effective is still to be fully assessed but it is unlikely to have a material impact on the Corporation. The Corporation does not intend to adopt any of these pronouncements before their effective dates.

3 Summary of Significant Accounting Policies

3.1 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 15 August 2016.

3.2 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 below. 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 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the

3 Summary of Significant Accounting Policies (continued)

Financial Report are rounded off to the nearest thousand dollars (\$'000), unless otherwise stated.

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report:

3.3 Significant Accounting Judgements, Estimates and Assumptions

In the application of AASB standards, management is required to make judgments, 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 judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

- useful lives of assets - Note 3.10
- fair value of infrastructure, property, plant and equipment - Notes 3.10 and 9
- asset impairment - Notes 3.14, 8.2 and 9
- accrued revenue, in particular unbilled water sales and the amortisation period of government grants - Note 3.4, 8.2 and 11.4
- restoration and rehabilitation provisions - Note 3.19 and 11.5
- defined benefit obligations - Notes 3.15 and 13
- contingent assets and liabilities - Note 16.

3.4 Revenue Recognition

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.

Interest Income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of Non-Current Assets

The net gain or loss on non-current asset sales are recognised in the Statement of Comprehensive Income at the date the control of the asset passes to the buyer, usually at the point an unconditional written contract is signed and the significant risks and rewards of ownership have been transferred to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

Government Funded Concessions

The Corporation has an agreement with the Crown in right of the State of Tasmania to provide community services in the form of a concession and for the Corporation to be reimbursed for the community services costs and administration costs. Any such reimbursements are recorded as sales revenue on an accrual basis.

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.

3 Summary of Significant Accounting Policies (continued)

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.

3.5 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. 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
- ii. 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.

3.6 Taxation

Income tax equivalents expense on the profit for the year comprises current and deferred tax. 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 year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Income tax equivalent payments are distributed to owner councils in accordance with the Corporation's Constitution.

Deferred tax is provided using the balance sheet liability method and represents the temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the Financial Report. Deferred tax assets relating to deductible temporary differences and tax losses are only brought to account when their realisation is probable (refer Note 6).

3.7 Cash and Cash Equivalents

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.

3.8 Inventories

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.

3.9 Receivables

Trade receivables are recognised at their amortised cost less an allowance for impairment losses (refer Note 3.14). Debts are written off when collection is no longer probable. Trade receivables comprise residential, commercial, industrial, reuse and irrigation customers and other sundry debtors. Settlement terms for customers range from 14 to 31 days from invoice date. Receivables include unbilled water and sewerage income as detailed in Note 3.4.

3 Summary of Significant Accounting Policies (continued)

3.10 Property, Plant and Equipment

(a) Construction of Property, Plant and Equipment

The cost of property, plant and equipment constructed by the Corporation includes the cost of all materials used in construction, applicable finance expenses (refer Note 3.17) and the cost of direct labour on the project. Internal labour and other related costs may also form part of the project cost.

(b) Acquisition of Property, Plant and Equipment

Property, plant and equipment are initially recorded at the cost of acquisition. 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.

(c) Valuations and Recoverable Amounts of Property, Plant and Equipment

Infrastructure Assets, Freehold Land and Buildings are carried at fair value. At the end of each reporting period, the Corporation reviews the carrying amounts of the assets held within the asset class (refer Note 3.14).

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.

(d) 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

(e) Subsequent Costs

The Corporation recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if 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.

3.11 Non-current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3 Summary of Significant Accounting Policies (continued)

3.12 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.

3.13 Intangible Assets

(a) 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.

(b) 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 Statement of Comprehensive Income in the period in which it is incurred.

(c) Amortisation

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

3.14 Impairment

The Corporation's assets including its deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the Statement of Comprehensive Income.

(a) Calculation of recoverable amount

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment based on objective evidence from historical experience adjusted for conditions existing at each balance date. 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.

3 Summary of Significant Accounting Policies (continued)

In undertaking the impairment testing of its infrastructure assets and buildings located at treatment plants it has been determined that the Corporation's assets operate as two cash-generating units: water and sewerage. The recoverable amount of these assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets (refer Note 9).

(b) Reversals of Impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.15 Employee Entitlements

(a) 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 reporting date.

(b) Superannuation

Provision is made for the Corporation's future liability for employees' superannuation entitlements under the Retirement Benefits Fund Scheme and the Quadrant Defined Benefits Scheme (for former employees of the Hobart City Council and Launceston City Council). The provision is fully provided for by the Corporation (refer Note 13).

The provision in relation to the Retirement Benefits Fund Scheme is based on an actuarial valuation conducted by Mercer (Australia) Pty Ltd and the provision in relation to the Quadrant Defined Benefits Scheme is based on an actuarial valuation conducted by GM Actuaries Pty Ltd.

The Corporation, on an emerging cost basis, pays its portion of the future service component of death and disablement benefits under the Retirement Benefits Fund Scheme.

In accordance with accounting standard AASB 119 Employee Benefits, the Corporation recognises actuarial gains and losses on defined benefit plans through Other Comprehensive Income.

The Corporation also makes superannuation contributions for a number of its employees to another Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. This Fund is classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employees. As provided under paragraph 32 (b) of AASB119, the Corporation does not use defined benefit accounting for these contributions.

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

3.16 Borrowings

All borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost using the effective interest method.

3 Summary of Significant Accounting Policies (continued)

3.17 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.

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

3.18 Payables

Trade payables are recognised at amortised cost when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are unsecured and are usually settled with 30 days of recognition.

3.19 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Rehabilitation and Restoration

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.

3.20 Dividends Payable

Dividends payable are recognised when approved by the Board of the Corporation (refer Note 7). In accordance with accounting standards final dividends are not recognised in the financial statements unless they are declared prior to the balance date.

3.21 Financial Instruments

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.

(a) Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through the Statement of Comprehensive Income', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the

3 Summary of Significant Accounting Policies (continued)

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

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Impairment losses are recognised in Statement of Comprehensive Income.

(b) **Financial Liabilities**

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

Other financial liabilities

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

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

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

3.22 **Operating Segments**

The Corporation has voluntarily adopted AASB 8 Operating Segments with effect from 1 July 2013. 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 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.

The segment results of the Corporation are provided in Note 14.

3.23 **Comparisons with previous year**

When necessary comparative figures are adjusted to conform with changes in presentation in the current year.

4 Revenue

	2016 \$'000	2015 \$'000
SALES REVENUE		
Water - Service Charge	72,174	86,674
Sewerage - Service Charge	120,819	116,530
Water - Usage Charges	51,344	45,057
Irrigation Income	1,172	913
Trade Waste Income	9,480	9,514
State Government Funded Concessions	8,404	8,128
Other Fees and Charges including New Connections	9,803	7,911
Total Sales Revenue	273,196	274,727
OTHER REVENUE		
Contributed Assets and Headwork Charges	21,923	17,213
Interest - Deposits & Investments	58	67
Interest - Trade Receivables	559	681
Government Grants	7,423	6,499
Other	1,307	1,127
Total Other Revenue	31,270	25,587
INITIAL RECOGNITION OF ASSETS		
Assets not previously recognised	5,428	-
De-recognised Assets	(562)	-
Total Initial Recognition of Assets	4,866	-
Total Revenue	309,332	300,314

