



Investing
today **for the**
future

ANNUAL REPORT 2014-15

**Taswater**

“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 Onstream. The merger involved the managed transfer of \$1.59 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* (Tas). In addition we are governed by a range of other regulatory and legislative 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*
- *Corporations Act 2001* (Cth).

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 owner councils. The functions, duties and responsibilities of the ORG are outlined in the corporation's constitution and the ORG charter.

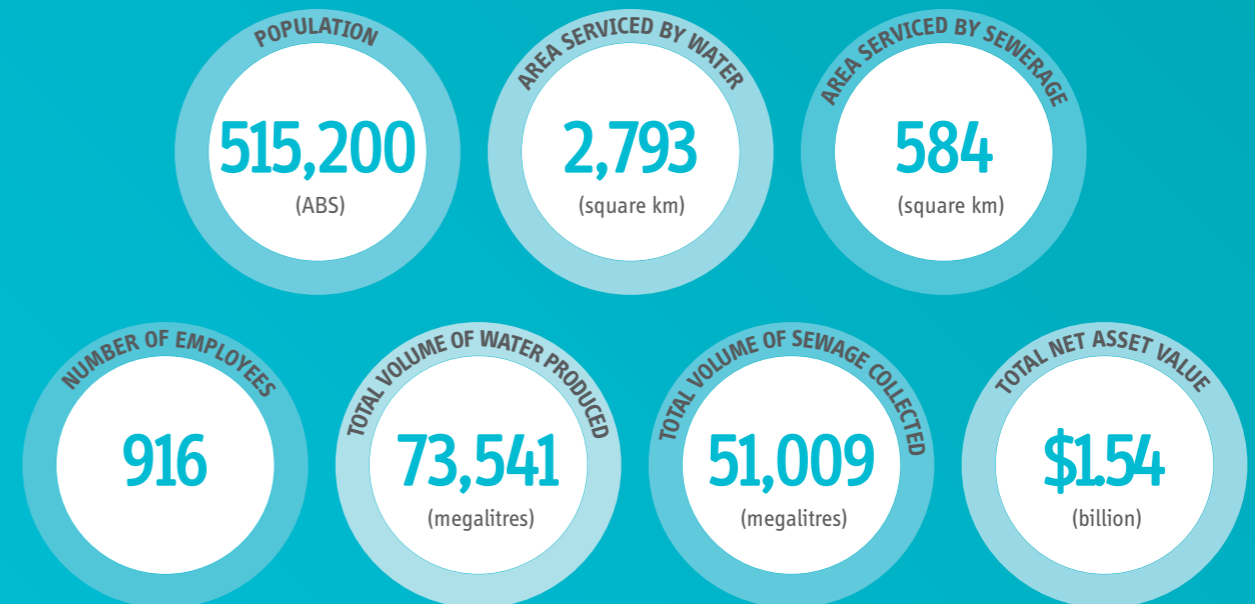
Their duties include the selection and appointment of directors, preparation of the Shareholders' Letter of Expectations and liaison between owner councils and the corporation's Board.

Our owner councils and representatives are:

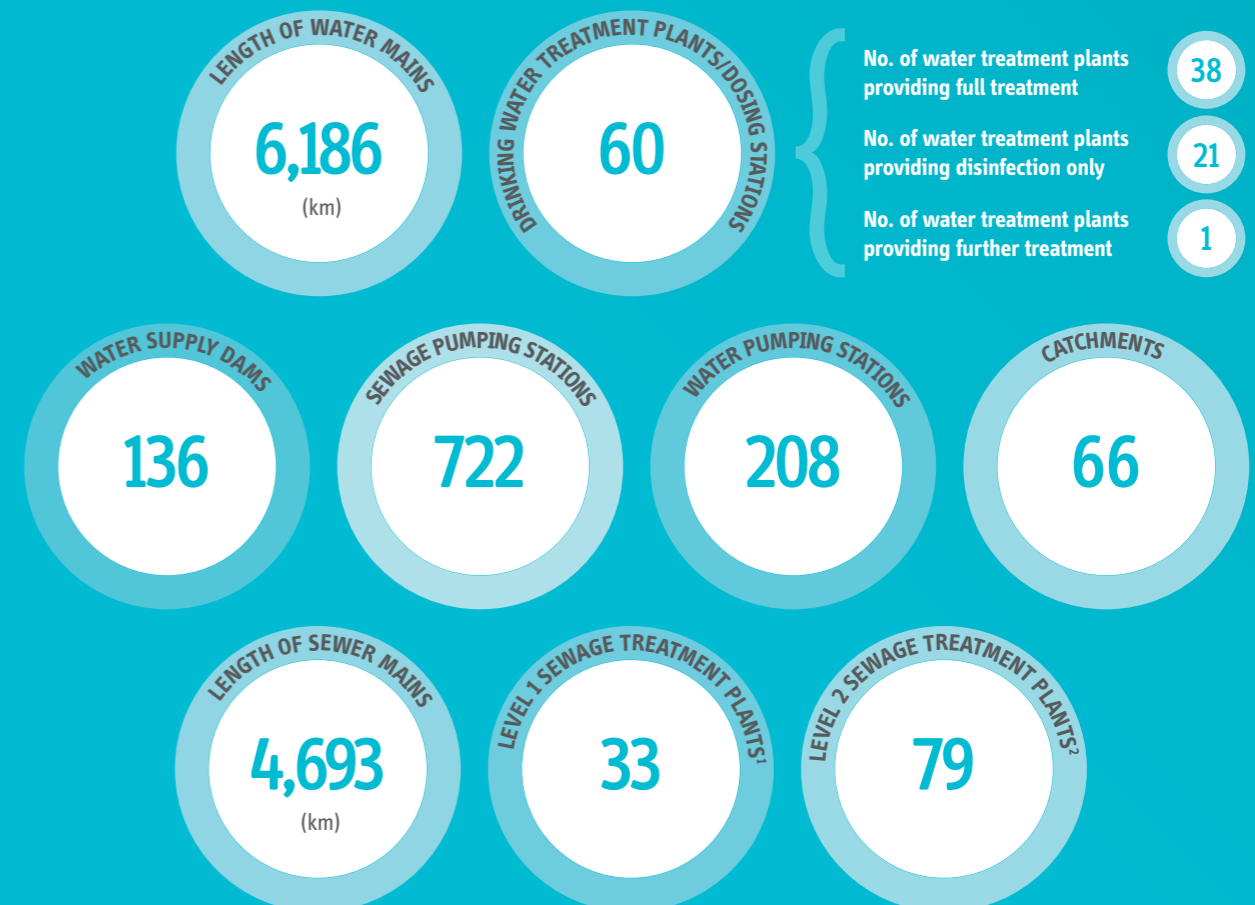
COUNCIL NAME	OWNERS' REPRESENTATIVE
Break O'Day Council	Mayor Mick Tucker
Brighton Council	Mayor Tony Foster AM OAM JP
Burnie City Council	Mayor Anita Dow
Central Coast Council	Mayor Jan Bonde
Central Highlands Council	Mayor Deirdre Flint OAM
Circular Head Council	Deputy Mayor Jan Bishop
Clarence City 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

At a glance

SCOPE OF BUSINESS IN 2014-15



ASSETS IN 2014-15



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

² Level 2 sewage treatment plants are defined by the EPA as those plants with influent of greater than 100kL/day



The rollout of our new look began in October 2014 with the rebranding of TasWater fleets, internal documents, systems and uniforms

Our vision

OUR CORE BUSINESS

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 what are effectively essential services.

We see that there is 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 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, as developed by our employees, reflect how we wish to operate in providing services to the community. There has been a great deal of engagement around developing *The Way We Work*. Our values and behaviours will continue to be embedded across the business by establishing a values champion network and value awareness workshops, training and development programs, a performance management process and the way we recruit.

Our values and behaviours are:

HONEST & 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.

Strategic objectives

TasWater’s strategic objectives for the financial year 2014-15 were to:

Be a trusted and respected provider of essential services

Develop capable empowered and accountable people committed to zero harm

Provide products and services that deliver positive outcomes for Tasmania

Build fit for purpose consistent systems that enable ‘best for business’ outcomes

Deliver sustainable financial outcomes that enhance the state’s economic prosperity

During the course of the year, the following key strategies were developed to support the realisation of the strategic objectives:

1. Deliver an experience that meets customer expectations
2. Invest in our people’s capability and build a values based culture
3. Build systems that drive better service at a lower cost
4. Keep price increases to a minimum
5. Provide safe drinking water and improved environmental outcomes

Highlights for 2014-15

STRATEGIC INITIATIVES

The Corporate Plan 2016-18 includes a series of key business improvement activities (strategic initiatives) to be undertaken over the course of the year. Some of these activities are carried over from the previous year, while others are not expected to be completed until the following year. The table below sets out the progress made in financial year 2014-15.

STRATEGIC INITIATIVE	PROGRESS
CUSTOMER SERVICE	
Introduce customer surveys	●
Prepare for introduction of new headworks methodology in FY2015-16	✓
Instigate customer service process reviews	✓
Set up capacity for calls from all regions to be answered from any call centre location under development	✓
Consolidation and review of all customer databases	●
Develop major periodic maintenance plans	●
Development of team led maintenance programs	●
Submit Strategic Asset Management Plan to regulator	✓
Implement SCADA and Network Alarms Program for critical assets	✓
Implement e-Billing options	✓
PEOPLE AND CULTURE	
Implement Safety Leadership Development Program	✓
Develop and implement Behavioural Safety Improvement Strategy	✓
Implement key initiatives from health and safety plan	✓
Statewide enterprise agreement	●
Project and contract management development programs	●
Performance Management Framework	✓
Develop framework for succession plan	✓
QUALITY OF PRODUCT AND SERVICE	
Set up Sewage Spill Abatement Project	✓
Commence Sewage Treatment Plant Process and Asset Audit Program	✓
Implement Trade Waste Customer Consent/Contract Program	●
BUSINESS SYSTEMS AND PROCESSES	
Parcel up minor capital projects to reduce costs	✓
Standardisation of processes and systems	●
Instigate procurement panels for capital projects	●
Develop Field Service Management System (FSMS)	●
Create consistent statewide capital delivery system	✓
Develop statewide IT strategies	✓
Purchase Asset Management Information System (AMIS)	●
FINANCE AND COMMERCIAL PERFORMANCE	
Leverage scale to drive increased value in procurement arrangements	✓
Develop dynamic whole-of-business financial model	●
Reduce revenue leakage through a targeted program	✓
Implement operational efficiency program	●
Complete organisation restructure	✓

- ✓ Completed during financial year
- On track for completion FY2015-16
- Not completed or behind schedule
- Discontinued or on hold

- 1 Commenced the Zero Harm program to provide a united safety culture aimed at removing injuries and fatalities in the workplace
- 2 Lost Time Injury Frequency Rate (LTIFR) reduced by 54 per cent from last year and Total Recordable Injury Frequency Rate (TRIFR) reduced by 36 per cent
- 3 Invested \$102 million in water and sewerage infrastructure upgrades and improvements
- 4 Delivered an after tax profit of \$33.2 million with \$30 million in distributions delivered to our owner councils³ and \$6.0 million secured in line with our savings target
- 5 Submitted the final Price and Service Plan to the Economic Regulator and prepared for implementation for the 2015-18 period
- 6 Submission of our first statewide Drinking Water Quality Management Plan, Waste Water Management Plan and Strategic Asset Management Plan
- 7 Major improvement in fault response times and significant reduction in the number of reportable dry weather sewage spills
- 8 Significant reduction in the number of complaints to the ombudsman
- 9 Development of a new developer charges policy that removes headworks charges
- 10 Successful internal launch of the new TasWater branding incorporating the values and behaviours which identify *The Way We Work*

³ Distributions include tax equivalent payments, loan guarantee fees and dividends.



Chairman's report

In our first year we had a focus on seamless transition and building strong foundations. In our second year our focus turned to building momentum in the business as we set out to deliver better water and sewerage services to our customers. This has necessitated considerable investment in increasing our understanding of the true state of our infrastructure and developing plans to address shortcomings.

Since the reform of the water and sewerage sector in July 2009, more than \$570 million has been spent improving infrastructure across the state and we are well positioned to deliver a further \$330 million in improvements over the next three years with \$275 million of approved projects currently on our books.

But as we gain a better understanding of the true state of the infrastructure it is clear that initial estimates of a billion dollar program to replace ageing and obsolete infrastructure is likely to be well below the level of investment required.

The principal focus of the former corporations and TasWater for its first two years has been on addressing water quality issues.

Much has been achieved but we still have a long way to go, particularly with regard to the many smaller townships that are on a Boil Water Alert or Do Not Consume notice.

However, we expect to make substantial progress addressing water quality issues in smaller towns over the next two years.

The major challenge over the next decade is to improve the performance of sewage treatment plants to ensure compliance with modern environmental standards.

While a number of plant upgrades have been completed or are underway, much remains to be done and we expect to commence a number of significant upgrades in the three year planning period commencing July 2015.

We have significantly progressed our planning in respect of the Launceston Sewerage Improvement Project.

As we work on developing our capital expenditure plans we are conscious of the need to keep tariff increases affordable.

Indeed, seeking to establish the appropriate balance between the competing objectives of compliance, renewal, returns to shareholders and tariff increases, is at the forefront of our strategic considerations.

We have delivered on the promises we made to achieve annual savings of more than \$5 million as a result of the 2013 merger. Those savings together with earlier savings of \$2.2 million when Onstream was restructured and additional savings that we are targeting over the next three years will have delivered annualised savings of \$10 million.

Equally significantly we continue to work on developing a values based culture that is constantly searching for ways to improve customer service and increase productivity.

We have delivered to our owners a modest dividend, reflective of the surpluses that councils were making out of water and sewerage services prior to the 2009 reform. These dividends represent a return to the community of less than one per cent on the assets transferred.

KEY OUTCOMES IN 2014-15 WERE:

NET PROFIT AFTER TAX OF \$33.2 MILLION WAS IN LINE WITH BUDGET AND AHEAD OF THE PREVIOUS YEAR

THE NUMBER OF REPORTABLE DRY WEATHER SEWAGE SPILLS AND SEWAGE ODOUR COMPLAINTS HAS BEEN SIGNIFICANTLY REDUCED

SAFETY PERFORMANCE HAS DRAMATICALLY IMPROVED

THE AVERAGE RESPONSE TIME TO ATTEND SERVICE INTERRUPTIONS HAS BEEN SIGNIFICANTLY REDUCED

THE CAPITAL PROGRAM SPEND EXCEEDED OUR \$90 MILLION TARGET

WE HAVE GREATLY IMPROVED OUR UNDERSTANDING OF THE STATE OF OUR ASSETS

But in reality the journey towards Tasmania having a fit for purpose water and sewerage infrastructure has only just begun.

There have been some disappointments along the way.

At the time this report was prepared we have been unable to secure a single statewide enterprise agreement for employees. This was always going to be a challenging task given the differences between the three enterprise agreements in place in our antecedent corporations, but it is vitally important if we are to optimise efficiency across our business. We have been unable to reach agreement on the charges that Launceston City Council should pay for its share of the combined storm water and sewerage system in that city.

It is simply inequitable that TasWater and the other 28 owner councils have been cross subsidising the Launceston City Council since 2009 to the extent of many millions of dollars. Hopefully this matter will be resolved when the matter is arbitrated in August 2015.

While we welcome the reduction in charges for customers paying above target tariff, we had hoped to realise a Price and Service Plan outcome for the period 2015-18 which better positions us to deal with the long term infrastructure challenges facing the corporation. We will however seek to engage with the Government, our owners and the regulators to develop a regulatory framework that gives more consideration to the longer term.

It is now clear that TasWater has neither the balance sheet nor the profitability to undertake the capital program we see in front of us on a timely basis.

We have commenced a dialogue with both the State Government and owner councils about the level of assistance that will be needed if the much overdue investment in improving infrastructure is to be completed.

I take this opportunity to thank our owner councils and in particular Chief Representative Tony Foster for their ongoing support.

I acknowledge the efforts and commitment of our staff and particularly the executive team led by Mike Brewster who should be enormously proud of our progress to date.