5 Expenses

	2016 \$'000	2015 \$'000
RAW MATERIAL & CONSUMABLES		
Power Costs	11,908	11,876
Chemicals	7,890	6,510
Water Commission Rights	2,527	2,216
Total	22,325	20,602
DEPRECIATION EXPENSES		
Infrastructure Assets	60,812	59,190
Buildings & Leasehold Improvements	861	1,076
Other Assets	6,196	5,588
Total	67,869	65,854
AMORTISATION EXPENSES		
Intangibles	2,126	2,016
Total	2,126	2,016
Total Depreciation and Amortisation Charges	69,995	67,870
EMPLOYEE AND RELATED EXPENSES		
Remuneration and On-Costs	92,439	83,883
Less Capitalised Salaries	(9,615)	(7,539)
Other Employee and Related Expenses	3,819	3,477
Total	86,643	79,821
OPERATIONS AND MAINTENANCE EXPENSES		
Maintenance and Planning	38,919	36,355
Property Costs	5,646	5,801
Motor Vehicles	2,918	3,008
Other Operations and Maintenance	1,840	1,775
Total	49,323	46,939
ADMINISTRATION EXPENSES		
Insurance	1,500	1,556
Billing costs	2,750	2,465
Contract Services	926	1,600
Property Costs	1,428	1,534
Information Systems and Communications	4,962	4,336
Regulatory Fee	2,573	2,996
Other Administration	5,333	4,602
Total	19,472	19,089
FINANCE EXPENSES		
Interest Expense - Borrowings	17,867	16,635
Loan Guarantee Fee Expense (paid to Owner Councils)	2,433	2,326
Less Amount Capitalised ¹	(1,870)	(721)
Interest Expense - Superannuation	353	371
Total	18,783	18,611
ASSET REVALUATION DECREMENT		
Revaluation decrease on Land	5,706	-
Revaluation decrease on Non-infrastructure Buildings	887	-
	6,593	-
Total Expenses	273,134	252,932

¹ Average capitalisation rate is 5.14% p.a. (2015: 5.74% p.a.)

6 Income Tax Equivalents

	2016 \$'000	2015 \$'000
6.1 INCOME TAX EQUIVALENTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME		
Current tax equivalents	6,235	8,205
Adjustments recognised in the current year in relation to the current tax of prior years	(242)	(51)
Deferred tax equivalents	4,653	6,022
Prior year adjustments in relation to deferred tax	242	52
Total income tax equivalents expense	10,888	14,228
Attributable to continuing operations	10,888	14,228
	10,888	14,288
The prima facie income tax equivalents on pre-tax accounting profit from operations reconciles to the income tax equivalents in the financial statements as follows:		
Profit from continuing operations	36,198	47,382
Income tax equivalents calculated at 30%	10,859	14,215
Non-deductible expenses	29	12
	10,888	14,227
Adjustments in current year in relation to the current tax of prior years	-	1
Income tax equivalents expense	10,888	14,288

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

6.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY		
The following current and deferred tax equivalents were charged directly to equity during the period:		
Deferred tax - actuarial loss/(gain) on defined benefit scheme	1,172	(556)
Deferred tax - (gain)/loss on revaluation of land and buildings	(10,334)	-
	(9,162)	(556)
6.3 CURRENT TAX EQUIVALENT ASSETS AND LIABILITIES		
Opening balance liability / (asset)	2,666	51
Reversal of over provision for tax in prior year	(242)	(51)
National tax equivalent payable	6,235	8,205
Instalments paid - in respect of prior years	(2,424)	-
Instalments paid - current year	(4,818)	(5,539)
Closing balance liability / (asset)	1,417	2,666
6.4 DEFERRED TAX EQUIVALENT ASSETS		
Deferred tax equivalent assets comprise:		
Tax losses - revenue	12,085	13,609
Temporary differences	32,041	44,574
	44,126	58,183

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 2016					
Deferred tax equivalent assets:					
Provisions	9,679	610	1,172	-	11,461
Tax losses	13,609	(1,524)	-	-	12,085
Property, plant & equipment	22,234	(2,721)	(10,334)	-	9,179
Other	12,661	(1,260)	-	-	11,401
	58,183	(4,895)	(9,162)	-	44,126
Attributable to:					
Continuing operations	58,183				44,126
30 June 2015					
Deferred tax equivalent assets:					
Provisions	9,331	904	(556)	-	9,679
Tax losses	14,117	(508)	-	-	13,609
Property, plant & equipment	28,486	(6,252)	-	-	22,234
Other	12,879	(218)	-	-	12,661
	64,813	(6,074)	(556)	-	58,183
Attributable to:					
Continuing operations	64,813				58,183

Gross cumulative tax equivalent losses of \$40,284,879 (2015: \$45,364,720), tax effect \$12,085,464 (2015: \$13,609,416) were brought to account as a deferred tax asset. Included in the cumulative tax equivalent losses are losses transferred from Southern Water, Ben Lomond Water and Cradle Mountain Water at the inception of the Corporation. The utilisation of transferred losses is limited by the 'available fraction' method. The Corporation's carry forward losses are classified as an asset on the basis of certainty of recouping the loss at some time in the future.

7 Dividends

On 24 February 2016 the Board of the Corporation approved the payment of an interim dividend of \$7,341,988 (2015: \$10,061,138). This interim dividend was paid on 29 February 2016.

On 29 June 2016 the Board approved the payment of a further dividend of \$12,990,468 (2015: \$12,058,939), which was paid on 30 June 2016.

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

8 Current Assets

	2016 \$'000	2015 \$'000
8.1 CASH AND CASH EQUIVALENTS		
Cash at Bank and on Hand	2,748	12,148
	2,748	12,148
8.2 RECEIVABLES		
Trade receivables	31,865	33,684
Less allowance for impaired trade receivables	(4,002)	(3,507)
Unbilled water and sewerage income	10,746	12,988
Net GST receivable	2,129	3,145
Other current receivables	1,199	12
	41,937	46,322

An ageing analysis of receivables is provided in Note 21.3.

Movement in allowance for impaired trade receivables

Opening balance	(3,507)	(3,518)
Increase in allowance	(852)	(896)
Reversal of prior year write off	(38)	(181)
Amounts written off during the year	395	1,088
Closing balance	(4,002)	(3,507)

An allowance is made for estimated unrecoverable amounts when there is objective evidence that an individual receivable is impaired. The movement in the allowance was recognised in the net result for the current year.

8.3 INVENTORIES		
Stores and consumables	5,918	5,483
Less allowance for obsolete stock	(331)	(302)
Total	5,587	5,181
8.4 ASSETS CLASSIFIED AS HELD FOR SALE		
Land and Buildings	565	275
	565	275

The Corporation intends to dispose of freehold land in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale as at 30 June 2016 as the directors of the Corporation expect that fair value (estimated based on the recent market prices of similar locations and improvements) less costs to sell is materially equivalent to the carrying amount.

9 Property, Plant and Equipment

Infrastructure assets across north and north west Tasmania suffered significant damage due to the severe weather and flooding event in June 2016. The quantum of assets damaged or destroyed as a result of the flooding could not be accurately determined with certainty. TasWater is currently investigating the extent of the damage. The results of the investigation will be reflected in 2016-17.