Finally, I thank my fellow directors for their support and guidance and particularly acknowledge the contributions of directors Sarah Merridew and Jane Sargison, both of whom retired from the Board during the year.

Miles Hampton
Chairman



CEO's report

TasWater's second year of operation was a busy but successful year, as we consolidated the gains made in our first year of operation while continuing our business transformation program. The majority of the goals set for the year were met and provide a solid platform to deliver on the initial promise of a single statewide water and sewerage business.

CHANGING THE WAY WE DO BUSINESS

Over the past year, we have significantly upgraded and modified many of our processes and practices with a focus on improving customer service levels, public health outcomes and our environmental performance.

In many cases this has meant the introduction of new metrics that allow us to better track our performance and where necessary correct our course.

While these changes have facilitated major improvements in our performance it is evident that further improvement is needed.

A number of firsts were delivered over the course of the year. These included the development our Waste Water Management Plan, Drinking Water Quality Management Plan, Strategic Asset Management Plan and our first Price and Service Plan. These plans provide the business with a basis from which to drive further efficiencies in all facets of our business while delivering much needed improvements to the state's water and sewerage infrastructure.

CUSTOMER AND COMMUNITY VALUE

The majority of our key customer and community metrics were in line with expectations. Exceptions were in the number of complaints registered (negative) and fault response times (positive).

Complaints registered increased from the previous year primarily as a result of two factors: improvements in our complaints registration process and a spike in algae related water quality complaints in the greater Hobart area over summer.

Fault response times for primary water and sewerage incidents⁴ have improved when compared to last year (33 per cent reduction for water incidents and 22 per cent for sewerage) and were positive compared with the respective regulatory targets.

The volume of development, building and plumbing permit applications increased significantly over the course of the year, which has made resourcing challenging at times. The impact of this increased volume was effectively managed by a new streamlined set of processes for handling applications. In the broader scheme of things, it is pleasing to see the substantial increase in applications, which can only be a positive for the state's economy.

This year we have moved from three regional call centres to a single virtual call centre so that customer calls can be answered from any call centre in the state.

We will be moving to a centralised Customer Contact Centre and Network Operations Centre in the coming year. This will enable us to reduce costs and improve services for customers.

PEOPLE AND CULTURE

While we still have a long way to go in realising our zero harm objective, improvements in our key safety performance indicators are indicative of a positive shift in the underlying culture.

It was pleasing to see all safety related targets being met for the year with our lost time injury frequency rate reduced from 12.9 to 5.9.

The credit for this improvement must go to our people, particularly those in the field who have embraced the changes in approach to safety.

It is encouraging to see that approximately 78 employees recently received VET qualification and we have 700 funded placements to offer our employees as part of our partnership with Skills Tasmania.

As we embark on our third year it is to be hoped that with the goodwill of all parties involved in enterprise agreement negotiations we will resolve the final element of truly amalgamating the four former water and sewerage corporations into one.

QUALITY OF PRODUCT AND SERVICE

While there continues to be public criticism of the state of our infrastructure in Tasmania, we have seen sewerage and water quality improvements in a range of towns across the state. This has been facilitated by the delivery of \$102 million in capital projects, the vast majority of which are associated with infrastructure improvements and represents a significant increase from the \$78 million spent on capital projects last financial year.

The past 12 months have seen new water treatment plants constructed for Ouse and Hamilton, Tunbridge and Fingal, while an upgrade at Ellendale has seen its long standing Boil Water Alert finally lifted. Plans are in place to reduce the number of towns with a boil water notice or public health alert to eight or less over the next three years.

Projects to improve water quality are underway at Scamander, Mole Creek, Rosebery, Ringarooma Valley, Pioneer, Avoca, King Island and Flinders Island.

Water security and dam safety are also receiving considerable attention with projects underway to increase the volume of water available to the Margate area, decommissioning of Tolosa Dam to replace it with new reservoirs, and the upgrade of Ridgeway Dam.

Wastewater licence compliance increased when compared with last year, although we did not meet our target. However, significant reductions in the number of reportable dry weather sewage spills and sewage related odour complaints saw these measures recording a positive variance to respective targets.

While the results are pleasing there are still too many spills and considerable money and work is needed to upgrade treatment plants and sewerage networks around the state to further reduce spills and stormwater infiltration during rain events. This work continues to be a key priority for the business.

BUSINESS SYSTEMS AND PROCESSES

We have invested in defining and improving key processes as a precursor to the realisation of further savings.

There is also a need to invest in a range of contemporary, fit for purpose systems in order to improve customer experiences and reduce our cost to serve.

An IT road map has been approved which sets out the key priorities for the next three years.

The number of non-compliances recorded was greater than anticipated. Improvements are being made in our process control and compliance activities in order to reduce these going forward.

FINANCIAL AND COMMERCIAL PERFORMANCE

Financial performance for the year was positive with all key targets met. Profit after tax was \$2.7 million ahead of budget, merger costs savings were exceeded by 20 per cent, overdue debtors finished the year below budget and the capital spend was \$12 million in excess of targeted spend.

While we have exceeded our savings target of \$5 million, it was necessary to increase our operating expenditure to deliver a larger capital program, implement business improvement projects and improve the performance of a number of poorly performing operational assets.

While our financial performance has been positive for the year, we can also see that without an intervention, operating expenses will continue to rise as new infrastructure is brought on line. It is essential that we further improve our productivity. We are therefore commencing a new business productivity initiative aimed to further reduce our operating costs in order to offset the impact of new and upgraded assets coming on line in future years.

POSITIONING FOR THE LONG TERM

As we enter our third year of operations and reflect on our achievements, priorities and shortfalls, it is important to consider our longer term challenges given the dynamic environment we operate in and the need to balance the complex – and sometimes conflicting – requirements of our customers, regulators and owners.

The establishment of TasWater created a 'once in a generation' change for Tasmania. We touch almost every home and business in Tasmania. Every achievement witnessed and objective set for the future helps alter the state's destiny economically, socially and environmentally.

Our people have embraced the opportunity to build lasting and sustainable water and sewerage systems that are affordable and fit for purpose for future generations.

Finally, I wish to acknowledge the achievements of our people and commend their professionalism and dedication to making a difference.

Michael Brewster
Chief Executive Officer

⁴ Key water response measure is average minutes to attend Priority 1 bursts and spills. Key sewerage response measure is average minutes to attend sewerage spills, breaks and chokes

Customer and community value

TABLE 1: CUSTOMER AND COMMUNITY VALUE KEY PERFORMANCE INDICATORS (KPI) FOR FINANCIAL YEAR 2014-15

Measure	KPI	2014-15		2013-14
		Target	End of year outcome	End of year outcome
Call waiting time	Percentage of calls answered in 30 seconds	90%	88.6%	92.5%
Registered complaints	Total complaints per 1,000 connected properties	8	11.3	4.2
	Complaints to ombudsman	150	7	62
Fault response	Average time to attend Priority 1 bursts and leaks (minutes)	50	37.2	55
	Average time to attend sewage spills, breaks and chokes (minutes)	60	50.4	65
Processing time	Complaints processed within 10 business days	80%^	85%	No target
	Development applications processed in 14 days	100%^	97.6%	98.4%
	Building and plumbing applications processed in 10 days	100%^	98.0%	99.8%

Green = on or below target
 Amber = within 20% of target
 Red = greater than 20% outside target

^ Management target as no target included in FY2015 Corporate Plan

CUSTOMER SERVICE

TasWater's customer service centre was previously operated as three separate regional centres in Burnie and Devonport (north west), Launceston (north) and Moonah (south) with systems and processes tailored to handle and respond only to the customer base of the three previous regional corporations. In August 2014 a new telephony system was introduced, which allowed TasWater to provide one virtual customer service centre with three teams. This resulted in a more efficient distribution of customer calls and the effective statewide transfer of knowledge and skills.

In March 2015 we began working towards a centralised customer service centre based in the north west and co-located with the Network Operations Centre (NOC). The journey towards the centralised model has advanced rapidly due to earlier than anticipated redeployment of staff in Moonah and Launceston. A transition accommodation and volume recruitment plan has been developed and implemented to manage the change and minimise impact on our customers.

The north west program includes the closure of the Queenstown and Burnie shopfronts; Queenstown closed in May 2015 and Burnie will close later in 2015. Pop Up shops are being offered around the state to ensure we continue to meet customer needs and maintain a presence in regional Tasmania in partnership with Service Tasmania and local councils.

CUSTOMER COMMUNICATIONS

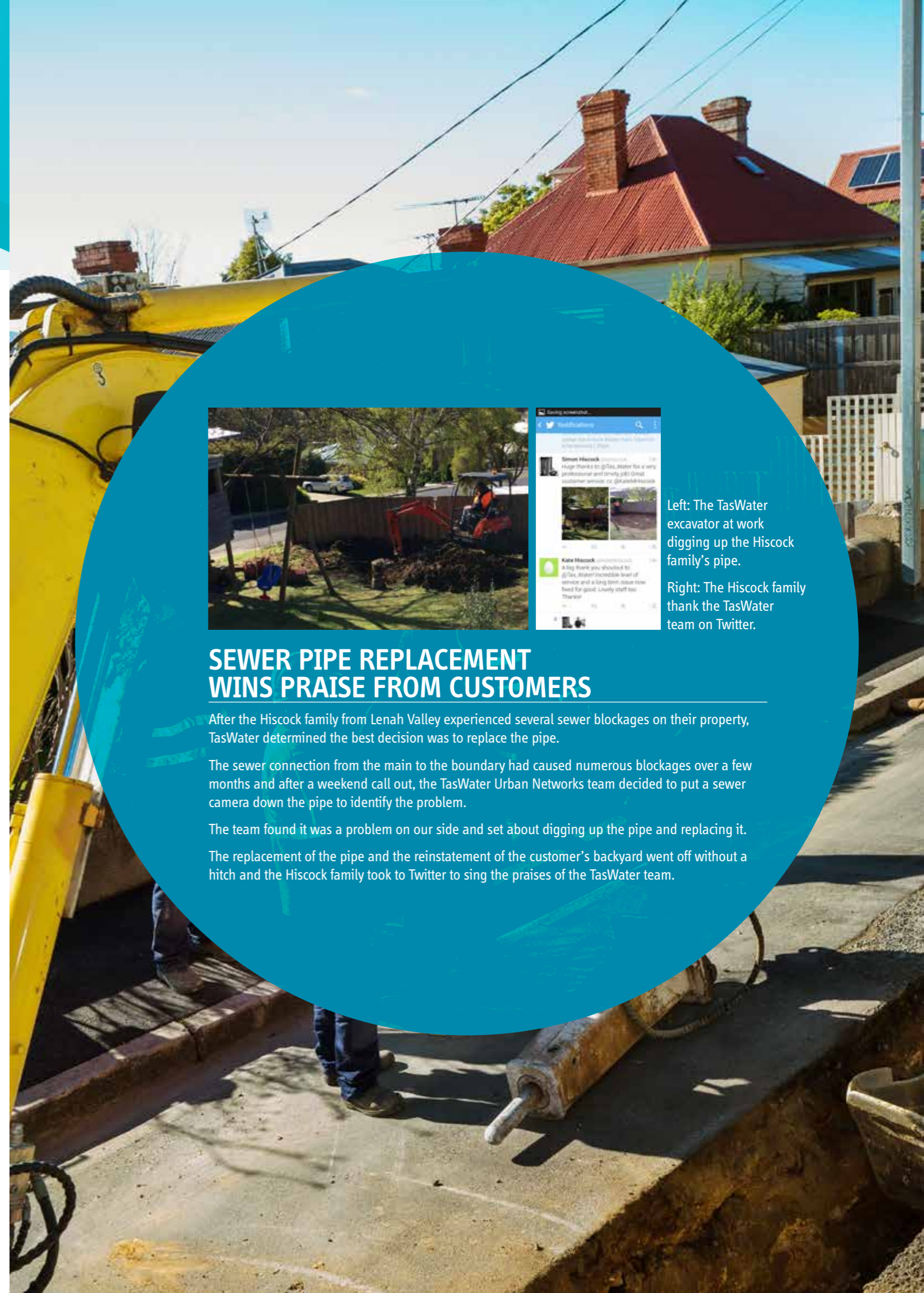
The overall grade of service (GOS) for the financial year was 88.6 per cent (see Table 1), 1.4 per cent short of the Office of the Tasmanian Economic Regulator (OTTER) target of 90 per cent. It must be noted the GOS set by OTTER for financial year ending 2016 is 85 per cent.

The GOS has struggled to recover from two major water outages in the greater Hobart region in January and the Hobart water quality taste and odour issues in February 2015.

These events significantly impacted fault and emergency call volumes and overall service levels.

Customer Services handled a total of 207,299 customer enquiries for the financial year (126,225 calls, 33,638 at the counters and 47,436 via e-mail). Telephone continues to be the most popular way of doing business with TasWater representing around 49 per cent of all customer contact for the financial year, which is a decrease of six per cent from last year. This can be attributed to more accurate and timely billing, implementation of consistent and efficient processes, coaching and development of staff to resolve customer enquiries at first point of contact and a significant increase in e-mail contacts received.

E-mail is a growing channel of choice for TasWater customers increasing from 16 to 28 per cent of customer contact.



Left: The TasWater excavator at work digging up the Hiscock family's pipe.
 Right: The Hiscock family thank the TasWater team on Twitter.

SEWER PIPE REPLACEMENT WINS PRAISE FROM CUSTOMERS

After the Hiscock family from Lenah Valley experienced several sewer blockages on their property, TasWater determined the best decision was to replace the pipe.

The sewer connection from the main to the boundary had caused numerous blockages over a few months and after a weekend call out, the TasWater Urban Networks team decided to put a sewer camera down the pipe to identify the problem.

The team found it was a problem on our side and set about digging up the pipe and replacing it.

The replacement of the pipe and the reinstatement of the customer's backyard went off without a hitch and the Hiscock family took to Twitter to sing the praises of the TasWater team.

ASSISTING CUSTOMERS IN NEED

During the 2014-15 financial year, 49,204 eligible customers received a government funded concession on their water and sewerage account. Customers received concessions totalling \$8.13 million.

E-BILLING

TasWater issued 893,984 bills and accounts for the year to 210,130 customers. The percentage of bills and accounts issued on time was 99.5 per cent. This year, TasWater provided customers with more options for accessing and paying their bills by offering e-Billing from January 2015. Previous to this, all accounts were delivered via post. This additional choice for our customers means they can now receive their bills via e-mail or BPAY View. To date, more than 8,500 customers have signed up to receive their bill in an electronic format.

TASTE AND ODOUR

While we strive to deliver water quality consistent with the Australian Drinking Water Guidelines, unfortunately many customers in the greater Hobart area experienced significant taste and odour issues in February 2015. Complaints were received and peaked at 75 per day in early February, resulting in negative media. An incident management team was established to address the problem, with assistance from interstate experts.

After extensive testing, the cause of the issue was identified as resulting from a compound called methylisoborneol (MIB) found in the River Derwent between 10 and 30 nanograms per litre. This is caused by algal blooms up stream and often develops when the water is warmer than usual, a common interstate problem where water supplies are subject to warmer and dryer climatic conditions.

Carbon dosing of the water supply was implemented at our Bryn Estyn Water Treatment Plant in March 2015. This provided an improvement within a two week timeframe. Further to this, the water was redirected through the reticulation network and the water supply for parts of Sandy Bay, Battery Point, Salamanca and low lying areas of the CBD and North Hobart were alternatively sourced from Lake Fenton in Mt Field National Park. Twice daily testing was undertaken at a number of sites across the city to ensure the alterations did not affect the quality of the water.

A more permanent solution is being sought to prepare for any potential issues that may again arise when the warmer seasons begin. Permanent powder activated carbon (PAC) systems are being established at the water treatment plants located in Bothwell, Swansea, Deloraine and Campbell Town to remove the pesticides and compounds that create taste and odour issues in these areas. Three mobile units have also been manufactured for use in the north, north west and south of the state.