	2016 \$'000	2015 \$'000
INFRASTRUCTURE ASSETS - WATER		
At Fair Value	965,247	981,962
Accumulated Depreciation	(88,228)	(58,608)
	877,019	923,354
INFRASTRUCTURE ASSETS - SEWERAGE		
At Fair Value	830,800	759,956
Accumulated Depreciation	(85,855)	(53,565)
	744,945	706,391
FREEHOLD LAND		
At Fair Value	82,954	50,047
BUILDINGS & LEASEHOLD IMPROVEMENTS		
At Fair Value	25,693	31,316
Accumulated Depreciation	(2,322)	(1,901)
	23,371	29,415
OTHER ASSETS		
At Cost	46,173	42,006
Accumulated Depreciation	(15,141)	(10,361)
	31,032	31,645
WORK IN PROGRESS		
At Cost	225,834	137,536
Total	1,985,155	1,878,388

Property, Plant & Equipment - Reconciliation

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 Value as at 1 July 2014	906,653	664,221	-	48,023	-	29,610	31,663	148,282	1,828,452
Contributed Assets at Fair Value	5,893	9,677	-	-	-	-	-	-	15,570
Additions at Cost	1,492	3,247	-	143	-	98	259	98,635	103,874
Transfers from Work in Progress	47,065	51,175	-	1,725	-	695	6,980	(107,640)	-
Transfers between Asset Classes	(6,976)	6,727	-	156	-	98	(1,222)	(1,741)	(2,958)
Disposals	(190)	(49)	-	-	-	(10)	(447)	-	(696)
Assets transferred to Held for Sale	-	-	-	-	-	-	-	-	-
Depreciation Expenses	(30,583)	(28,607)	-	-	-	(1,076)	(5,588)	-	(65,854)
Net Book Value as at 30 June 2015	923,354	706,391	-	50,047	-	29,415	31,645	137,536	1,878,388

9 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 Value as at 1 July 2015	923,354	706,391	-	50,047	-	29,415	31,645	137,536	1,878,388
Contributed Assets at Fair Value	9,058	10,039	5,428	-	-	-	-	-	24,525
Derecognised assets	-	-	(562)	-	-	-	-	-	(562)
Additions at Cost	3,603	5,355	-	-	-	231	2,501	111,690	123,380
Transfers from Work in Progress	8,035	9,064	-	680	-	498	6,293	(23,392)	1,178
Transfers between Asset Classes	(36,243)	44,286	-	(55)	-	(5,754)	(2,398)	-	(164)
Disposals	(95)	(71)	-	(147)	-	(22)	(813)	-	(1,148)
Net revaluation adjustments	-	-	27,853	-	(136)	-	-	-	27,717
Assets transferred to other fair level values	-	-	47,892	(47,892)	16,056	(16,056)	-	-	-
Assets transferred to Held for Sale	-	-	-	(290)	-	-	-	-	(290)
Depreciation Expenses	(30,693)	(30,119)	-	-	-	(861)	(6,196)	-	(67,869)
Net Book Value as at 30 June 2016	877,019	744,945	80,611	2,343	15,920	7,451	31,032	225,834	1,985,155

Infrastructure assets, land and buildings are measured at fair value. Accordingly, the Corporation uses the revaluation model in accordance with AASB 116 Property, Plant and Equipment and measures fair value in accordance with AASB 13 Fair Value Measurement.

Infrastructure, land and building assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment losses, where applicable.

Other assets are measured at fair value less depreciation and impairment losses where applicable.

Assets under construction are measured at cost. The cost of fixed assets constructed within the Corporation includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

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.

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). Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

As at 30 June 2016, the fair value of infrastructure assets reflects the initial fair value of the assets contributed by the four corporations established under the Water and Sewerage Corporations Act 2008 (trading as Ben Lomond Water, Cradle Mountain Water, Southern Water and Onstream) on 1 July 2013 determined using an income approach model plus additions and transfers at cost and less accumulated depreciation and asset disposals since that date. Since initial recognition, the Corporation has not consistently applied the income model to determine the fair value of infrastructure assets. In particular the Corporation has refined its methodology from 2015 to establish upper and lower fair value thresholds for each Cash Generating Unit (CGU).

As at 30 June 2016, the Corporation compared the carrying value of infrastructure assets to a range of fair values calculated using an income approach model. The range has been established by progressively modelling sensitivities to key significant unobservable inputs to generate a series of future cash flows. This model estimated the value of infrastructure assets by discounting each CGU's future cash flows to their present value. The discount rate selected represents the rate that market participants would reasonably expect to use in determining the fair market value of the Corporation.

Based on the outcomes of fair values calculated, no change was made to the carrying values of infrastructure assets.

Level 3 Fair Value Hierarchy Disclosures

The fair value of infrastructure assets and buildings and improvements located at treatment plants have been categorised as a Level 3 value based on the inputs used in the valuation technique. Level 3 of the fair value hierarchy applies where there is a lack of an active market for the asset resulting in significant unobservable inputs being used to measure fair value.

The following table shows the key significant unobservable inputs used in the valuation technique and the relationship of each input on fair value measurement of the Corporations infrastructure assets and buildings and improvements located at treatment plant. The Corporation has established upper and lower fair value thresholds for each Cash Generating Unit by progressively modelling the below sensitivities.

9 Property, Plant and Equipment (continued)

Unobservable input	1 July 2013 Base Inputs used	30 June 2016 Base Inputs used	Range of Sensitivities to Base Considered	Relationship of unobservable inputs to fair value
Discount Rate	Real pre-tax weighted average cost of capital of 6.78% per annum. The Risk Free Rate of 5.15% was calculated as the 10 year average of the 10 year Commonwealth Government bond rate.	Real pre-tax weighted average cost of capital of 4.75% per annum. The Risk Free Rate of 3.45% 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 rate.	Risk Free Rate range +0.75% / -0.75%	The higher the discount rate, the lower the fair value.
Perpetuity Factor	7 year discount period with a terminal value, based on a perpetuity factor of 16.44, applied for subsequent years.	10 year discount period with a terminal value, based on a perpetuity factor of 22.46, applied for subsequent years.	Perpetuity Factor + 4.80 / -3.37	The higher the perpetuity factor, the higher the fair value.
Expected revenue growth	Based on most recent revenue forecast and Corporate Plan estimates, incorporating average revenue increases over the discounting period of 4.00%.	Based on most recent revenue forecast and Corporate Plan estimates, incorporating average revenue increases over the discounting period of 3.98% for the Water CGU and 5.27% for the Sewerage CGU.	Water Revenue Growth range +0.0% / -1.78% Sewerage Revenue Growth range +0.0% / -1.78%	The higher the revenue growth rate, the higher the fair value.
Nominal average cost increase	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 2.50% per annum.	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average cost increase of 2.50% per annum.	None	The higher the nominal average cost increase, the lower the fair value.
Nominal Labour increase	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average labour increase of 3.00% per annum.	Based on most recent expenditure forecast and Corporate Plan, incorporating nominal average labour 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.	Capital expenditure as per most recent forecast and Corporate Plan. The renewal spend is split 36% to Water and 64% to sewerage.	Water Renewal range -16% / +4% Sewerage Renewal range -4% / +16%	The higher the renewal capital spend, the lower the fair value.

Level 2 Fair Value Hierarchy Disclosures

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 similar properties 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.