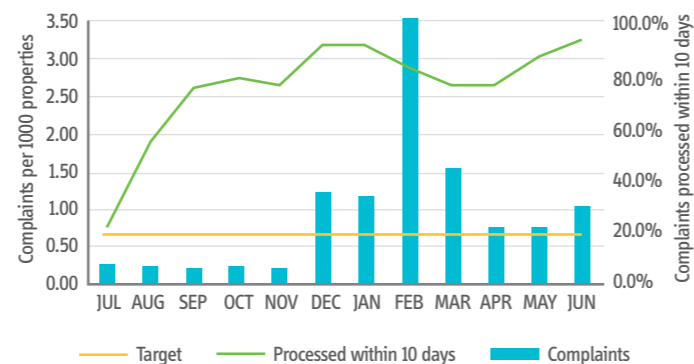
COMPLAINTS MANAGEMENT

While we would prefer there to be no complaints about our service, the reality is that they are the means by which we can gauge and improve our performance. We therefore appreciate customers taking the time to provide us with feedback and see it as an opportunity to consider improvements to our services and processes. With significant focus placed on our management of complaints, TasWater has continued to progress our responsiveness and performance improvement. Complaints are measured and monitored in line with the National Performance Framework, which enables TasWater to compare complaint metrics against other water businesses.

During the financial year, TasWater received 2,338 complaints or 11.3 complaints per 1,000 properties (see Table 1, page 12). Water quality complaints were the largest category at 53.6 per cent with approximately 34.5 per cent of the total relating to the Hobart water taste and odour issue that occurred in February 2015. A total of 85 per cent of complaints were processed within 10 business days for the year against a target of 80 per cent.

Throughout the year the Ombudsman received 65 customer matters compared to 134 last financial year. Seven of these were formally referred to TasWater as complaints, all of which were resolved. The Tasmania Ombudsman recognised the improvement made in complaints management in its Annual Report 2013-14 reporting a 12 per cent decrease in water complaints for the year. The report stated: "It is a credit to the customer service team that significant advancements have been made in this area with a noticeable improvement in the quality of investigations and responses and, consequently, better outcomes for complainants."

FIGURE 1: COMPLAINTS MANAGEMENT FINANCIAL YEAR 2014-15



PROMOTING DEVELOPMENT AND GROWTH

The economic impetus provided by the State Government headworks waiver was improved by the number of applications increasing significantly. A total of 2,119 development applications were processed (1,827 in FY14) and 6,784 building/plumbing applications were processed (3,666 in FY14), including exemptions. Under the waiver, headworks charges for qualifying projects are funded by the State Government for a period of two years, ending 31 March 2016.

TasWater's Price and Service Plan for 2015-18, recently approved by the Economic Regulator, continues to support development by ending the application of headworks charges. This delivers a smooth transition from the waiver. A number of information sessions were held across the state in May and June 2015 to inform the development community of the change.

Existing arrangements to support development, including waiving service charges on undeveloped property for up to two years or until development or sale of the property, also continue to apply. The Development Services team continues to focus on improving services, supporting development and delivering better outcomes for customers through the application of clear, simple and consistent processes.

Work is underway to identify online systems for lodgement and tracking of applications and it is expected that significant progress will be made during the 2016 financial year. This continues initiatives designed to improve customer service and establish closer relationships with the development community.

SERVICED LAND

Serviced land is the area where TasWater will permit properties to be connected to its water and sewerage infrastructure. The identification of serviced land is important as it determines our obligation to connect and supply customers. It 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 and sewerage services and ensure that the description is updated and published on a regular and ongoing basis.

In preparation for the 2015-18 regulatory period, and following the establishment of TasWater, we have undertaken a desktop based approach to identify our serviced land area 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 serviced land using LISTmap.

EDUCATION IN THE COMMUNITY

TasWater has created its own education function with plans to deliver education programs aligned with the national curriculum in Tasmanian schools and the community. We were involved with National Water Week 2014 promoting the theme, *Water sources – there are more than you think*, and are participating in the National Water Week 2015 Poster Competition with the topic, *Water Innovation for Future Generations*.



Crews hard at work on the 12 hour Installation project as part of the Ti Tree Bend STP upgrade.

BRINGING IT ALL TOGETHER

A major upgrade at Launceston's Ti Tree Bend Sewage Treatment Plant (STP) saw the removal of the single rising main from Launceston CBD and a shut down for 12 hours to allow installation of a 900 millimetre diameter magflow meter.

The work was a collaborative project between our Works Delivery and Operations and Maintenance teams over the period of a few months as part of the odour abatement project at Ti Tree Bend. The first stage of the project involved the implementation of ferric chloride dosing into the STP's inlet works while this installation of the magflow meter represented the completion of the dosing project allowing flow-based dosing to occur in the city rising main.

Isolation of the rising main required the retention of more than five megalitres of untreated effluent within pump stations and reticulation networks. All the pump stations held out well, ensuring zero discharge into the environment.



Ti Tree Bend Sewage Treatment Plant is one of the facilities currently servicing the Launceston community.

LAUNCESTON COMMUNITY TO HAVE THEIR SAY

A community consultation for the Launceston Sewerage Improvement Project was held during the year to give locals the chance to have their say about the future of the sewerage system.

The environmental challenges of the Tamar Estuary were well known to those engaged throughout the process and there was broad support for a solution that would meet the needs of the environment and community.

Greater Launceston is currently serviced by a network of seven sewage treatment plants, inherited from the days when many smaller councils operated separate systems. Some plants are around 50-years-old, which has resulted in an outdated and inconsistent system unable to effectively cope with current demands, increasing the potential for major odour issues and breaches of operational permit conditions. None of the seven plants consistently complies with their current licence requirements.

These issues can be addressed through one of the largest infrastructure projects ever undertaken in Tasmania which will deliver a 21st century system that has the capacity to service greater Launceston well into the future.

Customer and community value

TasWater's education team has been selected to represent the corporation as part of a committee consisting of 10 members from various water aligned organisations around Australia. The collaboration with these organisations allows us to build awareness in the community and deliver objectives that promote an understanding of water quality, treatment and conservation as well as wastewater management.

COMMUNITY AND CUSTOMER CONSULTATIONS

COMMUNITY ENGAGEMENT

At TasWater we implement community engagement programs which meet both Tasmanian and international standards of best practice, reflecting our value of being honest and straight forward. 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.

TasWater has held numerous information sessions and meetings during the year covering projects in Winnaleah, Fingal, Wynyard, Pioneer, Gretna, Bushy Park and Glenora, Flinders Island and King Island. Further consultations were conducted with stakeholders who have an interest in the Kingborough sewerage upgrade, and in particular the Blackmans Bay Sewage Treatment Plant component.

The Launceston Sewerage Improvement Project will be one of our bigger projects for the state and early engagement has been conducted with community information sessions at various Tamar Valley locations. Community feedback is also gained through our newly launched online engagement portal, YourSay TasWater.

Engagement programs were also conducted for projects or issues occurring at Huonville, Tolosa Street (Glenorchy), Bowden's Road (Hadspen), Penna, Campbell Town, Richmond, Oatlands, Deloraine, Devon Hills, Eskleigh Hospital Pump Station (Perth), Flinders Street (Beauty Point), Wynyard, Queenstown, Burnie and Forth.

A program of community consultation is continuing as part of the small towns project, aimed at removing boil water notices by providing better quality drinking water.

SUPPORTING OUR COMMUNITY

TasWater utilises a modest budget to support the local Tasmanian community through programs that provide opportunity and connectivity.

During the 2014-15 financial year, TasWater awarded five community grants to not-for-profit organisations working to improve the quality of life in their local communities. These community grants provided up to \$2,000 to each successful applicant. The 2014-15 recipients were:

- Launceston Student Workshop Incorporated, three slatted outdoor bench seating units
- Self Help Workshop Inc., qualified literacy tutor to run Self Help Book Club for 13 weeks
- Geeveston Community Centre Inc., Tiller, mower and brushcutter
- Housing Choices Tasmania, materials and native plants for a Caring for our Environment garden
- Delta Society Australia, program support for four dog therapy teams to support the elderly and disabled.



TasWater water sampler, Amanda White, takes a sample of the hobart water supply.

Some of the amazing artwork submitted to TasWater as part of our annual Water Week colouring competition.



AND THE WINNER IS...

TasWater celebrated National Water Week with a mass of colour in each of our customer service centres from October to November 2014. It was coordinated by Gina Harvey from the Education team and posters were submitted by primary schools around the state and put on display.

The competition attracted a lot of entries under the theme, *Water – there are more sources than you think* encouraging students to think about the journey of water from the source to their tap at home.

A wonderful range of colour and interpretations was portrayed through various mediums and made judging quite challenging in each of the four categories: Prep, Grade 1 and 2, Grade 3 and 4, and Grade 5 and 6.

The first three placed students in each category won a prize and each school for the first placed prize winners was also awarded a set of water themed books for their library.

SOLUTION IN THE PIPELINE

The cause of irregularities in the greater Hobart water supply was identified as higher levels of geosmin and methylisoborneol in the water that was producing taste and odour issues for some of our customers.

An incident team was formed to coordinate an investigation led by Lance Stapleton, Department Manager Product Quality. Thanks to the hard work of many TasWater employees across the business, tests were able to confirm the cause came from raw water drawn from the River Derwent near New Norfolk and treated at our Bryn Estyn Water Treatment Plant.

The water still complied with Australian Drinking Water Guidelines (ADWG) and was safe for our customers to consume.

As part of our regular statewide water monitoring, TasWater labs perform an average of 15,000 tests per month on water and wastewater samples and our water quality operators conduct on-the-spot tests.

The Chief Executive Officer, Michael Brewster, thanked all staff who worked on the greater Hobart taste and odour issue including the Water Quality, Operations and Maintenance, Customer Service, Customer Information and Communication teams.

People and culture

OUR PEOPLE
TasWater has worked with its employees to develop the values and behaviours which underpin everything we do

TABLE 2: PEOPLE AND CULTURE KEY PERFORMANCE INDICATORS (KPI) FOR FINANCIAL YEAR 2014-15

Measure	KPI	2014-15		2013-14
		Target	End of year outcome	End of year outcome
Safety performance	Lost Time Injury Frequency Rate	8	5.9	12.9
	Notifiable incidents	15	12	18
	Safety interactions	290	338	262
Workers compensation claims	Number of claims	65	37	72
	Claims paid	\$525K	\$191.3K	\$583.4K
Annual leave taken	Number of employees with leave balances in excess of 40 days	158	181	176
Sick leave	Average sick days per FTE	4.5	4.48	5.36
Workforce numbers	Permanent employees (FTEs)	886	813	688
	Contract, fixed term and labour hire (FTEs)	Not applicable	103	144

Green = on or below target
Amber = within 20% of target
Red = greater than 20% outside target

The values and behaviours are being embedded in all of our people processes, including the way we recruit and induct our people, our training and development programs and performance management.

Our focus on culture will ensure we employ the right staff, provide them with a clear direction and challenging work, enable performance through strong leadership and honest feedback and provide ongoing development through targeted learning opportunities. Over the next 12 months TasWater will establish a values champion network and value awareness workshops.

Operator flexibility is a great example of our One TasWater approach. By encouraging flexibility during the year, especially for interchanging of out-of-area operators, we are able to address workload gaps and utilise a broader pool of trained back-up operators where needed. Workplace productivity is a key driver of cultural change in the organisation.

As at 1 July 2015 TasWater employed 813 full time equivalents. At this time there were 61 vacancies which were filled over the first quarter of the year. At the end of the financial year the full time equivalent number of employees was 916. This included 40 additional resources for the growth in the capital program and to deliver strategic projects associated with the development of the Network Operations Centre, the centralised call centre in the north west and the implementation of the Price and Service Plan.

TABLE 3: RECONCILIATION OF FTE CHANGES FINANCIAL YEAR 2014-15

Opening FTE	815
Vacancies	61
Capital Program Growth	13
Strategic Projects*	27
Closing FTE	916

*Largely related to North West Program (NOC, call centre and accommodation) and PSP2 implementation

ENTERPRISE AGREEMENT

TasWater has been in negotiations for a single enterprise agreement to replace the three regional agreements of the former corporations, all of which have expired. A vote of employees in November 2014 resulted in a rejection of the proposed agreement. Some industrial action occurred in the period leading up to the vote and after the vote.

Negotiations have continued slowly, however, it is acknowledged that this is a challenging process as we seek to bring together different sets of terms and conditions into a new agreement.



General Manager Operations and Maintenance, Glen Jameson with Phillip Towns, Geoff Hyland, Joshua Brown, Riley Sheehan, Peter Triffitt and Troy Keating at the new building in Zeehan.

NEW DIGS ON THE COAST

A new prototype building was opened at the Zeehan depot on 27 April for our west coast crews, providing a vital hub for the operations and maintenance team.

Upgrades on the west coast valued at \$29 million are either underway or in the planning and design phase, including a \$10.5 million sewage treatment plant in construction at Rosebery, \$3.5 million upgrading Queenstown's Conglomerate Dam and a new water treatment plant planned for Rosebery, with construction to start later this year.

The west coast will also benefit each year from Taswater's \$40 million statewide investment in renewing water and sewer mains and CCTV pipe inspections. This is part of TasWater's annual \$110 million spend on infrastructure projects across Tasmania to improve water quality and environmental outcomes from ageing infrastructure.

The building, constructed by Ausco Modular, is an innovative design, prefabricated in a factory and transported to site and assembled by local contractors.

The extra building adds a crib room, office, kitchen and washing facilities for our local crew of six who are making good use of their improved facilities.

Develop capable, empowered and accountable people committed to zero harm

ZERO HARM

The safety vision of TasWater is to protect the health, safety and wellbeing of our employees, contractors and the public and achieve 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.

The corporation developed the TasWater Safety Leadership Program which focused on assisting leaders to understand their role in developing a positive safety culture, effective communication and implementing strategies for safety interventions. This program was attended by 120 of our leaders.

Further to this, TasWater completed its Major Hazard Study. This was a major project during the year which had the following objectives:

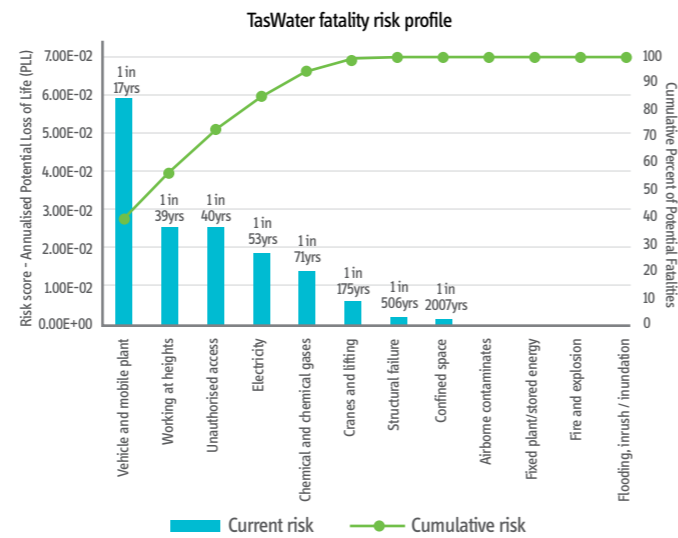
- Apply a consistent and comprehensive approach to the assessment and analysis of major hazards which could result in a multiple or single fatality
- Identify the highest risk areas in order to prioritise resource allocation
- Develop a strategic risk reduction action plan to ensure our risks are managed to As Low As Reasonably Practicable.

The outcome of the study revealed that the combined Potential Loss of Life (PLL) for all hazard areas is estimated to be 0.1509 per year, or one potential fatality every 6.62 years, based on the current controls that are in place. Realising a significant reduction of the PLL is one of our key priorities for the next few years.

ZERO HARM

⁵ The calculated risk value is a figure representing the frequency of Potential Loss of Life (PLL) for each hazard area. The total risk value was calculated based on the sum of PLL values for individual risk scenarios that expose people to the hazard. The number of scenarios varies for each hazard area and may arise from individual causes or combinations of causes that could provide a pathway to an unwanted event.

FIGURE 2: TASWATER FATALITY RISK PROFILE⁵ FINANCIAL YEAR 2014-15



The top five hazard categories make up approximately 95 per cent of TasWater's total fatality risk exposure score. The top five hazard areas will take the highest priority in our Strategic Risk Reduction Action Plan in terms of managing critical and fatal risks.