Valuation Technique	Freehold Land at Fair Value	Buildings & Leasehold Improvements at Fair Value	Total
	Level 2 \$'000	Level 2 \$'000	Level 2 \$'000
Direct comparison approach	80,612	620	81,232
Capitalised income approach	-	15,300	15,300
Movement in Fair Value as at 30 June 2016	80,612	15,920	96,532

9 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 2016 would be as follows:

As at 30 June 2016: Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings & Leasehold Improvements	Other Assets	Assets under Construction	Total
Depreciated Replacement cost	1,611,373	1,658,708	63,749	27,908	61,331	225,834	3,648,903
Accumulated depreciation	(303,274)	(338,482)	-	(6,338)	(41,956)	-	(690,050)
Net Carrying Amount	1,308,099	1,320,226	63,749	21,570	19,375	225,834	2,958,853

As at 30 June 2015: Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings & Leasehold Improvements	Other Assets	Assets under Construction	Total
Depreciated Replacement cost	1,627,015	1,590,035	58,695	32,955	55,748	137,536	3,501,984
Accumulated depreciation	(248,788)	(274,025)	-	(3,447)	(31,748)	-	(558,008)
Net Carrying Amount	1,378,227	1,316,010	58,695	29,508	24,000	137,536	2,943,976

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 2016 would be as follows:

As at 30 June 2016: Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings & Leasehold Improvements	Other Assets	Assets under Construction	Total
Cost	2,887,895	2,525,144	63,749	28,466	62,554	225,834	5,793,642
Accumulated depreciation	(1,579,796)	(1,204,918)	-	(6,896)	(43,179)	-	(2,834,789)
Net Carrying Amount	1,308,099	1,320,226	63,749	21,570	19,375	225,834	2,958,853

As at 30 June 2015: Asset Group \$'000	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings & Leasehold Improvements	Other Assets	Assets under Construction	Total
Cost	2,903,537	2,456,471	58,695	33,513	56,971	137,536	5,646,723
Accumulated depreciation	(1,525,310)	(1,140,461)	-	(4,005)	(32,971)	-	(2,702,747)
Net Carrying Amount	1,378,227	1,316,010	58,695	29,508	24,000	137,536	2,943,976

10 Intangibles

	2016 \$'000	2015 \$'000
COMPUTER SOFTWARE & SYSTEMS DEVELOPMENT		
At Cost	10,646	9,747
Accumulated Amortisation	(6,215)	(4,161)
	4,431	5,586
WORK IN PROGRESS		
At Cost	10,199	3,393
Total	14,630	8,979

10 Intangibles (continued)

Intangibles	Software \$'000	Work in Progress \$'000	Total \$'000
Net Book Value as at 1 July 2014	5,875	2,073	7,948
Additions at Cost	90	-	90
Transfers from Work in Progress	421	(421)	-
Transfers between Asset Classes	1,217	1,741	2,958
Disposals	(1)	-	(1)
Amortisation Expenses	(2,016)	-	(2,016)
Net Book Value as at 30 June 2015	5,586	3,393	8,979
Net Book Value as at 1 July 2015	5,586	3,393	8,979
Additions at Cost	809	7,984	8,793
Transfers from Work in Progress	-	(1,178)	(1,178)
Transfers between Asset Classes	164	-	164
Disposals	(2)	-	(2)
Amortisation Expenses	(2,126)	-	(2,126)
Net Book Value as at 30 June 2016	4,431	10,199	14,630

11 Current and Non-current Liabilities

11.1 Borrowings

All borrowings have been transacted through the Tasmanian Public Finance Corporation (Tascorp), other than a \$500,000 loan provided by one of the Corporation's Owners (refer Note 19.3). The borrowings from Tascorp are secured by a floating charge over revolving assets and a fixed charge over all other collateral.

	2016 \$'000	2015 \$'000
Current Liabilities	98,031	117,858
Non-current Liabilities	332,252	247,883
Total Borrowings	430,283	365,741

Credit Facilities

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

	2016 \$'000	2015 \$'000
MASTER LOAN BORROWING LIMIT - TASCORP		
Facility	475,000	400,000
Less used / committed	(430,283)	(365,741)
Unused Facility	44,717	34,259
CORPORATE MASTERCARD		
Facility	300	300
Less used / committed	(43)	(66)
Unused Facility	257	234

11 Current and Non-current Liabilities (continued)

11.2 Employee Benefits

	2016 \$'000	2015 \$'000
CURRENT		
Annual Leave ¹	8,009	7,764
Long Service Leave ¹	6,865	6,384
Accrued Day Off ¹	243	399
Provision for Restructure ¹	-	103
Defined Benefit Superannuation - RBF	606	477
	15,723	15,127
NON-CURRENT		
Long Service Leave ¹	2,079	1,744
Defined Benefit Superannuation - RBF	9,619	8,149
Defined Benefit Superannuation - Quadrant	1,157	(1,186)
	12,855	8,707
Total ¹	28,578	23,834

¹ The employee benefits provision at 30 June 2016 included attributable on-costs & superannuation of \$2,842,949 (2015: \$2,666,673).

11.3 Payables

	2016 \$'000	2015 \$'000
CURRENT		
Trade Creditors	10,975	13,665
Accrued Expenses	7,982	9,563
Accrued Interest Expense	3,881	3,096
Total	22,838	26,324

11.4 Unearned Income

	2016 \$'000	2015 \$'000
CURRENT		
Government grants	1,381	1,457
Customer contributions	297	2,855
Other	100	98
	1,778	4,410
NON-CURRENT		
Government grants	32,577	34,923
Total	34,355	39,333

11.5 Other Liabilities

	2016 \$'000	2015 \$'000
CURRENT		
Provision for Rehabilitation	1,504	1,321
NON CURRENT		
Provision for Rehabilitation	3,787	3,793
Total	5,291	5,114
MOVEMENT IN PROVISION		
Opening balance	5,114	6,026
Outflows during the year	(268)	(1,179)
Re-measurement	445	267
Closing balance	5,291	5,114

12 Members' Equity

The Corporation is owned by the 29 Tasmanian Councils as detailed in Note 22. Each Owner's share of equity was determined effective 5 February 2013. Each of the 29 Owners hold one share in the Corporation, with voting rights being determined per the Constitution. Each share was issued for nil consideration.

12.1 Retained Profits

	2016 \$'000	2015 \$'000
Opening Balance	20,542	8,210
Actuarial Gain/(Loss) on defined benefit plans (refer Note 13)	(3,908)	1,854
Income Tax Relating to Actuarial Gain/(Loss) on defined benefit plans	1,172	(556)
Dividends paid (refer Note 7)	(20,332)	(22,120)
Profit after Income Tax Expense	25,310	33,154
Closing Balance	22,784	20,542

12.2 Asset Revaluation Reserve

	2016 \$'000	2015 \$'000
Opening Balance	-	-
Change in Asset Revaluation Surplus	34,448	-
Income Tax Relating to Change in Asset Revaluation Surplus	(10,334)	-
Closing Balance	24,114	-

12.3 Contributed Equity

	2016 \$'000	2015 \$'000
Opening Balance	1,527,814	1,527,814
Movement for the Year	-	-
Closing Balance	1,527,814	1,527,814

13 Superannuation and Defined Benefit Plans

13.1 Introduction

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. Disclosures regarding employees in RBF and in two sub-funds of Quadrant, namely the Hobart City Council Defined Benefits Fund and the Launceston City Council Fund, are provided below in notes 13.2 to 13.5.

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 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.

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.

During the year the employer made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the *Superannuation Guarantee (Administration) Act 1992*.

13.2 Description of the Defined Benefit Superannuation Plans

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.

13 Superannuation and Defined Benefit Plans (continued)

Quadrant is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* and the *Superannuation Industry (Supervision) Act 1993* such that the fund's taxable income is taxed at a concessional rate of 15 per cent.

The Tasmanian Government has undertaken to operate RBF in accordance with the spirit of the Superannuation Industry Supervision (SIS) legislation in a Heads of Government Agreement. As an exempt public sector superannuation fund the Fund is not subject to any minimum funding requirements. RBF is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* such that the Fund's taxable income is taxed at a concessional rate of 15 per cent. However, as RBF is also a public sector superannuation fund the RBF Board may elect for employer contributions to not be subject to the 15 per cent tax up to the amount of untaxed benefits paid to members in the year. RBF also operates under the *Retirement Benefits Act 1993* and the *Retirement Benefits Regulations 2005*.