As part of our zero harm drive, the business commenced a holistic health program to improve the health of our employees and reduce the risk of preventable chronic disease. The Improving the Health of our Workforce program involved three major initiatives:

- Preventative health assessments
- Participation in the world-wide health program, the Global Corporate Challenge
- Review of the health assessments, which will take place in the next financial year.

Over 40 per cent of the workforce participated in the first two initiatives.

SAFETY PERFORMANCE

At the end of the financial year the 12 month rolling combined Lost Time Injury Frequency Rate (LTIFR) was 5.9 representing a 54 per cent decrease compared to the result at the end of financial year 2013-14 of 12.9 (see Table 2, page 18). This result exceeded our corporate plan target of less than eight (<8) LTIFR. The Total Recordable Injury Frequency Rate (TRIFR) also decreased from 36.4 to 23.3 representing a 36 per cent decrease as at the end of financial year 2014-15. The number of regulatory reportable safety incidents decreased by 17 per cent from 18 in financial year 2013-14 to a total of 12 as at the end of this financial year (see Table 2). This was a great achievement and exceeded our corporate plan target of less than 15.

FIGURE 3: TASWATER LAG INDICATOR INJURY TREND GRAPH FINANCIAL YEAR 2014-15

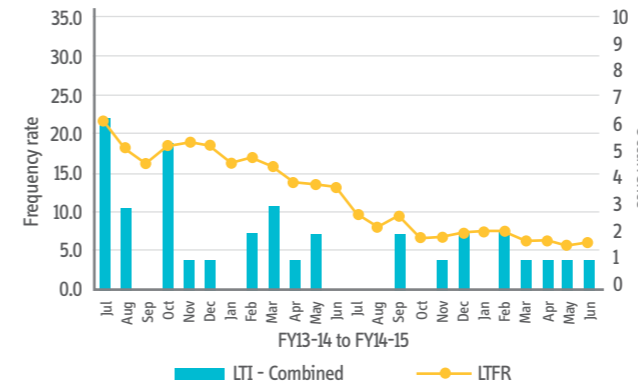


FIGURE 4: TASWATER LAG INDICATOR TOTAL RECORDABLE INJURY TREND GRAPH FINANCIAL YEAR 2014-15⁶

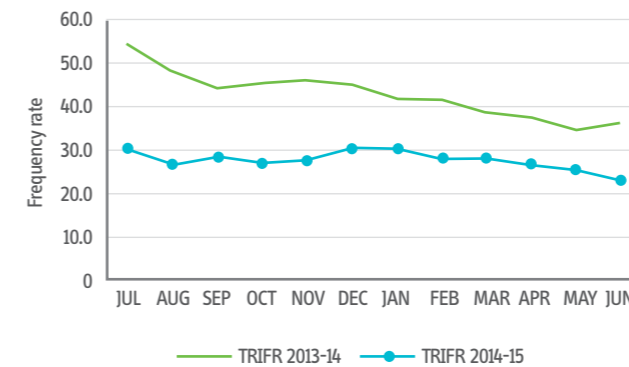
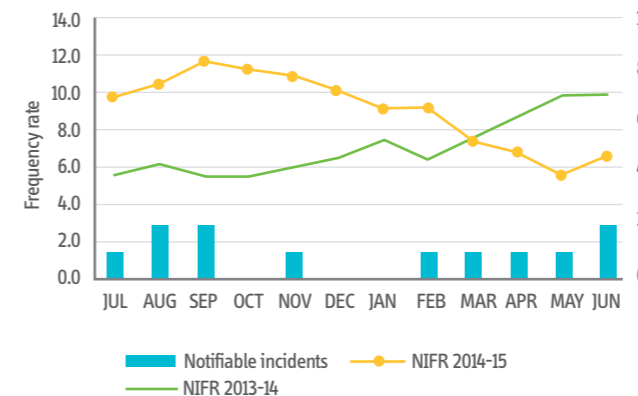


FIGURE 5: TASWATER LAG INDICATOR NOTIFIABLE INCIDENT TREND GRAPH FINANCIAL YEAR 2014-15⁷



⁶ Total recordable injury is the number of employee LTI+RWI+MTI=TRI.
⁷ The definition of a Notifiable Incident (NI) is clearly defined under the WHS legislation, which enables reliable and meaningful measurement of safety performance in terms of significant safety incidents, using Notifiable Incident Frequency Rate (NIFR).



TasWater employees Greg Store, Tony Grueber, Glen Jameson, Kelly Hill, Jeff Altmann, Cathy Cuthbertson, Peta Forster and Michael Brewster (CEO) at the WorkSafe Awards.

A STEP IN THE RIGHT DIRECTION

TasWater has been recognised as a front runner in injury management at the WorkSafe Tasmania Awards, which are aimed at increasing awareness of work health and safety and reducing death, injury and disease in the workplace.

The WorkSafe Tasmania Awards were a highlight of WorkSafe Tasmania month recognising Tasmanian businesses, organisations and individuals who lead the way in work health and safety, health and wellbeing and return to work programs.

TasWater achieved a high commendation (runner up) for the Best Injury Management Program category, which is a great recognition for the Health and Safety team led by Peta Forster and the Operations and Maintenance employees who are working hard to better look after themselves and their colleagues.

As an organisation our safety journey has only just begun, but with efforts like this, we are on our way to achieving our goal of 'Zero Harm' to ensure we all go home to our families safely at the end of every day.

DEVELOPING OUR WORKFORCE

We are developing the capability of our outdoor workforce with a range of specifically targeted programs being delivered in addition to numerous compliance programs. Fifty of our employees have been upskilled to undertake dam inspections – a critical competency of our business – in partnership with Entura; we have delivered membrane filtration training in time for new plants under development at Ouse, Tunbridge and Rosebery; and we have introduced water sampling training for 50 operators across the state.

A Certificate III in Water Operations program commenced in partnership with the Water Industry Training Centre and the Institute of Project Management as a critical development pathway for our operations and maintenance workforce. This is core to our Workforce Development Plan. We currently employ 13 employees who are undertaking Certificate III in Plumbing and several experienced operators are undertaking units of Certificate IV Plumbing.

More than 150 employees have participated in a two-tiered Professional Business Writing Skills program this year, which encompasses foundation skills through to professional skill level. The program was in partnership with the Australian Institute of Management and had a particular focus on developing report writing skills.

In line with our focus on delivering great service to our customers, the '4 Cs' program – based on the principles of consistency, clarity, care and customer focus – was developed and implemented. A total of 13 workshops were conducted with 152 employees participating in the program.

Together with training partners Institute of Project Management, we have developed and implemented a customised Contract Management Program, which has benefited 33 employees from Works Delivery, Facilities and Procurement, Operations and Maintenance and Trade Waste.

PERFORMANCE MANAGEMENT

The Performance Management Framework has been designed to provide a clear view of TasWater's direction and offer clarity around our business objectives and performance. This framework will build a positive and supportive culture for our employees with almost 300 employees and 120 leaders having already participated in awareness sessions and workshops.

We have initiated a statewide monthly induction program with involvement from our CEO and six of our department managers. Over 200 employees have participated in the induction program covering topics including our values and behaviours, quality and environment, Price and Service Plan, strategic direction and safety.

Three trainee operators have been employed following a resource assessment on the west coast. An opportunity to provide local employment was successful with all appointed trainees residing in the area. In addition the trainee approach allows for future planning across an ageing workforce. Training in both water and sewage treatment will be a focus and provide skilled operators to function across both treatment streams, including biological sewer treatment and newer technologies in micro filtration for water treatment processes.

DEVELOPING OUR LEADERS

There has been a strong focus on developing leadership capacity and capability within the organisation and we have implemented a range of fully customised programs to support this. TasWater's investment in senior leadership development commenced in late 2014 with customised workshops aimed at individual professional development via one-on-one coaching, project work and theory.

Ten employees are currently undertaking a professional management program with Learning Partners and the University of Tasmania. In addition to completing an Advanced Diploma of Management, participants also complete two units from a Graduate Certificate of Management.

Thirty-five TasWater coordinators, supervisors and team leaders are completing the specifically designed Frontline Leadership Program aimed at upskilling our frontline leaders. The program has an emphasis on practicality and relevance for the TasWater workplace.

Regular quarterly leadership forums have been established with participation from the CEO, executive team, department managers and external guest speakers. The forums provide an opportunity for the senior leadership team to expand their knowledge of the business, key projects and initiatives and undertake professional development.

This year, TasWater's Department Manager Regulation and Pricing, Alison Turner, was selected for the Tasmanian Leaders Program. The program will run over a 10 month period and will foster the capacity of participants to learn and engage across a broad range of issues relevant to Tasmania's future.



Rob Farrell with daughter Mae Farrell, winner of the annual Steve Balcombe Scholarship.

STEVE BALCOMBE SCHOLARSHIP AWARDED FOR 2015

In honour of the inaugural Hobart Water chairman, Steve Balcombe, TasWater has continued to offer the Steve Balcombe Scholarship each year through the University of Tasmania (UTAS).

TasWater congratulates Mae Farrell from Scottsdale as the winner of the 2015 scholarship.

Mae is studying a Bachelor of Applied Science, majoring in Environmental Science.

Mae will be supported throughout her studies with grants of \$3,000 during each year of her study at UTAS and will also undertake work experience placements at TasWater during university holidays.

The scholarship allows recipients to gain insight and experience in the water industry and participate in real projects with real outcomes to improve the delivery and quality of water, protection of the environment and to improve the essential services we all take for granted.



TasWater trainees at the Water Operations Certificate III training day.

OPPORTUNITIES ABOUND FOR OPERATIONS AND MAINTENANCE CREWS

Department Manager Kate Blizzard and her Capability and Performance team launched a number of targeted and fully customised training programs, particularly for our outdoor workforce.

A unique three-way partnership has been developed with the Water Industry Training Centre and the Institute of Project Management and Entura, to combine specialist expertise, long standing professional partnerships and recognition.

Entura, in particular, is recognised as the foremost expert on dam safety matters in Australia, and as a new Registered Training Organisation, they offer the opportunity to deliver nationally accredited programs that align directly with the requirements of TasWater.

The programs on offer are Certificate III in Water Operations (Bulk Water/Waste Water), Dam Safety Inspection, Water Samplers Program and Membrane Filtration Training.

Quality of product and service

TABLE 4: QUALITY OF PRODUCT AND SERVICE KEY PERFORMANCE INDICATORS (KPI) FOR FINANCIAL YEAR 2014-15

Measure	KPI	2014-15		2013-14
		Target	End of year outcome	End of year outcome
Wastewater compliance	Percentage of treated volume fully compliant with EPA requirements	58%	46%	42%
	Trade waste customers with current consents/contracts	50%	50.6%	16%
	Sewer main breaks and chokes per 100km	59	45^	70
	Reportable dry weather sewage spills	124	91	155
Drinking water compliance	Percentage of potable systems compliant with ADWG microbiological guidelines	95%	98%	94%
	Towns on long term boil water notices or public health alerts	20	26	26
	Unplanned water supply interruptions per 100km	65	59^	68
	Percentage of fluoride systems target range (0.8 - 1.2 mg/L)	95%	95%	91%
Dam safety compliance	Number of dams that plot above ANCOLD limit of tolerability for societal risk	13	12	14

Green = on or below target
 Amber = within 20% of target
 Red = greater than 20% outside target

The Boil Water Alert for the town of Ellendale was removed on 21 May 2015, however, a Public Health Alert was declared for the town of Rossarden on 24 December 2014
 ^Verification underway

STRATEGIC ASSET MANAGEMENT PLAN

TasWater was required to develop and submit an Asset Management Plan (AMP) under the terms of its water and sewerage licence to the regulator by 30 June 2015. In negotiation with the regulator, a traditional detailed infrastructure AMP will be developed over the coming years.

Of equal importance was the development of our Strategic Asset Management Plan (SAMP), which will be used to document the outcome of our new statewide Asset Management System (AMS) in accordance with ISO 55001. The SAMP was submitted to the Office of the Tasmanian Economic Regulator this year. It is used to ensure assets are available which are used for the sourcing, treatment and delivery of reliable, quality drinking water to our customers as well as the collection, transportation, treatment and safe return of wastewater to the environment.

It was recognised that the SAMP was not to be a simple consolidation of the previous water corporations asset management plans, but represented the opportunities and challenges arising from becoming a single water and sewerage entity.



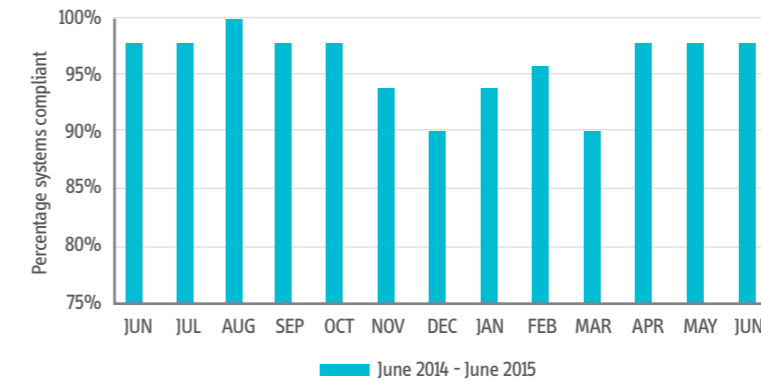
PUBLIC HEALTH PERFORMANCE

TasWater has developed a comprehensive strategy to deliver improved water quality around Tasmania. The Drinking Water Quality Management Plan outlines the programs and projects that will ensure compliance 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. Currently the water supplied to 26 towns in Tasmania is not considered potable (see Table 4) due to the presence of bacteria or metal contaminants. The Small Towns Project is a key initiative that will address this issue. TasWater aims to reduce the number of towns from 26 down to eight towns by 2018.

Water quality performance has improved across the 2014-15 financial year. The percentage of potable systems meeting compliance was 98 per cent over a 12 month basis against a target of 95 per cent. The percentage of fluoride systems compliant with average dose also met the target of 95 per cent on an annualised basis (see Table 4).

FIGURE 6: PERCENTAGE OF POTABLE DRINKING WATER SYSTEMS COMPLIANT WITH AUSTRALIAN DRINKING WATER GUIDELINES (ADWG)



FOR NOTING:

Our goal: All potable systems meet the *E.Coli* targets of the ADWG.

Chart does not include towns with permanent or long term (>12 months) temporary Boil Water Alert or Do Not Consume notice.

ENVIRONMENTAL PERFORMANCE

TasWater found compliance requirements for treated effluent at a large number of sewage treatment lagoons exceeded licence limits due to the amount of sludge held within these ponds. A desludging program is underway and is expected to run for three to five years to bring sludge levels back to optimum levels.

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 any impact on the environment. Regional areas are at a disadvantage due to distance when trying to obtain such a unit, which has resulted in the purchase of a number of additional mobile generators to ensure services can be restored more efficiently while limiting sewer spills.

The progressive implementation of a preventative maintenance regime and the upgrade of remote monitoring systems contributed to a reduction in reportable dry weather overflows from sewage pump stations, sewage networks and sewage treatment plants.

CONTINUED ASSET AND OPERATIONAL IMPROVEMENTS

During the 2014-15 financial year, TasWater invested \$102 million to provide better services to our customers. This required a significant acceleration of the capital delivery program and the value of works under contract increased from \$18 million in June 2014 to a peak of \$85 million in April 2015. The financial year ended with \$53 million of capital projects under contract (see Table 6, page 36) and a total of \$275 million of approved projects in various stages of completion, which will provide a solid base for the delivery of the capital program in future years.

Highlights include:

- Approval of concept design and tender stage for the Asset Management Information System project
- Approval of the Sewage Spill Abatement Strategy
- Submission to OTTER of the Strategic Asset Management Plan
- Approval of the Small Towns Water Supply Guideline
- Decommissioned High C Consequence Category dams in Queenstown-Cutten Street No. 3 and Roaring Meg Dams
- Approval of \$163 million for major projects
- Implementation of the CCTV initiative for sewer renewal program – a total of 195 kilometres of sewer mains and 4,500 manholes inspected by end of June 2015.

TasWater's focus is to upgrade and develop our assets to provide long term sustainability for Tasmania. The corporation is working to provide high quality drinking water to our customers and to address services, odour issues, renewal and upgrade of assets and environmental outcomes. The Rosebery upgrade is an example of investing in Tasmania's infrastructure with more than \$15 million approved to upgrade the water and sewage services for the area.

The project will see the development of new water and sewage treatment plants, installation of a new sewage pipeline and upgrades to existing water and



TasWater's Civil Maintenance Plumber, Danny Cleaver, at work in West Hobart.

WATER MAINS RENEWAL PROGRAM IN ACTION

The statewide Water Mains Renewal Program is a \$4.5 million program to renew water mains and improve delivery of water by targeting failing and critical assets, water quality and supply pressure.

As part of this renewal program, a renewal of a 75 millimetre water main at Browne Street in West Hobart has been undertaken in alignment with the Hobart City Council's programmed works to reconstruct the footpath and reseal Browne Street.

The project has been helped by the hard work of Renewals Engineer Simon McCrossen, Operations and Maintenance Business Officer Chris Richardson, Coordinator Phil Doyle, and the New Connection Renewals team with the aim of including an improved supply to customers, reduction of pipeline failures leading to fewer unplanned outages or critical asset risk, improved opportunities to optimise work schedules with other authorities leading to efficiencies in target renewals and a reduction in customer dissatisfaction.

The main was constructed in 1910 but was not cement lined until 1972 or 1973. The current works will complete previous work to renew the main along Browne Street (Pine Street to Warwick Street) in 2008.



The team install the offtake to the West Derwent trunk main at Granton.

WEST DERWENT WATER GIVES LIFE TO IRRIGATORS

Crews led by Scott Holland, Coordinator MEC Asset and Maintenance, and Brett Pritchard, Assets Renewals, constructed an offtake on the West Derwent No.2 trunk main at Granton, one of our largest water mains, to supply water for agricultural, horticultural and viticulture enterprises.

This offtake will supply the South East Irrigation Scheme Stage 3 (SEIS3) in the areas of Tea Tree, Campania, Orielton, Pawleena, Penna, Sorell and Forcett with up to 3,000 megalitres of water over the 180 day summer irrigation period. TasWater's supply to the SEIS3 will only occur when there is surplus capacity in the network, so that supply to existing customers is not compromised.

In the future, the scheme will include an additional winter delivery period.



Quality of product and services

sewage infrastructure. This commitment to Rosebery will allow the removal of sewage infrastructure from the Minerals and Metals Group (MMG) tailings dam, mitigate the risk of sewer overflows to the Stitt River during heavy rainfall and provide – for the first time – a long term, fully treated and sustainable drinking water supply.

Over the next three years more than \$330 million will be invested on upgrading infrastructure and services across the state with the following major projects approved during the 2014-15 financial year:

MAJOR WATER QUALITY PROJECTS UNDERWAY AT THE END OF JUNE

- Tolosa Dam decommissioning and reservoir construction, \$23.9 million
- Ringarooma Valley Water Scheme, \$13.9 million
- Flinders Island water supply system improvements, \$10.97 million
- King Island Water Infrastructure Upgrade Program, \$9.1 million
- Rosebery Water Supply System upgrade, \$6.2 million

- Avoca Treated Water Supply Strategy, \$4.79 million

- Margate Water Main (Stage 1A and 1B), \$4.66 million

- Conglomerate Dam safety upgrade, \$4.19 million

- Mole Creek Water Treatment Plant, \$4.1 million

- Triabunna water supply reticulation reservoir, \$4.03 million

- Gretna, Bushy Park and Glenora water supply upgrade, \$3.34 million

- Winnaleah Water Supply System upgrade, \$3.4 million

- Longford to Mackinnon's Hill reservoir rising main, \$3.35 million

MAJOR SEWERAGE SYSTEM PROJECTS UNDERWAY AT THE END OF JUNE

- Launceston Sewerage Improvement Project, \$185 million (in design phase – approval is subject to securing funding)
- Kingborough Sewerage System Strategy (treatment and network) upgrade, \$44 million

- Rosebery Sewerage Scheme, \$10.6 million

- Ti Tree Bend STP biosolids dewatering facility, \$8.39 million

- Bridport Reuse Scheme, \$5.9 million

- Old Beach SPS and network upgrade, \$5.8 million

- Orford SPS and network upgrade, \$4.56 million

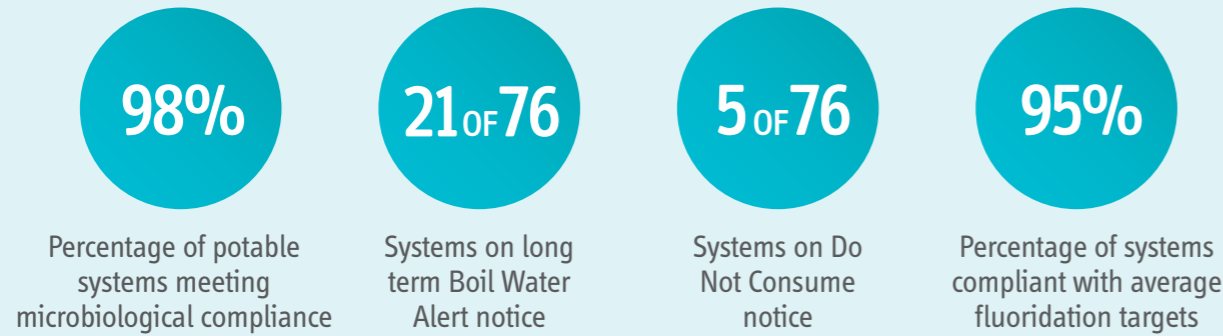
- Ti Tree Bend digester upgrade, \$3.99 million

- Prince of Wales STP Primary Digester Roof replacement, \$3.6 million

- Burnie network upgrade, \$3.81 million

- Burnie STP upgrade, \$3.36 million

WATER QUALITY COMPLIANCE



While the number of towns on a Boil Water Alert or a Do Not Consume notice currently sits at 26 for the 2014-15 financial year (see Table 4, page 24), TasWater aims to reduce this number to eight within the next three years.

TasWater has developed a Small Towns Water Supply Guideline to reduce the number of towns subject to public health notices, 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. We have also adopted membrane filtration for some water treatment plants to improve water quality, which should allow for the removal of public health notices from some regional towns.

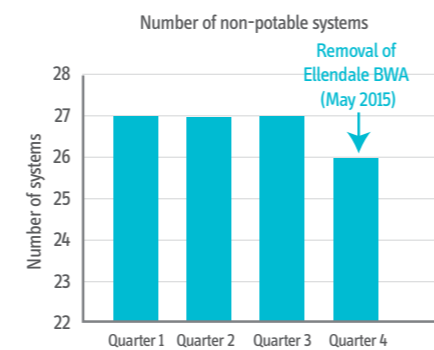
Work towards this goal is already underway with the removal of the long standing Boil Water Alert in Ellendale in May 2015 following the installation of an improved filtration process at Ellendale's Water Treatment Plant. This resulted in an improved water supply that meets Australian Drinking Water Guidelines and the provisions of the *Public Health Act 1997* (Tas).

Regular community engagement events are held across the state in a bid to identify cost-effective solutions for towns facing water quality issues.



Department Manager Urban Treatment Plants, Pumping and Storage, Glen Rowlands with Tasmanian Premier, Will Hodgman; Meander Valley Mayor, Craig Perkins; and TasWater Chairman, Miles Hampton at the opening of the Westbury Water Treatment Plant. Westbury is one of several towns that has been supplied with potable water solutions through a connection to the Launceston water supply.

FIGURE 7: NUMBER OF NON-POTABLE SYSTEMS FINANCIAL YEAR 2014-15



TRADE WASTE

The Trade Waste department commenced an extensive consultation and engagement program with 4,017 customers. The purpose of this program was to inform trade waste customers about the implementation of the Price and Service Plan 2015-18 (PSP2) and to commence a customer audit program that builds trade waste consents to greater than 90 per cent for commercial trade waste customers.

Information sessions were held that distributed educational material across TasWater's customer base prior to a comprehensive audit of all commercial customers in regards to trade waste activities. This information allowed a complete review and cleanse of trade waste customer information before consents were issued. At the completion of the 2014-15

financial year (FY14-15), 99.4 per cent of trade waste commercial customers (2,965) had received a trade waste consent. A complete customer database has been established to ensure a smooth transition to PSP2 and allocate customers into the new PSP2 categories.

Industrial customers were a focus of the newly established Contracts and Compliance team that will work on improving compliance of industrial customers. TasWater aims to have 50 per cent of industrial customers operating on a contemporary contract issued under section 61 of the *Water and Sewerage Industry Act 2008* (WSIA). Building on work from the previous year, we saw several significant customers commit to and complete substantial pre-treatment works as the level of compliance grew from 18 per cent of customers operating on contemporary contracts to 51 per cent. At the end of FY14-15, 64 per cent of industrial customers have an established trade waste agreement with TasWater.

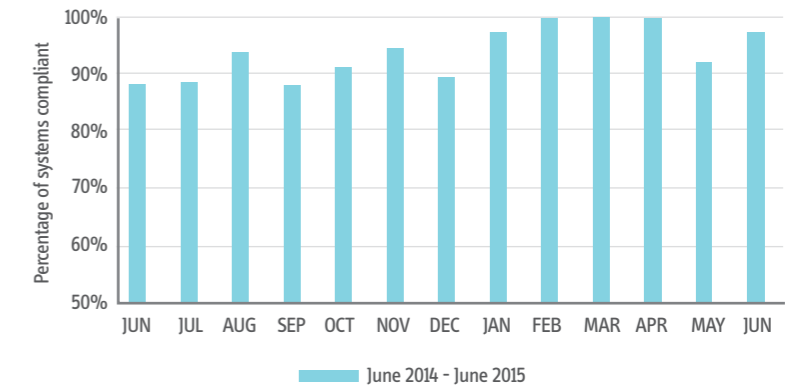
LABORATORY TESTING

Laboratory services at Sels Point and Ti Tree Bend performed over 180,000 tests on water and wastewater samples, an average of 15,000 per month during the 2014-15 financial year.

These facilities achieved accreditation for their Laboratory Quality System, NATA (National Association of Testing Authorities, Australia), which is based on the ISO standard 17025. 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 (EPA) and the Department of Health and Human Services (DHHS). In May 2015 NATA recertification was achieved with NATA representatives very positive about TasWater's technical capabilities.

All laboratory and field test results are captured in the statewide water quality database, Aquarius, providing a single data source to enable efficient and effective reporting.

FIGURE 8: FLUORIDATION PERFORMANCE



FOR NOTING:

Our goal: average fluoride concentration within range 0.8 - 1.2 mg/L with fluoride concentration for any supply not exceeding 1.5 mg/L.

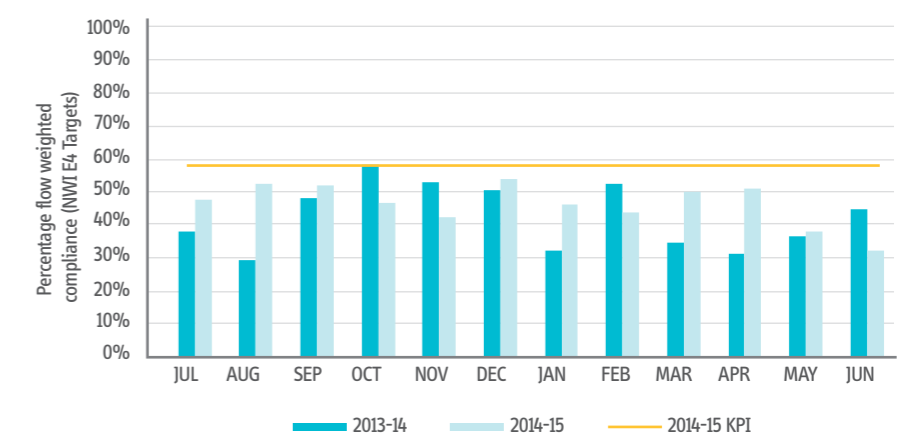
Chart illustrates the percentage of fluoridation systems online that are compliant with the Department of Health and Human Services (DHHS) fluoride performance targets (excludes offline systems).

IMPROVING THE HEALTH OF OUR WATERWAYS

The performance of sewage treatment plants managed by TasWater is considered low compared to interstate peer organisations. The volume of sewage treated by TasWater to Environment Protection Authority (EPA) compliance levels was 46 per cent for the 2014-15 year (see Table 4, page 24), up from 42 per cent on the previous year, and reflects the significant investment required to meet modern discharge limits. This is a challenge that will take many years and an investment of hundreds of millions of dollars to overcome. TasWater continues to work closely with the EPA to understand environmental impacts and to design asset upgrades to protect our beaches and waterways. The long term strategy for improvement is outlined in our Waste Water Management Plan.

Work has continued on over 30 ambient monitoring programs and environmental investigations. We are starting to see performance improvements for programs, such as our lagoon desludging program and sewage treatment plant process audits with more expected in 2015-16.

FIGURE 9: PERCENTAGE OF SEWAGE VOLUME TREATED THAT WAS FULLY COMPLIANT WITH EPA LICENCE DISCHARGE REQUIREMENTS 2013-15





TasWater Manager Drinking Water Quality, Bronwen Sharples; Environmental Scientist – Catchments, John Fawcett; and Senior Water Quality Scientists Stephen Westgate and Luc Richard are a few of the water quality team members who worked on the report.

INAUGURAL WATER QUALITY REPORT

TasWater submitted our first Annual Drinking Water Quality Management Report (ADWQMR) 2013-14 to the Department of Health and Human Services (DHHS) highlighting the overall compliance of our drinking water systems.

It is one of the biggest reports in the country covering 76 systems with a huge testing regime undertaken including sampling at over 330 sites and analysis of more than 12,000 microbiological tests.

The report takes in all aspects of drinking water management from catchment to tap including an assessment on performance, compliance against Australian Drinking Water Guidelines (ADWG), performance of our treatment processes and customer satisfaction and feedback.

It allows us to assess compliance against the ADWG identifying areas of concern and improvement, which ultimately feeds into the drinking water quality management plan. The plan then helps identify projects and programs that will improve drinking water quality.

Led by the Drinking Water Quality team, this significant piece of work took three months to produce and required input from a number of people across the business.

TasWater has submitted the ADWQMR to the regulator and has received positive feedback for the efforts and information provided.



Recycled Water and Biosolids Scientist, Luc Richard, and Project Engineer, Daniel Ford, receive their awards at the industry event.

SHINING STARS IN THE WATER INDUSTRY

Two of our employees have taken out prestigious awards at the Australian Water Association's (AWA) Gala Dinner and Debate in November 2014.

Project Engineer, Daniel Ford, from the north west won the 2014 Young Water Professional Award while Luc Richard, Senior Water Quality Scientist from Hobart received a Highly Commended Award.

Each year the AWA runs a national awards program which includes the Young Water Professional of the Year Award. This award recognises young water professionals, those under 35 and with up to 10 years' water sector experience, who have had outstanding career achievements, promoted careers in the water industry and raised awareness of water issues in the community.



Business systems and processes

TABLE 5: BUSINESS SYSTEMS AND PROCESSES KEY PERFORMANCE INDICATORS (KPI) FOR FINANCIAL YEAR 2014-15

Measure	KPI	2014-15		2013-14
		Target	End of year outcome	End of year outcome
Compliance	Number of compliance audits conducted	4	7	No target
	Number of non-compliances rated significant	3	8	No target
	Percentage of key regulatory and statutory compliance deadlines met	100%	100%	No target
Process improvement	Number of core processes mapped	12	11	No target
Systems performance	IT systems availability	99%	99.5%	No target

Green = on or below target
 Amber = within 20% of target
 Red = greater than 20% outside target

ASSET MANAGEMENT SYSTEM

To ensure the organisation manages its assets effectively and efficiently to support customers' long term requirements, TasWater's asset practices will be aligned with the new international Asset Management System ISO 55001. The Asset Management System (AMS) approach document prepared this year, in conjunction with the SAMP, provides the framework and describes the key elements and processes that will deliver a robust and auditable system for assets through their full lifecycle. This in turn provides guidance on elements and internal processes for future improvement and ensures that key asset decisions are fully aligned with corporate and stakeholder service levels.