The Trustee boards of both funds have a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee's roles include administration of the fund; management and investment of the fund assets; and compliance with laws and agreements.

The most significant risks relating to the defined benefits are:

Investment risk

The risk that investment returns will be lower than assumed and employers will need to increase contributions to offset this shortfall.

Salary growth risk

The risk that wages or salaries will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions.

Inflation risk

The risk that inflation is higher than anticipated, increasing RBF pension payments and the associated employer contributions.

Benefit options risk

The risk that a greater proportion of members who joined RBF prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.

Pensioner mortality risk

The risk that pensioner mortality is lighter than expected resulting in RBF pensions being paid for a longer period.

Legislative risk

The risk that legislative changes could be made, increasing the cost of providing the defined benefits.

13.3 Funding Arrangements

Quadrant

In 2015-16, the Corporation contributed 12.5 per cent (LCC Defined Benefits Fund) or 11 per cent (HCC Defined Benefits Fund) of relevant employees' gross income to Quadrant to fund the defined benefit obligations. Assets accumulate in the Fund to meet member benefits as they accrue, and if assets within the Fund are insufficient to satisfy benefits payable, the Corporation is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last triennial actuarial review of the Fund at 30 June 2014. The review disclosed that at that time the net market value of assets available for funding member benefits was \$66,310,000, the value of vested benefits was \$57,475,000, the surplus over vested benefits was \$8,835,000, and the value of total accrued benefits was \$58,093,000. These amounts relate to all members of the Fund (not just Corporation employees in the Fund) at the date of valuation. No separate asset or liability is recorded in Quadrant's financial statements for Corporation employees. The financial assumptions used to calculate the accrued benefits for the Fund were a net investment return of 7.0 per cent per annum, and salary inflation of 4.0 per cent per annum.

The actuarial review concluded that:

1. The value of assets in Quadrant was adequate to meet the liabilities of the Fund in respect of vested benefits as at 30 June 2014.
2. The value of the assets of Quadrant was adequate to meet the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2014.
3. Based on the assumptions used, and assuming the employers contribute at the levels recommended by the actuary, the value of the assets is expected to continue to be adequate to meet the value of the liabilities of the Fund in respect of vested benefits at all times during the period up to 30 June 2017.

13 Superannuation and Defined Benefit Plans (continued)

For TasWater, the actuary recommended future Corporation contributions of 12.5 per cent of salaries from 1 July 2015 for employees in the LCC Defined Benefits Fund and 11 per cent of salaries from 1 July 2015 for employees in the HCC Defined Benefits Fund. The next full triennial actuarial review of the Fund will have an effective date of 30 June 2017 and is expected to be completed late in 2017.

RBF

Members entitlements in the RBF are partly funded in advance, to the extent of members' contributions. The balance of the cost of members benefits is post-funded by the Corporation at the time the member receives a benefit. The present value of members accrued superannuation liabilities less the value of the assets in the fund is an unfunded liability.

13.4 Actuarial Assumptions

As at 30 June 2016, the Corporation's actuaries (GM Actuaries Pty Ltd in the case of Quadrant and Mercer (Australia) Pty Ltd in the case of RBF) conducted a valuation of the Corporation's defined benefit superannuation liabilities. The difference between the value of these benefits and the market value of the assets for the relevant members determines the Corporation's superannuation liability (if fund liabilities exceed the assets) or asset (if fund assets exceed the liabilities). The main actuarial assumptions used to assess the Corporation's superannuation liability or asset were:

Principal Actuarial Assumptions as at Balance Date	Quadrant		RBF	
	2016	2015	2016	2015
Discount rate (*)	3.10%	4.50%	3.55%	4.80%
Expected salary increase rate	3.00%	3.00%	3.00%	3.00%
Expected pension increase rate	n/a	n/a	2.50%	2.50%
Expected rate of increase compulsory preserved amounts	n/a	n/a	4.50%	4.50%

* For Quadrant, this is a gross of tax discount rate.

The discount rates have been determined based on the estimated yield of a corporate bond with a duration of 6.7 years (Quadrant) and 16 years (RBF), based on the approximate duration of the relevant liabilities. The Corporation's actuaries have also made assumptions regarding the decrement rates (e.g. mortality and retirement rates), based on those used at the most recent actuarial valuation of each fund.

Sensitivity Analysis of Significant Actuarial Assumptions

The defined benefit obligations for both Quadrant and RBF as at 30 June 2016 under several scenarios are presented below. Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity. The defined benefit obligation has been recalculated by changing the assumptions as outlined below, whilst retaining all other assumptions.

Quadrant	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-1.0% pa pension increase rate	+1.0% pa pension increase rate
Discount rate (*)	3.10% pa	2.60%	3.60% pa	3.10% pa	3.10% pa
Pension Increase	3.00% pa	3.00%	3.00% pa	2.00% pa	4.00%
Defined benefit obligation (\$'000)	15,558	15,950	15,191	14,739	16,521
RBF	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-1% pa discount rate	+1% pa discount rate	-1.0% pa pension increase rate	+1.0% pa pension increase rate
Discount rate (*)	3.55% pa	2.55% pa	4.55% pa	3.55% pa	3.55% pa
Pension Increase	2.50% pa	2.50% pa	2.50% pa	1.50% pa	3.50% pa
Defined benefit obligation (\$'000)	11,931	13,341	10,766	11,025	12,989

13 Superannuation and Defined Benefit Plans (continued)

13.5 Detailed Disclosures

Fair Value of Fund Assets As at 30 June 2016	Quadrant				RBF			
	Total	Quoted prices in active markets for identical assets - Level 1	Significant Observable inputs - Level 2	Unobservable inputs - Level 3	Total	Quoted prices in active markets for identical assets - Level 1	Significant Observable inputs - Level 2	Unobservable inputs - Level 3
Asset category	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	1,061	-	1,061	-	296	296	-	-
Equity instruments	4,318	2,795	1,523	-	1,164	530	511	123
Debt instruments	4,406	-	4,406	-	229	62	94	73
Derivatives	1,608	-	1,529	79	3	-	3	-
Alternative Investments	1,483	-	1,483	-	-	-	-	-
Real estate	1,525	-	1,518	7	14	-	14	-
Total	14,401	2,795	11,520	86	1,706	888	622	196

Assets are not held separately for each entity but are held within each fund for the fund as a whole. For Quadrant, the fair value of the fund assets in respect of Corporation employees is separately identified via Quadrant's administration and accounting records. For RBF, the fair value of fund assets was established by allocating the total fund assets to each entity in proportion to the value of each entity's funded liabilities, calculated using the assumptions outlined in this report. The fair value of fund assets includes no amounts relating to any of the entity's own financial instruments or any property occupied by, or other assets used by, the entity.