As this system continues to mature and develop, TasWater may seek formal certification of its management system, further demonstrating industry best practice and continued long term asset stewardship.

In the intervening period we are using an interim system to drive asset performance improvement.

ASSET MANAGEMENT INFORMATION SYSTEM

TasWater's operations, maintenance scheduling, fault reporting and data collection process will be further standardised and advanced by our new Asset Management Information System (AMIS). This project is running in parallel to the development of the AMS with a view for a software related system to go live in the 2017 financial year.

The 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
- Improved 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.

ASSET DATA STRUCTURE AND CLASS SYSTEM

TasWater is committed to having a consistent asset data structure, hierarchy and appropriate asset classes to ensure that it provides effective support to asset management functions and business decision making processes.

This has been achieved by defining and implementing a common hierarchical structure and asset classification and restructuring the existing asset register data inherited from the former regional corporations to align with this structure.

FIELD SERVICE MANAGEMENT SYSTEM

The Field Service Management System (FSMS) pilot program was initiated in December 2014 for planned and reactive works on the southern network infrastructure. This online system is aimed at enhancing customer service by effective and efficient deployment of staff to priority jobs. It is designed to improve accuracy and timeliness of the information being received from the field and to assist with planning follow up work. The implementation of the FSMS should result in continued customer service delivered to a high standard.

SUPERVISORY CONTROL AND DATA ACQUISITION

An important statewide initiative underway is 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 2014-15, \$3.1 million was invested in SCADA upgrades at priority installations.

During the year, the platform and technology has been determined across the business with key works progressing across the state. During a review of critical unmonitored sewage pump stations, TasWater developed a priority list based on sensitive waterways and public places. As a result, 44 sites have been equipped with telemetry and alarmed. An interim alarm monitoring centre was successfully trialled at Ti Tree Bend, Launceston.

TasWater's Devonport office has been modified to accommodate the Interim Network Operations Centre (NOC). The NOC commenced monitoring alarms in parts of northern Tasmania in June 2015. This is the first step in providing a statewide NOC to improve customer to fault resolution, deliver real time data to assist in managing our ageing infrastructure and lead to improved service outcomes for our customers, and monitor the health and performance of the water and sewer networks via SCADA.



TasWater's Jayne Shepherd, Travis Richards and Kendall Mahnken with Tasmanian Dairy Products Co. Ltd Chief Operating Officer, Richard Fisher, at the TDP processing plant in Smithton.

ON TOUR WITH TRADE WASTE AND TASMANIAN DAIRY PRODUCTS

Department Manager, Travis Richards, and members of our Customer Services team went on a site visit to Tasmanian Dairy Products (TDP) in August, which is one of TasWater's largest trade waste customers on the north west coast.

TDP produces powdered milk, which is also sold to other companies to include in their own branded products.

The team took the time to discuss TDP's successes during their two years of operation as well as the challenges they have experienced as a customer of TasWater.

During a tour of the plant, TDP COO Richard Fisher was able to show the team the fit for purpose occupational health and safety procedures adopted by TDP.

ASSET SPATIAL DATA SPECIFICATION

TasWater has developed a number of asset data specifications, including the Asset Spatial Data Specification (ASDS). The purpose of the ASDS is to provide guidance and reference for:

- The management of asset spatial data by TasWater
- The creation and supply of asset spatial data in a standard, consistent format.

The ASDS applies regardless of the source of the asset spatial data, whether it is from land developers gifting assets to TasWater, contractors engaged for capital works asset delivery or within the organisation.

Such specifications will aid in the improvement of TasWater's asset data and knowledge to enable informed decision making.

INTEGRATED MANAGEMENT SYSTEM

The Integrated Management System (IMS) allows the corporation to provide standardised accounting across the business primarily in the areas of health and safety, environmental and quality management systems. The IMS will help us to achieve the objective of building fit for purpose consistent systems that enable 'best for business' outcomes by assisting in the avoidance of duplication of effort and facilitating common processes to drive efficiency in the business.

INFORMATION TECHNOLOGY AND BUSINESS SYSTEMS

A significant effort has been made to underpin the Information Technology (IT) infrastructure and business systems during the financial year. A replacement of end-of-life network components has begun, along with implementing security protocols to ensure access to the water and sewerage operations are controlled. Furthermore, we have taken the first steps in establishing a robust architecture in the event of a major disaster.

With the IT network being strengthened complementary work has been carried out in the business applications space. A mobile solution has been delivered to field service operators to provide crucial information immediately, helping them to provide a better service to our communities; an on-line forms solution has been implemented, which will reduce the cost and effort of using paperbased processes; our records management solution has been upgraded allowing more effective use of our documents across the organisation; and a business process mapping tool has been deployed to enable the continued standardisation of processes across the state.

Additionally work has commenced on the evaluation of solutions for the implementation of an Asset Management Information System.



TasWater scientist, Dr Bill Wood, and UWA PhD graduate student, Lilah Coggins, undertake a trial of the sludgy duckling device.

SLUDGY DUCKLING'S MAIDEN VOYAGE

A trial of a remote profiling device to help us accurately determine sludge volume and distribution in our lagoons has proven extremely successful.

The device, a 1.2 metre long model tug boat, is powered by electricity and piloted by remote control. It measures sludge depth using GPS for later display and output to computer file or GIS.

Aptly named by the Product Quality team, three smaller versions have joined 'Sludgy Duckling' at TasWater.

The trial, which was led and initiated by Dr Bill Wood, a Senior Environmental Scientist with TasWater, is a joint development between WA Water Corporation and the University of Western Australia's Engineering Department. It has been developed as part of a research project jointly funded by WaterCorp and an Australian Research Grant to help TasWater to accurately profile and estimate sludge volumes in lagoons in a safe, accurate and timely manner.

The device can be used for a range of purposes, primarily to profile sludge in lagoons, but also for bathymetric surveys of water storage reservoirs, marine outfalls and a range of other activities.



Financial and commercial performance

TABLE 6: FINANCIAL AND COMMERCIAL PERFORMANCE KEY PERFORMANCE INDICATORS (KPI) FOR FINANCIAL YEAR 2014-15

Measure	KPI	2014-15		2013-14
		Target	End of year outcome	End of year outcome
Financial performance	Net Profit After Tax	\$30.4M	\$33.2M	\$27.2M
	Merger cost savings	\$5M	\$6M	\$2.7
	Interest cover ratio	>2.99	3.43	2.91
	Total overdue debt as a percentage of rolling revenue	5%	4.2%	5.3%
Pricing transition	Percentage of customers on target tariff – water 20mm	Not applicable	77.8%	No target
	Percentage of customers on target tariff for sewage (1ET)	Not applicable	36.9%	No target
Progress against capital plan	Capital expenditure	\$90M	\$102M	\$78M
	Value of capital projects under contract at end of financial year	\$55M	\$53M	\$18M
Economic development	Total headworks processed (\$M)	Not applicable	\$7.8M	\$4.3M
	Headworks waived (\$M)	Not applicable	\$6.6M	\$0.8M

Green = on or below target
 Amber = within 20% of target
 Red = greater than 20% outside target



PRICE AND SERVICE PLAN 2015-18

During the year the Office of the Tasmanian Economic Regulator (OTTER) completed its price determination investigation of regulated water and sewerage services in Tasmania. The outcome of the investigation is an approved set of prices, service levels and expenditure allowances to which TasWater must adhere for the next three years.

These approvals are reflected in TasWater's Price and Service Plan 2015-18 (PSP2), which is the second for Tasmania's water and sewerage industry and the first prepared by TasWater. The PSP2 builds on the progress made over the 2012-15 period, striking a balance between removing the complexities associated with current pricing arrangements and the urgent need to improve the condition of the state's water and sewerage assets.

The primary pricing objective for the next three years is to achieve a level playing field for all customers, whereby there is pricing equity and we avoid price shocks to customers.

A summary of the key outcomes of the Economic Regulator's determination includes:

- The implementation of statewide charges for water, sewerage and trade waste
- Price transition arrangements that will result in the vast majority of customers paying the same price for the same service by 1 July 2017, two years ahead of the 2020 legislated deadline
- Approved capital expenditure of \$330 million over the next three years to improve public health outcomes, including a significant reduction in the number of towns that are currently receiving a water supply that does not meet ADWG requirements and environmental compliance
- Developer charges that are based on our serviced land area, the availability of capacity in the system and that remove headworks charges

- Trade waste categorisation of customers that more closely reflects treatment costs and the demand they place on TasWater's infrastructure
- A new basis for setting and measuring customer service standards whereby TasWater will need to meet the approved target based on time taken to answer calls and respond to customer queries.

The outcome of the new PSP, which took effect from 1 July 2015, is reflected in TasWater's 2015-16 financial year budget and the Corporate Plan 2016-18.

TASWATER'S MERGER SAVINGS

The merger of the former Tasmanian water and sewerage corporation was expected to generate full year sustainable efficiency savings of \$5 million per annum. This was exceeded by 20 per cent in the current financial year with \$6 million achieved.



The future

Our second year of operation has seen big changes across the business. From refreshing our corporate image to implementing new systems that will map our future direction, we are building on the foundations laid during our first year for future improvements in Tasmania.

We are working in line with statewide objectives that will allow us to perform to a high standard, delivering services and infrastructure that comply with health and environmental compliance requirements, addressing the issue of ageing assets and balancing the needs of the community against our business' long term sustainability.

Our corporate plan, endorsed by our owners, will help us understand the impact infrastructure works will have on our efforts to deliver an affordable network.

It is an opportunity to develop a great organisation and build a lasting water and sewerage network and we will focus on sharing this vision with our customers, owners, regulators and all levels of government.



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 (Tas)* (WSCA). It was incorporated on 5 February 2013 as a proprietary limited company, owned in equal shares by the 29 local government councils of Tasmania, under the *Corporations Act 2001 (Cth)*. 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
 - to deliver sustainable returns to its members
 - to deliver water and sewerage services to customers in the most cost-efficient manner.

PRINCIPAL ACTIVITIES

Our principal activities during 2014-15 were:

- Providing water and sewerage services for residential and commercial customers throughout Tasmania
- Undertaking maintenance, upgrades 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 (Cth)* 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 and is a director of Money3 Corporation Ltd. For more than 20 years, Mr Hampton was the managing director of ASX-listed agribusiness Roberts Limited until his resignation in 2006.

He has been a director of Australian Pharmaceutical Industries Ltd, The Van Diemen's Land Company, Forestry Tasmania and Impact Fertilisers Pty Ltd.



Brian Bayley,
Dip.Civ.Eng

Appointed: 1 March 2013

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.



Sibylle Krieger,
LLB (Hons), LLM, 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 a director of the Australian Energy Markets Operator, a trustee of Sydney Grammar School and a director of its foundation. She was formerly a director of Sydney Ports Corporation and Allconnex Water and a trustee of the Royal Botanic Gardens and Domain Trust.



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, Chair TAL Superannuation Ltd, President of the Australian Centre for the Moving Image 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.



Sarah Merridew,
B.Ec. FCA, FAICD

Appointed: 1 March 2013
Reappointed: 1 March 2014
Resigned: 25 March 2015

Ms Merridew is a director of MyState, Tasrail and Cityprom and member of the ICAA Audit Advisory committee. Ms Merridew was formerly a director of Southern Water, Ben Lomond Water, Cradle Mountain Water and Onstream from 2009-13.

Formerly a partner of Deloitte Touche Tohmatsu, Ms Merridew is a chartered accountant with experience in audit, risk management, governance and business advisory services. She is the Honorary Treasurer of the Royal Flying Doctor Service Tasmania.



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

Appointed: 1 March 2013

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 first-hand 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.

His other current Board appointments include Chairman, Tasmanian Ports Corporation Pty Ltd; Chairman, Tasmanian Networks Pty Ltd; Board member, Infrastructure Australia; Director, WINenergy Pty Ltd; and Chairman, Royal Hobart Hospital Redevelopment Executive Steering Committee.



Dr Jane Sargison,
BE (Hons), DPhil, CPEng,
NPER, FIEAust, GAICD

Appointed: 1 March 2013
Reappointed: 1 March 2015
Resigned: 24 June 2015

Dr Sargison was a director of Southern Water from 2011-13 and was an executive director for Rainbow Bee Eater Pty Ltd. Dr Sargison is a Rhodes Scholar and 2011 National Professional Engineer of the Year. Her current roles include Director of JSA Consulting Engineers and a member of the Tasmanian Rhodes Scholarship Selection Committee.

From 2001-11 Dr Sargison was a senior lecturer in Mechanical Engineering and from 2009-11 she was deputy director of the Centre for Renewable Energy and Power Systems at the University of Tasmania. She has published over 50 research papers in a wide range of topics and her skills include engineering solutions, business development, innovative and multidisciplinary research and development projects.



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 Metro Tasmania Pty Ltd, Clean Seas Tuna Ltd and Pelotan 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.

TABLE 7: DIRECTORS' MEETING ATTENDANCE 2014-15⁸

	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)	12	11	-	4+	-	4+	-	2+
Brian Bayley (EPH Chair)	12	12	-	2+	4	4	3	3
Sarah Merridew (AAR Chair) (Resigned 25 March 2015)	9	9	3	3	-	2+	2	2
Dr Dan Norton AO (CWC Chair)	12	12	4	4	4	3	-	1+
Sibylle Krieger	12	12	4	4	4	4	-	-
Peter Lewinsky	12	11	4	4	-	3+	3	3
Dr Jane Sargison (Resigned 24 June 2015)	12	12	-	1+	4	4	3	3
Nick Burrows (AAR Chair) (Appointed 26 March 2015)	3	3	1	1	-	1+	1	1

+Denotes attendance at meetings by directors who are not members of the relevant Board committee.

⁸ Does not include matters dealt with by circular resolution at either committee or Board level



BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

TasWater's Audit and Risk Committee (AAR) comprises four independent directors. The committee was chaired by Ms Sarah Merridew until her resignation on 25 March 2015. Mr Nick Burrows assumed the role of Committee Chair on his appointment on 26 March 2015. The committee met four times during the year.

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

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

During 2014-15, 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.

See page 60 for details of audit activity in 2014-15.

CAPITAL WORKS COMMITTEE

The Capital Works Committee (CWC) comprises four independent directors. It is chaired by Dr Dan Norton AO and met four times during the year.

In accordance with its charter approved by the Board, the CWC assists the Board by reviewing, monitoring and overseeing matters relating to strategic asset management and capital investment activities.

Its major focus in 2014-15 was to:

- Review and recommend to the Board for approval TasWater's policies and high-level frameworks for asset monitoring, capital planning, business case evaluation and approval and capital works delivery
- Review strategic asset assessments (including dam safety assessments)
- Review and recommend the three year rolling and annual capital works plans to the Board for approval
- Review and recommend major projects for Board approval
- Monitor and 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 (EPH) Committee comprises four independent directors. It is chaired by Mr Brian Bayley and met three 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 2014-15 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 toward 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
- The development of the business water quality and wastewater quality improvement plans.