Statement of financial position results as at 30 June - Net liability/(asset)	Quadrant		RBF		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Present value of defined benefit obligation at end of year	15,558	13,374	11,931	10,508	27,489	23,882
Less fair value of Fund assets at end of year	14,401	14,560	1,706	1,882	16,107	16,442
Deficit/(surplus)	1,157	(1,186)	10,225	8,626	11,382	7,440
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised net (gain)/loss	-	-	-	-	-	-
Adjustment for limitation on net assets	-	-	-	-	-	-
Net superannuation liability/(asset)	1,157	(1,186)	10,225	8,626	11,382	7,440
Current net liability/(asset)	-	-	606	477	606	477
Non-current net liability/(asset)	1,157	(1,186)	9,619	8,149	10,776	6,963
Total net liability/(asset)	1,157	(1,186)	10,225	8,626	11,382	7,440

Expense Recognised in the Statement of Comprehensive Income	Quadrant		RBF		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current service cost	433	486	117	136	550	622
Expense recognised in employee related expenses	433	486	117	136	550	622
Interest cost	(49)	(5)	402	376	353	371
Expense recognised in net financing costs	(49)	(5)	402	376	353	371
Total Expense recognised in the Statement of Comprehensive Income	384	481	519	512	903	993

Amounts Recognised in Other Comprehensive Income	Quadrant		RBF		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cumulative amount of actuarial (gains)/losses at end of prior year	(315)	725	(998)	(184)	(1,313)	541
Actuarial (gains)/losses recognised during the year	2,497	(1,040)	1,411	(814)	3,908	(1,854)
Cumulative amount of actuarial (gains)/losses at end of current year	2,182	(315)	413	(998)	2,595	(1,313)

13 Superannuation and Defined Benefit Plans (continued)

	Quadrant		RBF		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Reconciliation of Fair Value of Scheme Assets						
Fair value of plan assets at beginning of the year	14,560	13,860	1,882	1,809	16,442	15,669
Employer contributions	537	453	330	443	867	896
Contributions by plan participants	279	294	48	57	327	351
Taxes and expenses paid	(164)	(144)	(18)	(15)	(182)	(159)
Benefits paid	(1,157)	(486)	(449)	(612)	(1,606)	(1,098)
Expected return on plan assets (including interest income)	549	440	(87)	201	462	641
Expected assets at year end	14,604	14,417	1,706	1,882	16,310	16,299
Actuarial gain/(loss) on assets	(203)	143	-	-	(203)	143
Individual plan assets at year end	14,401	14,560	1,706	1,882	16,107	16,442
Actual return on plan assets¹	346	583	(87)	201	259	784

¹ As separate assets are not held for each entity, the actual return includes any difference in the allocation to each entity.

	Quadrant		RBF		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Present Value of the Defined Benefit Obligations						
Present value of defined benefit obligations at beginning of the year	13,374	13,686	10,508	11,179	23,882	24,865
Current Service Cost	433	486	117	136	550	622
Interest cost	499	435	489	448	988	883
Contributions by plan participants	279	294	48	57	327	351
Taxes and expenses paid	(164)	(144)	(18)	(15)	(182)	(159)
Benefits paid	(1,157)	(486)	(449)	(612)	(1,606)	(1,098)
Expected defined benefit obligations at year end	13,264	14,271	10,695	11,193	23,959	25,464
Actuarial (gain)/loss on liabilities	2,294	(897)	1,236	(685)	3,530	(1,582)
Present value of defined benefit obligations at end of the year	15,558	13,374	11,931	10,508	27,489	23,882

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.

	Quadrant		RBF		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Historical information						
Present value of defined benefit obligation at end of the year	15,558	13,374	11,931	10,508	27,489	23,882
Less fair value of plan assets at end of the year	14,401	14,560	1,706	1,882	16,107	16,442
Deficit/(surplus)	1,157	(1,186)	10,225	8,626	11,382	7,440
Experience adjustments loss/(gain) - plan liabilities	1,352	262	(190)	113	1,162	375
Experience adjustments (gain)/loss - plan assets	(203)	143	-	-	(203)	143

The experience adjustment for Fund liabilities represents the actuarial loss/(gain) due to a change in the liabilities arising from the Fund's experience (e.g. membership movements, salary increases and indexation rates) and excludes the effect of the changes in assumptions (e.g. movements in the bond rate).

Expected Contributions - Financial Year Ending 30 June 2017

The estimated employer contributions for the following financial year are \$536,000 to Quadrant and \$606,000 to RBF.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for the Corporation is 6.7 years for Quadrant and 11.1 years for RBF.

14 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 2016	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
REVENUE				
Service Charges (including Trade Waste)	73,862	124,409	91	198,363
Usage Charges (including Trade Waste)	51,903	5,780	1,908	59,592
Government Funded Concessions	4,407	3,997	-	8,404
Government Grants and Compensation	5,139	2,225	59	7,423
Interest Received	304	312	1	617
Other	14,978	19,494	462	34,934
Total Revenue	150,593	156,219	2,521	309,332
EXPENSES				
Operations and Maintenance	34,871	36,452	325	71,648
Employee Related Expenses	43,221	43,081	342	86,643
Administration	9,549	9,799	123	19,472
Depreciation	35,685	33,549	761	69,995
Interest Expense	10,203	8,360	221	18,783
Revaluation Decrement	2,979	2,973	641	6,593
Total Expenses	136,508	134,214	2,413	273,134
Profit Before Tax (continuing operations)	14,085	22,005	108	36,198
Income Tax Expense	4,236	6,619	33	10,888
Profit After Tax (continuing operations)	9,849	15,386	75	25,310

Segment Results Year Ended 30 June 2015	Water \$'000	Sewerage \$'000	Other \$'000	Total \$'000
REVENUE				
Service Charges (including Trade Waste)	87,558	120,178	103	207,839
Usage Charges (including Trade Waste)	45,627	5,724	1,650	53,001
Government Funded Concessions	4,261	3,867	-	8,128
Government Grants and Compensation	4,276	2,194	29	6,499
Interest Received	387	361	-	748
Other	10,081	13,496	521	24,098
Total Revenue	152,190	145,820	2,303	300,314
EXPENSES				
Operations and Maintenance	30,148	37,133	260	67,541
Employee Related Expenses	38,829	40,670	322	79,821
Administration	9,772	9,212	105	19,089
Depreciation	35,372	32,315	183	67,870
Interest Expense	10,540	7,966	105	18,611
Total Expenses	124,661	127,296	975	252,932
Profit Before Tax (continuing operations)	27,529	18,525	1,328	47,382
Income Tax Expense	8,058	6,090	80	14,228
Profit After Tax (continuing operations)	19,471	12,435	1,248	33,154

The Corporation's segment accounting policies are outlined in Note 3.22. During the financial year there were no changes in accounting policies that had a material effect on the segment information.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

With the exception of property, plant and equipment, no asset and liability information is reported to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance. Property, plant and equipment information is provided in Note 9.

15 Commitments

15.1 Capital Commitments

Capital commitments as at 30 June 2016 but not provided for in the financial statements were as follows:

	2016 \$'000	2015 \$'000
CAPITAL COMMITMENTS		
Payments within 1 year	30,754	53,006
Payments 1 - 5 years	-	-
Payments longer than 5 years	-	-
Total	30,754	53,006
RECONCILIATION OF CAPITAL COMMITMENTS		
Buildings and infrastructure	26,225	51,076
Plant and equipment	146	763
Intangibles	4,377	569
Other	6	598
	30,754	53,006

15.2 Lessee Expenditure Commitments

	2016 \$'000	2015 \$'000
Lease payments expensed during the period	1,056	1,407
OPERATING LEASE COMMITMENT		
Payments within 1 year	983	303
Payments 1 - 5 years	2,422	378
Payments longer than 5 years	2,434	146
Total	5,839	827

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.

15.3 Lessor Income Agreements

	2016 \$'000	2015 \$'000
Lease income recognised during the period	445	386
OPERATING LEASE COMMITMENT		
Income within 1 year	345	324
Income 1 - 5 years	992	941
Income longer than 5 years	583	223
Total	1,920	1,488

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

16 Contingent Assets/Liabilities

The Corporation was not aware of any contingent assets or liabilities at the time of finalising the financial report other than the items listed below.

1. Damages from Contractor

Prior to 30 June 2009 an owner council dismissed a contractor who had been engaged to design and construct a sewage treatment plant. The contractor took action against the council, with Ben Lomond Water becoming involved after 1 July 2009. The action by the contractor was not successful with the dispute moving to arbitration. At arbitration Ben Lomond Water was awarded damages in the amount of \$1.346M, \$1.092M of which was previously estimated to be due to design defects and covered by a relevant insurance policy held by the contractor. The contractor subsequently entered into voluntary administration. Following a meeting of the creditors, and a subsequent application by TasWater to the Federal Court, a Liquidator was appointed. The Liquidator has agreed to, and TasWater is funding, litigation against the insurer for recovery of the insured portion of the damages awarded at arbitration. In the course of that litigation, the estimate of the insured portion of the damages awarded at arbitration has been revised to \$1.127M. The matter is ongoing, with no potential inflow of revenue currently included in the financial accounts.

2. Provision of Stormwater Services

Ownership of a combined stormwater and sewerage system transferred to Ben Lomond Water from Launceston City Council with effect from 1 July 2009, and those assets subsequently passed to the Corporation on 1 July 2013. Responsibility for the provision of stormwater services has remained with the council, but those services have effectively been provided via the assets transferred to the Corporation. The Corporation has sought to recover a fee for this service, but was unable to reach agreement as to the terms of that service provision. The parties entered into arbitration pursuant to the Urban Drainage Act 2013, with the arbitrator's award to take effect on and from 1 July 2016.

17 Remuneration of Auditors

	2016 \$'000	2015 \$'000
AUDIT SERVICES - TASMANIAN AUDIT OFFICE		
Annual external statutory audit fee	117	130
Annual external regulatory audit fee	-	25
	117	155

18 Compensation of Key Management Personnel

	2016 \$'000	2015 \$'000
DIRECTORS		
Short-Term	462,882	467,384
Post Employment (superannuation)	43,975	44,401
Other Long-Term	-	-
Termination Benefits	-	-
	506,857	511,785
OTHER KEY MANAGEMENT PERSONNEL		
Short-Term	2,131,693	2,181,690
Post Employment (superannuation)	201,172	207,035
Other Long-Term	-	-
Termination Benefits	-	87,802
	2,332,865	2,476,527
Total	2,839,722	2,988,312

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

19 Related Party Disclosures

19.1 Board Directors

The Board Directors during the financial year ended 30 June 2016 and up to the date of this report were:

- Mr Miles Hampton (Chair)
- Dr Dan Norton AO (Deputy Chair) (term expired 29/2/16)
- Mr Brian Bayley (term expired 29/2/16)
- Mr Nick Burrows
- Ms Sibylle Krieger
- Mr Peter Lewinsky
- Ms Sally Darke (appointed 1/1/16)
- Mr Vincent (Tony) Kelly (appointed 1/3/16)
- Dr Helen Locher (appointed 1/3/16)

19.2 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. A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Corporation in the reporting period. In addition, a number of key management persons, or their related parties, transacted with the Corporation in the reporting period as residents or 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 non-key management personnel.

Where matters for resolution were discussed in respect to the above transactions, Directors were not present in meetings.

19.3 Transactions with Other Related Parties

The Corporation is owned by the 29 Tasmanian Councils as detailed in Note 22. TasWater has entered into loan agreements with Derwent Valley Council and Central Highlands Council. The key terms and conditions of these agreements are disclosed below.

Terms	Derwent Valley Council	Central Highlands Council
Facility Amount	\$500,000	\$500,000
Interest Rate	Nil	Nil
Instalments Due	Nil	4 instalments of \$125,000 each at 5 year intervals
Final Repayment Due	April 2035	April 2035
Loan Condition	Loan solely for agreed purpose	Loan solely for agreed purpose

TasWater has received approval to enter into the above borrowings in accordance with section 18 of the *Water and Sewerage Corporation Act 2012*. As at 30 June 2016 the Derwent Valley Council facility had not been accessed, whilst the Central Highlands Council facility had been fully drawn down.

The councils make payments to the Corporation for water and sewerage services. Transactions are on an arm's length basis on commercial terms and conditions which are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to the general public. These services are delivered in the normal course of business.

The councils also make payments for other miscellaneous services. Transactions are on an arm's length basis. Receipts with respect to other miscellaneous services and outstanding balances are detailed below.

19 Related Party Disclosures (continued)

Sales	Other Services 2016 \$'000	Amount Receivable as at 30 June 16 \$'000	Other Services 2015 \$'000	Amount Receivable as at 30 June 15 \$'000
Brighton Council	-	2	2	2
Flinders Council	-	-	(1)	-
Hobart City Council	-	-	6	-
Total	-	2	7	2

The Corporation makes payments to the councils for rates. Transactions are on an arms length basis on commercial terms and conditions which are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to the general public. The councils deliver services in the normal course of business.

The Corporation also makes payments to the councils other miscellaneous services. Transactions are on an arms length basis. Payments with respect to other miscellaneous services and outstanding balances are detailed below.

Purchases	Other Council Services 2016 \$'000	Amount Payable as at 30 June 16 \$'000	Other Council Services 2015 \$'000	Amount Payable as at 30 June 15 \$'000
Break O'Day Council	-	-	11	-
Brighton Council	10	-	-	-
Burnie City Council	62	-	100	-
Central Coast Council	1	-	2	-
Central Highlands Council	-	-	19	-
Circular Head Council	13	-	11	-
Clarence City Council	14	-	18	-
Derwent Valley Council	4	2	4	-
Devonport City Council	2	-	-	-
Dorset Council	2	-	-	-
Flinders Council	46	-	56	3
Glamorgan Spring Bay Council	2	-	2	-
Glenorchy City Council	257	3	237	1
Hobart City Council	185	12	177	1
Huon Valley Council	72	-	80	-
Kentish Council	1	-	-	-
Kingborough Council	13	-	21	-
King Island Council	18	-	2	-
Latrobe Council	5	-	1	-
Launceston City Council	69	1	80	1
Meander Valley Council	19	-	3	-
Northern Midlands Council	2	-	4	-
Sorell Council	-	-	13	-
Southern Midlands Council	24	-	23	-
Waratah-Wynyard Council	13	-	8	1
West Coast Council	5	-	38	-
West Tamar Council	6	-	3	-
Total	845	18	913	7

20 Notes to the Statement of Cash Flow

20.1 Reconciliation of Net Cash Flow From Operating Activities to Operating Result

	2016 \$'000	2015 \$'000
Net Profit before Income Tax Equivalents	36,198	47,382
Depreciation and Amortisation Expense	69,995	67,870
Grants of assets	(2,423)	(1,499)
Loss on Sale of Non-current Assets	571	300
Contributed Assets	(19,739)	(16,039)
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	10,714	(1,123)
(Increase) Decrease in Inventory	(406)	109
(Increase) Decrease in Prepayments	(834)	(762)
Increase (Decrease) in Payables	(3,486)	5,031
Increase (Decrease) in Employee Benefits	(8,321)	505
Increase (Decrease) in Unearned Income	(682)	498
Increase (Decrease) in Other Liabilities	177	(912)
Income Tax Equivalents Paid	(7,242)	(5,539)
Cash Inflows from Operating Activities	74,522	95,821

20.2 Reconciliation of Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash at Bank and on Hand	2,748	12,148
Cash as per Statement of Cash Flows	2,748	12,148

21 Financial Instruments

21.1 Significant Accounting Policies

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. Details of significant accounting policies and methods adopted in the recognition and measurement with respect to each class of financial assets and liabilities are included under Notes 3.7, 3.9, 3.14, 3.16, 3.17, 3.18, 3.20 and 3.21.