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 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Companies should establish and disclose the respective roles and responsibilities of their Board and management and how their performance is monitored and evaluated.	
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 2 – STRUCTURE THE BOARD TO ADD VALUE	
Companies should have a Board of an appropriate size, composition, skills and commitment to enable them to discharge their duties effectively.	
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 3 – ACT ETHICALLY AND RESPONSIBLY	
Companies should act ethically and responsibly.	
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.	✓
The current profile of TasWater’s Board and workforce is explained in this annual report.	✓
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING	
Companies should have formal and rigorous processes that independently verify and safeguard the integrity of their 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 5 – MAKE TIMELY AND BALANCED DISCLOSURE	
Companies should make timely and balanced disclosure of all matters concerning them that a reasonable person would expect to have a material effect on the price or value of their 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 Shareholders Relations Policy.	⚠
PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS	
Companies should respect the rights of their 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.	✓

Key: ✓ Complies
 ✗ Processes not compliant or not applicable
 ⚠ Principle adapted to meet TasWater’s context but is consistent with the intent

PRINCIPLE 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 who 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 at least annually.	✓
The internal audit arrangements are published in this annual report.	✓
Management provided its assurances and formal declarations to the Board regarding the status of risk management and internal control systems. Confirmation of this can be found in the Directors’ Declaration accompanying the financial reports.	✓
The Board is informed of any material exposure to economic, environmental and social sustainability risks and how those risks are managed	✓
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY	
Companies should pay director remuneration sufficient to attract and retain high quality directors and design their 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 advisers as required. No remuneration advisers 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 above explain the composition of the Board Selection Committee.	⚠
The Remuneration Report, incorporated in the Directors’ Report, provides further detail on TasWater’s remuneration policies.	✓
TasWater does not have an equity based remuneration scheme.	✗

- Key:
- ✓ Complies
 - ✗ Processes not compliant or not applicable
 - ⚠ Principle adapted to meet TasWater’s context but is consistent with the intent

PUBLIC INTEREST DISCLOSURES 2014-15	
The number and types of disclosures made to TasWater during the year and the number of disclosures determined to be a public interest disclosure	0
The number of disclosures determined by TasWater to be public interest disclosures that it investigated during the year	0
The number and type of disclosed matters referred to TasWater by the Ombudsman for investigation	0
The number and type of disclosures referred by TasWater to the Ombudsman for investigation	0
The number and type of investigations taken over from TasWater by the Ombudsman	0
The number and type of disclosed matters that TasWater has declined to investigate	0
The number and type of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	0
Any recommendations made by the Ombudsman that relate to TasWater	0

RIGHT TO INFORMATION REQUESTS 2014-15	
The number of applications for assessed disclosure made to TasWater	20
The number of applications for assessed disclosure refused by TasWater and the basis for refusal	2 ⁹
The number of applications for assessed disclosure determined by TasWater	15
The number of determinations where the information applied for was provided in full	11
The number of applications for internal review and the outcome of those reviews	2 ¹⁰
The number of applications for external review and the outcome of those reviews	0

PERSONAL INFORMATION PROTECTION COMPLAINTS 2014-15	
The number of complaints relating to failure to protect personal information made to TasWater	2

⁹ Parts of two requests were refused under section 19 of the *Right to Information Act 2009* (Tas)
¹⁰ Outcomes of the reviews had not been determined as at 30 June 2015

Financial Report

TASMANIAN WATER AND SEWERAGE CORPORATION PTY LTD
1 July 2014 to 30 June 2015

Directors' Report

For the financial year ended 30 June 2015

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 2015. 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
 - (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
- The collection, transportation, treatment and safe return of wastewater to the environment.

REVIEW OF OPERATIONS

The Corporation reported a profit after tax of \$33,154,554 for the year ended 30 June 2015 (2014: \$27,235,604).

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

ENVIRONMENTAL REGULATIONS

The Corporation's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Board has the responsibility to monitor compliance with environmental regulations. 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 Waste Water 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.

Directors' Report

For the financial year ended 30 June 2015

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 the Corporation has an obligation to immediately advise the Regulator of adverse developments in dam status.

DIVIDENDS

On 25 February 2015 the Board of the Corporation approved the payment of an interim dividend of \$10,061,138 (2014: \$5,934,403). This interim dividend was paid on 27 February 2015.

On 24 June 2015 the Board approved the payment of a further dividend of \$12,058,939 (2014: \$12,712,699), which was paid on 29 June 2015.

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 2015. 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)
- Mr Brian Bayley
- Mr Nick Burrows (appointed 26/03/15)
- Ms Sibylle Krieger
- Mr Peter Lewinsky
- Ms Sarah Merridew (resigned 25/03/15)
- Dr Jane Sargison (resigned 24/06/15)

Except as noted, the named directors held their current position 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.

Directors' Report

For the financial year ended 30 June 2015

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	1/07/2013	
Mr Dean Page	General Manager Finance and Commercial Services	19/08/2013	
Ms Sharlene Brown	General Manager Legal and Governance	7/10/2013	29/04/2014
Mr Cameron Crawford	General Manager Strategy and Stakeholder Management	9/09/2013	5/06/2015
Ms Cathy Cuthbertson	General Manager People and Safety	9/09/2013	
Mr Andrew Moir	General Manager Asset and Product Management	2/09/2013	
Dr Dharma Dharmabalan	General Manager Works Delivery	30/09/2013	
Mr Glen Jameson	General Manager Operations and Maintenance	9/09/2013	
Ms Eleanor Bray	General Manager Retail and Customer Services	23/09/2013	
Ms Ailsa Sypkes	General Manager Legal and Governance	28/04/2014	
Mr Mike Paine	Regional General Manager - Southern Region	1/07/2013	27/09/2013
Mr Andrew Kneebone	Regional General Manager - North Western Region	1/07/2013	27/09/2013
Mr Andrew Beswick	Regional General Manager - Northern Region	1/07/2013	30/09/2013
Mr Matthew Pigden	CFO South and Shared Services	1/07/2013	30/09/2013
Mrs Carolyn Pillans	Company Secretary	1/07/2013	30/09/2013

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' Representatives Group (ORG) is responsible for determining the remuneration framework for non-executive directors. The ORG makes its determination of the remuneration framework based on the recommendation of the Selection Committee of the ORG, 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.

Directors' Report

For the financial year ended 30 June 2015

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 of the Corporation during or since the end of the financial year:

	2015 Financial Year			2014 Financial Year		
	Short term benefits Fees \$	Post-employment benefits Superannuation \$	Total \$	Short term benefits Fees \$	Post-employment benefits Superannuation \$	Total \$
Non-executive Directors						
Mr Miles Hampton	109,589	10,411	120,000	125,888	11,648	137,536
Dr Dan Norton AO	61,467	5,839	67,306	61,003	5,645	66,648
Mr Brian Bayley	61,467	5,839	67,306	60,056	5,555	65,611
Mr Nick Burrows (appointed 26/03/15)	14,360	1,364	15,724	-	-	-
Ms Sibylle Krieger	57,798	5,491	63,289	47,843	4,429	52,272
Mr Peter Lewinsky	57,798	5,491	63,289	47,843	4,429	52,272
Ms Sarah Merridew (resigned 25/03/15)	47,107	4,475	51,582	67,059	6,205	73,264
Dr Jane Sargison (resigned 24/06/15)	57,798	5,491	63,289	47,843	4,429	52,272
Total	467,384	44,401	511,785	457,535	42,340	499,875

Directors' Report

For the financial year ended 30 June 2015

The following table discloses the remuneration details in bands, for each person that acted as a senior executive of the Corporation during or since the end of the financial year:

Senior Executive Remuneration	2015 Financial Year TRP	2014 Financial Year TRP
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	-	1
\$170,000 - \$179,999	-	2
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	-	2
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	1	1
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	1	-
\$290,000 - \$299,999	2	-
\$340,000 - \$349,999	-	1
\$380,000 - \$389,999	-	1
\$430,000 - \$439,999	1	-
\$460,000 - \$469,999	-	1
Total	9	15

- Total Remuneration Package includes base salary, superannuation, non-monetary remuneration benefits and, where applicable, termination benefits

Directors' Report

For the financial year ended 30 June 2015

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 (2014: 9.25 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 3-6 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 3 years;
- a director may be re-appointed for further terms not exceeding 3 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 ORG may terminate the relationship on 3 months' notice or immediately in certain situations; and
- the Corporation is to ensure that it has appropriate Directors' and Officers' liability insurance.

Further information about the remuneration of Directors and senior executives is set out in Note 18 to the financial statements.

Indemnification of Directors and Officers

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

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

Proceedings on Behalf of the Corporation

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

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 55.

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*.

On behalf of the Directors



Miles Hampton
Chair



Nick Burrows
Director

5 August 2015



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5 August 2015

The Board of Directors
Tasmanian Water and Sewerage Corporation Pty Ltd
169 Main Road
MOONAH TAS 7009

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 2015, 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



H M Blake
Auditor-General

...1 of 1

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

Strive | Lead | Excel | To Make a Difference

Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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5 August 2015

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 DIRECTORS' DECLARATION

The Directors declare that for the financial year ended 30 June 2015:

- The attached financial statements and notes thereto comply with accounting standards;
- The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Corporation;
- In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 (Cth);
- 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
- 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 2015.

Signed in accordance with a resolution of the Directors made pursuant to s.285 (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 2015

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 2015 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 2015 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.

Report on the Remuneration Report

I have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2015. 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 2015.

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*

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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* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the Directors dated 5 August 2015 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

H M Blake
Auditor-General

Hobart
7 August 2015

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Statement of Comprehensive Income

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	2015 \$'000	2014 \$'000
REVENUE			
Sales Revenue	4	274,727	257,423
Other Revenue	4	25,587	16,216
Total Revenue		300,314	273,639
EXPENSES			
Raw Materials and Consumables	5	20,602	20,706
Depreciation and Amortisation Expenses	5	67,870	61,212
Employee and Related Expenses	5	79,821	73,894
Operations and Maintenance Expenses	5	46,952	41,750
Administration Expenses	5	19,076	17,516
Finance Expenses	5	18,611	18,999
Total Expenses		252,932	234,077
Net Profit before Income Tax Equivalents Expense		47,382	39,562
Income Tax Equivalents Expense	6.1	(14,228)	(12,326)
Net Profit after Income Tax Equivalents Expense		33,154	27,236
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss			
Actuarial Gain/(Loss) on Defined Benefit Plans	12.1	1,854	(541)
Income Tax Relating to Components of Other Comprehensive Income	6.2	(556)	162
Total Other Comprehensive Income		1,298	(379)
Total Comprehensive Income for the Year		34,452	26,857

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

Statement of Financial Position

As at 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	2015 \$'000	2014 \$'000
CURRENT ASSETS			
Cash and Cash Equivalents	8.1	12,148	3,021
Receivables	8.2	46,322	45,199
Inventories	8.3	5,181	5,290
Prepayments		1,892	1,130
Assets Classified as Held for Sale	8.4	275	1,672
Total Current Assets		65,818	56,312
NON-CURRENT ASSETS			
Property, Plant & Equipment	9	1,878,388	1,828,452
Intangibles	10	8,979	7,948
Deferred Tax Assets	6.4	58,183	64,813
Total Non-current Assets		1,945,550	1,901,213
Total Assets		2,011,368	1,957,525
CURRENT LIABILITIES			
Borrowings	11.1	117,220	86,135
Employee Benefits	11.2	15,127	14,990
Payables	11.3	26,324	19,619
Unearned Income	11.4	4,410	1,585
Other Current Liabilities	11.5	1,321	1,599
Current Tax Liability	6.3	2,666	51
Total Current Liabilities		167,068	123,979
NON-CURRENT LIABILITIES			
Borrowings	11.1	248,521	246,521
Employee Benefits	11.2	8,707	10,194
Unearned Income	11.4	34,923	36,380
Other Non-current Liabilities	11.5	3,793	4,427
Total Non-current Liabilities		295,944	297,522
Total Liabilities		463,012	421,501
Net Assets		1,548,356	1,536,024
EQUITY			
Retained Profits	12.1	20,542	8,210
Contributed Equity	12.2	1,527,814	1,527,814
Total Equity		1,548,356	1,536,024

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 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		280,618	263,639
Receipts from Other Sources		9,619	9,341
Payments to Suppliers and Employees		(176,332)	(174,051)
Grant Funds		5,000	-
Headwork Charges		829	2,817
Interest Received		67	143
Interest Paid		(16,100)	(16,046)
Loan Guarantee Fees Paid to Owner Councils		(2,341)	(2,589)
Income Tax Equivalents Paid to Owner Councils	6.3	(5,539)	(7,764)
Net Cash inflow from Operating Activities	20.1	95,821	75,490
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant & Equipment		(94,221)	(69,425)
Interest Paid for Capital Works		(721)	(1,302)
Payment for Capitalised Employee and Direct Costs		(7,539)	(7,705)
Contributions Received		2,701	-
Proceeds from Sale of Property, Plant & Equipment		1,930	799
Net Cash outflow from Investing Activities		(97,850)	(77,633)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		206,894	188,250
Repayment of Borrowings		(173,618)	(178,672)
Dividends Paid to Owner Councils	12.1	(22,120)	(18,647)
Grant Funds		-	1,925
Net Cash outflow from Financing Activities		11,156	(7,144)
Net increase/(decrease) in Cash and Cash Equivalents		9,127	(9,287)
Cash and Cash Equivalents at the Beginning of the Year		3,021	12,308
Cash and Cash Equivalents at the End of the Year	20.2	12,148	3,021

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 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	NOTES	Retained Profits \$'000	Contributed Equity \$'000	Total Equity \$'000
BALANCE AS AT 30 JUNE 2013				
Capital Contributed by Owners		-	1,527,814	1,527,814
Net Profit after Income Tax Equivalents Expense	12.1	27,236	-	27,236
Dividends Paid	12.1	(18,647)	-	(18,647)
Other Comprehensive Income		(379)	-	(379)
BALANCE AS AT 30 JUNE 2014		8,210	1,527,814	1,536,024
Net Profit after Income Tax Equivalents 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

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

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

1. GENERAL INFORMATION

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

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

The *Water and Sewerage Corporation Act 2012* (WSCA) was given Royal Assent on 11 December 2012. The WSCA 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.

The transfer of the assets, rights, liabilities, obligations and employees to the Corporation on 1 July 2013 was for no consideration and as a result there was no gain or loss recorded in the Statement of Comprehensive Income on the initial recognition.

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 2014:

Standard/Interpretation	Impact on the Corporation
AASB 2013-3 Amendments to AASB 13 – Recoverable Amount Disclosures for Non-Financial Assets	No material impact.
AASB 2014-1 Amendments to Australian Accounting Standards	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 in the column to the right 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 Financial Instruments	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers	1 January 2017	30 June 2018

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 5 August 2015.

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

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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 and 8.2
- 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 sewage 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 sewage 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 Compensation

Government Funded Compensation is recorded as sales revenue on an accrual basis.

As part of the 2011-12 state budget the Government announced special funding to specifically support Cradle Mountain Water over the three years from 2011-12 to 2013-14. The Corporation received and recorded as revenue the final year of this funding in 2013-14.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

3.4 REVENUE RECOGNITION, CONTINUED

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.

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
- 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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.

3.10 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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 the 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

In undertaking the impairment testing of its infrastructure assets, freehold land and buildings 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 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 Bendzulla Actuarial 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, Bendzulla Actuarial Pty Ltd, 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 *Superannuation Guarantee (Administration) Act 1992* (Cth). Contributions are expensed as they are made.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

3.17 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).

Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Corporation from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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 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 the 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

4. REVENUE

	2015 \$'000	2014 \$'000
SALES REVENUE:		
Water - Service Charge	86,674	83,441
Sewerage - Service Charge	116,530	108,280
Water - Usage Charges	45,057	41,296
Irrigation Income	913	574
Trade Waste Income	9,514	8,245
State Government Funded Compensation (Note 3.4)	-	1,925
State Government Funded Concessions (Note 3.4)	8,128	7,584
Other Fees and Charges including New Connections	7,911	6,078
Total Sales Revenue	274,727	257,423
OTHER REVENUE:		
Contributed Assets and Headwork Charges	17,213	12,572
Interest - Deposits & Investments	67	142
Interest - Trade Receivables	681	598
Government Grants	6,499	1,956
Other	1,127	948
Total Other Revenue	25,587	16,216
Total Revenue	300,314	273,639

5. EXPENSES

	2015 \$'000	2014 \$'000
RAW MATERIAL AND CONSUMABLES:		
Power Costs	11,876	12,715
Chemicals	6,510	5,749
Water Commission Rights	2,216	2,242
Total	20,602	20,706
DEPRECIATION EXPENSES:		
Infrastructure Assets	59,190	53,026
Buildings & Leasehold Improvements	1,076	857
Other Assets	5,588	5,413
Total	65,854	59,296
AMORTISATION EXPENSES:		
Intangibles	2,016	1,916
Total	2,016	1,916

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

	2015 \$'000	2014 \$'000
EMPLOYEE AND RELATED EXPENSES:		
Remuneration and On-Costs	83,883	79,166
Less Capitalised Salaries	(7,539)	(7,705)
Other Employee and Related Expenses	3,477	2,433
Total	79,821	73,894
OPERATIONS AND MAINTENANCE EXPENSES:		
Maintenance and Planning	36,764	31,803
Property Costs	5,801	4,973
Motor Vehicles	3,008	3,326
Other Operations and Maintenance	1,379	1,648
Total	46,952	41,750
ADMINISTRATION EXPENSES:		
Insurance	1,556	1,547
Billing costs	2,465	2,503
Contract Services	1,600	1,656
Property Costs	1,534	1,397
Information Systems and Communications	4,336	3,741
Operating Licence Fee	2,587	1,969
Other Administration	4,998	4,703
Total	19,076	17,516
FINANCE EXPENSES:		
Interest Expense - Borrowings	16,635	17,364
Loan Guarantee Fee Expense (paid to Owner Councils)	2,326	2,575
Less Amount Capitalised ⁽¹⁾	(721)	(1,302)
Interest Expense - Superannuation	371	362
Total	18,611	18,999
Total Expenses	252,932	234,077

⁽¹⁾ Average capitalisation rate is 5.74% p.a. (2014: 6.12% p.a.)