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

	30 June 2016 Carrying Amount \$'000	30 June 2015 Carrying Amount \$'000
Financial Instruments		
FINANCIAL ASSETS		
Cash and cash equivalents	2,748	12,148
Receivables	41,937	46,322
Total Financial Assets	44,685	58,470
FINANCIAL LIABILITIES		
Payables at amortised cost	22,838	26,324
Borrowings at amortised Cost	430,283	365,741
Total Financial Liabilities	453,121	392,065

21 Financial Instruments (continued)

21.2 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.

As at 30 June 2016		Fixed interest rate maturing in:					
	Variable interest rate \$'000	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average interest rate
FINANCIAL ASSETS							
Cash at Bank	2,748	-	-	-	-	2,748	2.00%
Receivables	-	-	-	-	41,937	41,937	-
Total	2,748	-	-	-	41,937	44,685	
FINANCIAL LIABILITIES							
Payables	-	-	-	-	(22,838)	(22,838)	-
Borrowings	(46,900)	(51,131)	(160,483)	(171,269)	(500)	(430,283)	4.87%
Total	(46,900)	(51,131)	(160,483)	(171,269)	(23,338)	(453,121)	
Net Financial (Liabilities) Assets	44,152	(51,131)	(160,483)	(171,269)	18,599	(408,436)	

As at 30 June 2015		Fixed interest rate maturing in:					
	Variable interest rate \$'000	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Non-interest bearing \$'000	Total carrying amount \$'000	Weighted average interest rate
FINANCIAL ASSETS							
Cash at Bank	12,148	-	-	-	-	12,148	2.25%
Receivables	-	-	-	-	46,322	46,322	-
Total	12,148	-	-	-	46,322	58,470	
FINANCIAL LIABILITIES							
Payables	-	-	-	-	(26,324)	(26,324)	-
Borrowings	(55,720)	(61,500)	(167,968)	(80,553)	-	(365,741)	5.53%
Total	(55,720)	(61,500)	(167,968)	(80,553)	(26,324)	(392,065)	
Net Financial (Liabilities) Assets	(43,572)	(61,500)	(167,968)	(80,553)	19,998	(333,595)	

The table above highlights that the Corporation's total exposure to variable interest rates at 30 June 2016 was a net liability of \$44,152,123 (2015: \$43,571,989).

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 profit after tax and equity of a 0.50% increase and a 0.50% decrease in interest rates.

	30 June 2016		30 June 2015	
	Profit after tax higher/(lower) 0.5% increase \$'000	Profit after tax higher/(lower) 0.5% decrease \$'000	Profit after tax higher/(lower) 0.5% increase \$'000	Profit after tax higher/(lower) 0.5% decrease \$'000
Interest Rate Sensitivity				
Cash and Cash Equivalents	10	(10)	43	(43)
Interest Bearing Liabilities - Variable	(164)	164	(195)	195
Total	(154)	154	(152)	152

21 Financial Instruments (continued)

21.3 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 21.2, the Corporation's maximum exposure to credit risk at reporting date was \$44,685,272 (2015: \$58,470,177).

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.

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

Receivables	30 June 2016		30 June 2015	
	Gross \$'000	Impaired \$'000	Gross \$'000	Impaired \$'000
Not past due	37,400	(1,050)	36,341	(611)
0 - 30 Days	3,458	(264)	5,791	(181)
31 - 60 Days	918	(91)	1,195	(95)
61 - 90 Days	1,007	(122)	928	(108)
91 Days and over	3,156	(2,475)	5,574	(2,512)
Total	45,939	(4,002)	49,829	(3,507)

21.4 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.

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.

As at 30 June 2016	3 months or less \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	> 5 years \$'000	Total \$'000
Payables	22,838	-	-	-	-	22,838
Borrowings	61,285	53,449	66,900	136,834	189,308	507,776
Total	84,123	53,449	66,900	136,834	189,308	530,614

As at 30 June 2015	3 months or less \$'000	3 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	> 5 years \$'000	Total \$'000
Payables	26,324	-	-	-	-	26,324
Borrowings	61,762	70,855	63,173	141,010	85,675	422,475
Total	88,086	70,855	63,173	141,010	85,675	448,799

21.5 Foreign Exchange Risk

The Corporation is exposed to an insignificant foreign currency risk relating to purchases of supplies and consumables from overseas. While there is a limited amount of purchases denominated in foreign currencies the risk is further reduced by a short term time frame 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.

21 Financial Instruments (continued)

21.6 Net Fair Value

At balance date the Corporation did not hold any financial instruments which have been measured at fair value and recognised on 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 2016. 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 2016. The fair value of financial assets and financial liabilities at year end were:

Category	30 June 2016		30 June 2015	
	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	2,748	2,748	12,148	12,148
Receivables	41,937	41,937	46,322	46,322
Total	44,685	44,685	58,470	58,470
FINANCIAL LIABILITIES				
Borrowings	430,283	455,448	365,741	372,458
Payables	22,838	22,838	26,324	26,324
Total	453,121	478,286	392,065	398,782

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 2016. Borrowings held until maturity are paid at the carrying amount.

21.7 Capital Management Policy

The Corporation has established a three-year Capital Expenditure Program necessary to achieve our business and Regulatory objectives. The Corporation manages capital to achieve those objectives within financially prudent gearing thresholds while being mindful of providing acceptable returns to shareholders.

22 Ownership of the Corporation

The Corporation operates as an entity under the *Corporation Act 2001* and in accordance with the *Water and Sewerage Corporation Act 2012* and the *Water and Sewerage Industry Act 2008*. The Corporation is owned by the 29 councils in Tasmania: 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, Hobart City 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 and West Tamar Council.

23 Subsequent Events

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.

List of acronyms and abbreviations

Term	Description
AAR	Audit and Risk Committee
ADWG	Australian Drinking Water Guidelines
AMIS	Asset Management Information System
AMP	Asset Management Plan
AMS	Asset Management System
ASX	Australian Securities Exchange
CEO	Chief Executive Officer
CWC	Capital Works Committee
DHHS	Department of Health and Human Services
DWQMP	Drinking Water Quality Management Plan
EPA	Environment Protection Authority
EPH	Environment and Public Health Committee
FSMS	Field Service Management System
FY	Financial year
GIS	Geographic information system
ISO 55001	Framework for an asset management system to manage the life cycle of a business' assets
LTIFR	Lost Time Injury Frequency Rate

Term	Description
MIB	Methylisoborneol
NATA	National Association of Testing Authorities, Australia
NOC	Network Operations Centre
ORG	Owners' Representatives Group
OTTER	Office of the Tasmanian Economic Regulator
PAC	Powder activated carbon
PLL	Potential Loss of Life
PSP2	Price and Service Plan 2015-18
Q1	Quarter 1 of financial year
Q2	Quarter 2 of financial year
Q3	Quarter 3 of financial year
Q4	Quarter 4 of financial year
SAMP	Strategic Asset Management Plan
SCADA	Supervisory control and data acquisition
TRIFR	Total Recordable Injury Frequency Rate
UTAS	University of Tasmania
WSCA	Water and Sewerage Corporation Act 2012 (Tas)



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