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

6. INCOME TAX EQUIVALENTS

6.1 INCOME TAX EQUIVALENTS IN THE STATEMENT OF COMPREHENSIVE INCOME

	2015 \$'000	2014 \$'000
Current tax equivalents	8,205	8,083
Adjustments recognised in the current year in relation to the current tax of prior years	(51)	117
Deferred tax equivalents	6,022	4,126
Prior year adjustments in relation to deferred tax	52	-
Total income tax equivalents expense	14,228	12,326
Attributable to continuing operations	14,228	12,326
	14,228	12,326
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	47,382	39,562
Income tax equivalents calculated at 30%	14,215	11,869
Non-deductible expenses	12	1
Other	-	456
	14,227	12,326
Adjustments in current year in relation to the current tax of prior years	1	-
Income tax equivalents expense	14,228	12,326

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

	2015 \$'000	2014 \$'000
The following current and deferred tax equivalents were charged directly to equity during the period:		
Deferred tax - actuarial (gain)/loss on defined benefit scheme	(556)	162
Current tax - contributed assets on formation	-	35
	(556)	197

6.3 CURRENT TAX EQUIVALENT ASSETS AND LIABILITIES

	2015 \$'000	2014 \$'000
Opening balance (asset)/liability	51	-
Balance transferred (asset)/liability	-	(385)
Reversal of over provision for tax in prior years	(51)	-
National tax equivalent payable	8,205	8,200
Instalments paid - current year	(5,539)	(7,764)
Closing balance (asset)/liability	2,666	51

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

6.4 DEFERRED TAX EQUIVALENT ASSETS

	2015 \$'000	2014 \$'000
Deferred tax equivalent assets comprise:		
Tax losses - revenue	13,609	14,117
Temporary differences	44,574	50,696
	58,183	64,813

Taxable and deductible differences arise from the following:

30 June 2015	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Acquisitions/Disposals \$'000	Closing Balance \$'000
Deferred tax equivalent assets:					
Provisions	8,188	904	(556)	-	8,536
Tax losses	14,117	(508)	-	-	13,609
Property, plant & equipment	28,486	(6,252)	-	-	22,234
Other	14,022	(218)	-	-	13,804
	64,813	(6,074)	(556)	-	58,183
Attributable to:					
Continuing operations	64,813				58,183

30 June 2014	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Acquisitions/Disposals \$'000	Closing Balance \$'000
Deferred tax equivalent assets:					
Provisions	-	(1,154)	9,145	197	8,188
Tax losses	-	(707)	14,824	-	14,117
Property, plant & equipment	-	(2,649)	31,135	-	28,486
Other	-	384	13,638	-	14,022
	-	(4,126)	68,742	197	64,813
Attributable to:					
Continuing operations	-				64,813

Gross cumulative tax equivalent losses of \$45,364,720 (2014: \$47,056,740), tax effect \$13,609,416 (2014: \$14,117,022) 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 25 February 2015 the Board of the Corporation approved the payment of an interim dividend of \$10,061,138 (2014: \$5,934,403). This interim dividend was paid on 27 February 2015.

On 24 June 2015 the Board approved the payment of a further dividend of \$12,058,939 (2014: \$12,712,699), which was paid on 29 June 2015.

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

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

8. CURRENT ASSETS

8.1 CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
Cash at Bank and on Hand	12,148	3,021
	12,148	3,021

8.2 RECEIVABLES

	2015 \$'000	2014 \$'000
Trade receivables	33,684	36,931
Less allowance for impaired trade receivables	(3,507)	(3,518)
Unbilled water and sewerage income	12,988	10,321
Net GST receivable	3,145	1,163
Other current receivables	12	302
	46,322	45,199

An ageing analysis of receivables is provided in Note 21.3.

Movement in allowance for impaired trade receivables

	2015 \$'000	2014 \$'000
Opening balance	(3,518)	-
Balance transferred	-	(3,911)
Increase in allowance	(896)	(984)
Amounts written off during the year	907	1,377
Closing balance	(3,507)	(3,518)

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

	2015 \$'000	2014 \$'000
Stores and consumables	5,483	5,503
Less allowance for obsolete stock	(302)	(213)
Total	5,181	5,290

8.4 ASSETS CLASSIFIED AS HELD FOR SALE

	2015 \$'000	2014 \$'000
Land and Buildings	275	1,672
	275	1,672

The Corporation intends to dispose of freehold land and buildings in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale as at 30 June 2015 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

9. PROPERTY, PLANT & EQUIPMENT

- 9.1 Fair value of assets contributed by the 29 owner councils was determined by applying a cash-generating unit (CGU) test to determine their recoverable amount, which represents their value in use. The CGU test calculates the discounted present value of the net cash inflows that the Corporation expects to be generated from its assets, operating together within separately identified CGUs, over their expected useful lives. Two CGUs were identified for the Corporation, water and sewerage. Subsequent additions are recognised at cost.
- 9.2 An impairment test was performed for the current reporting period, which resulted in no impairment at 30 June 2015. The test is highly dependent on the assumptions used to estimate the future net cash flows that are derived from the relevant assets. Therefore this calculation contains an element of subjectivity and uncertainty in relation to these assumptions. Additional information on the sensitivities of the key assumptions used is provided within the Level 3 hierarchy disclosures contained within this note.

	2015 \$'000	2014 \$'000
INFRASTRUCTURE ASSETS - WATER		
At Fair Value	981,962	934,854
Accumulated Depreciation	(58,608)	(28,201)
	923,354	906,653
INFRASTRUCTURE ASSETS - SEWERAGE		
At Fair Value	759,956	689,045
Accumulated Depreciation	(53,565)	(24,824)
	706,391	664,221
FREEHOLD LAND		
At Fair Value	50,047	48,023
BUILDINGS & LEASEHOLD IMPROVEMENTS		
At Fair Value	31,316	30,467
Accumulated Depreciation	(1,901)	(857)
	29,415	29,610
OTHER ASSETS		
At Cost	42,006	36,896
Accumulated Depreciation	(10,361)	(5,233)
	31,645	31,663
WORK IN PROGRESS		
At Cost	137,536	148,282
Total	1,878,388	1,828,452

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

9. PROPERTY, PLANT & EQUIPMENT, CONTINUED

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 Level 3	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 2013	-	-	-	-	-	-	-
Transferred from Owners at Fair Value	922,083	670,890	43,252	16,695	30,776	121,269	1,804,965
Contributed Assets at Fair Value	3,529	5,556	-	-	-	-	9,085
Additions at Cost	515	583	9	54	2,122	73,006	76,289
Transfers from Work in Progress	8,712	12,015	5,479	14,672	5,115	(45,993)	-
Transfers between Asset Classes	15	1	1	-	(17)	-	-
Disposals	-	-	-	-	(920)	-	(920)
Assets transferred to Held for Sale	-	-	(718)	(954)	-	-	(1,672)
Depreciation Expenses	(28,201)	(24,824)	-	(857)	(5,413)	-	(59,295)
Net Book Value as at 30 June 2014	906,653	664,221	48,023	29,610	31,663	148,282	1,828,452
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

The Corporation's infrastructure assets, freehold land and buildings are stated at fair value at balance date, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the infrastructure assets, freehold land and buildings of \$1.709 billion (2014: 1.649 billion) has 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, freehold land and buildings. The Corporation has established upper and lower fair values thresholds for each Cash Generating Unit by progressively modelling the below sensitivities. As the carrying value of the Corporation's assets fell within the modelled valuation range, no valuation adjustment was considered necessary.

Notes to Financial Statements

For the financial year ended 30 June 2015
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9. PROPERTY, PLANT & EQUIPMENT, CONTINUED

Unobservable input	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 5.99% per annum. The Risk Free Rate is a 10 year average of the 10 year Australian Commonwealth bond rate 4.74%.	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 18.23, applied for subsequent years.	Perpetuity Factor +3.67 / -2.62	The higher the perpetuity factor, the lower 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 5.45%.	Revenue Growth range +0.0% / -1.3%	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.	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.	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. 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

9. PROPERTY, PLANT & EQUIPMENT, CONTINUED

If property, plant and equipment were measured at depreciated replacement cost, the carrying amounts at 30 June 2015 would be as follows:

As at 30 June 2015: Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets under construction	Total
Depreciated Replacement cost	1,627,015	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

As at 30 June 2014: Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets under construction	Total
Depreciated Replacement cost	1,579,731	1,519,258	56,671	32,074	50,178	148,282	3,386,194
Accumulated depreciation	(196,626)	(212,139)	-	(2,284)	(23,381)	-	(434,430)
Net Carrying Amount	1,383,105	1,307,119	56,671	29,790	26,797	148,282	2,951,764

The Corporation deemed cost as at 1 July 2013 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 2015 would be as follows:

As at 30 June 2015: Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and 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

As at 30 June 2014: Asset Group (\$'000)	Infrastructure Assets - Water	Infrastructure Assets - Sewerage	Freehold Land	Buildings and Leasehold Improvements	Other Assets	Assets under construction	Total
Cost	2,856,253	2,385,694	56,671	32,632	51,401	148,282	5,530,933
Accumulated depreciation	(1,473,148)	(1,078,575)	-	(2,842)	(24,604)	-	(2,579,169)
Net Carrying Amount	1,383,105	1,307,119	56,671	29,790	26,797	148,282	2,951,764

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

10. INTANGIBLES

	2015 \$'000	2014 \$'000
COMPUTER SOFTWARE & SYSTEMS DEVELOPMENT		
At Cost	9,747	7,791
Accumulated Amortisation	(4,161)	(1,916)
	5,586	5,875
WORK IN PROGRESS		
At Cost	3,393	2,073
Total	8,979	7,948

INTANGIBLES	Software \$'000	Work in Progress \$'000	Total \$'000
Net Book Value as at 1 July 2013	-	-	-
Transferred from Owners at Fair Value	7,145	1,199	8,344
Additions at Cost	168	1,352	1,520
Transfers from Work in Progress	478	(478)	-
Amortisation Expenses	(1,916)	-	(1,916)
Net Book Value as at 30 June 2014	5,875	2,073	7,948
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

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

11. CURRENT AND NON-CURRENT LIABILITIES

11.1 BORROWINGS

All borrowings have been transacted through the Tasmanian Public Finance Corporation (Tascorp).
All borrowings are secured by a floating charge over revolving assets and a fixed charge over all other collateral.

	2015 \$'000	2014 \$'000
Current Liabilities	117,220	86,135
Non-current Liabilities	248,521	246,521
Total Borrowings	365,741	332,656
Credit Facilities		
At 30 June the Corporation had access to the following finance facilities:		
Master Loan Borrowing Limit - Tascorp		
Facility	400,000	400,000
Less used/committed	(365,741)	(332,656)
Unused Facility	34,259	67,344
Corporate MasterCard		
Facility	300	550
Less used/committed	(66)	(55)
Unused Facility	234	495

11.2 EMPLOYEE BENEFITS

	2015 \$'000	2014 \$'000
CURRENT		
Annual Leave ⁽¹⁾	7,764	6,943
Long Service Leave ⁽¹⁾	6,384	6,307
Accrued Day Off ⁽¹⁾	399	641
Provision for Restructure ⁽¹⁾	103	728
Defined Benefit Superannuation - RBF (refer Note 13.1)	477	371
	15,127	14,990
NON-CURRENT		
Long Service Leave ⁽¹⁾	1,744	1,369
Defined Benefit Superannuation - RBF (refer Note 13.1)	8,149	8,999
Defined Benefit Superannuation - Quadrant (refer Note 13.2)	(1,186)	(174)
	8,707	10,194
Total ⁽¹⁾	23,834	25,184

⁽¹⁾ The employee benefits provision at 30 June 2015 included attributable on-costs & superannuation of \$2,666,673 (2014: \$2,513,036).

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

11. CURRENT AND NON-CURRENT LIABILITIES, CONTINUED

11.3 PAYABLES

	2015 \$'000	2014 \$'000
Trade Creditors	13,665	5,001
Accrued Expenses	9,563	11,527
Accrued Interest Expense	3,096	3,091
Total	26,324	19,619

11.4 UNEARNED INCOME

	2015 \$'000	2014 \$'000
CURRENT		
Government grants (refer Note 3.4)	1,457	1,499
Customer contributions	2,855	-
Other	98	86
	4,410	1,585
NON-CURRENT		
Government grants (refer Note 3.4)	34,923	36,380
Total	39,333	37,965

11.5 OTHER LIABILITIES

	2015 \$'000	2014 \$'000
CURRENT		
Provision for Rehabilitation	1,321	1,370
Provision for Onerous Contract	-	229
	1,321	1,599
NON-CURRENT		
Provision for Rehabilitation	3,793	4,143
Provision for Onerous Contract	-	284
	3,793	4,427
Total	5,114	6,026
MOVEMENT IN PROVISION		
Opening balance	6,026	-
Balance transferred	-	6,116
Outflows during the year	(1,179)	-
Re-measurement	267	(90)
Closing balance	5,114	6,026

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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

	2015 \$'000	2014 \$'000
Opening Balance	8,210	-
Actuarial Gain/(Loss) on RBF defined benefit plan (refer Note 13.1)	814	184
Actuarial Gain/(Loss) on Quadrant defined benefit plan (refer Note 13.2)	1,040	(725)
Tax effect of Actuarial (Gain)/Loss on defined benefit plan	(556)	162
Dividends paid (refer Note 7)	(22,120)	(18,647)
Profit after Income Tax Expense	33,154	27,236
Closing Balance	20,542	8,210

12.2 CONTRIBUTED EQUITY

	2015 \$'000	2014 \$'000
Opening Balance	1,527,814	-
Movement for the Year	-	1,527,814
Closing Balance	1,527,814	1,527,814

13. SUPERANNUATION AND DEFINED BENEFIT PLANS

Liabilities in two defined benefit superannuation plans, the Retirement Benefits Fund (RBF) and Quadrant Superannuation Scheme (Quadrant), were transferred to the Corporation from Southern Water, Ben Lomond Water, Cradle Mountain Water, and Onstream on 1 July 2013. Disclosures regarding employees in the RBF are provided in Note 13.1 and in two sub-funds of Quadrant, namely the Hobart City Council Defined Benefits Fund and the Launceston City Council Fund, are provided in Note 13.2.

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 has been 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 employers. As provided under paragraph 34 of AASB 119 Employee Benefits, the Corporation does not use defined benefit accounting for these contributions.

The Corporation contributed 11 per cent of employees' gross income to the Quadrant Defined Benefits Fund during the year. Assets accumulate in the scheme to meet member benefits as they accrue, and if assets within the scheme are insufficient to satisfy benefits payable, the Corporation is required to meet its share of the deficiency.

Rice Warner Pty Ltd undertook the last 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 at the date of valuation and no asset or liability is recorded in the Quadrant Superannuation Scheme's financial statements for Corporation employees.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

The financial assumptions used to calculate the Accrued Benefits for the Fund were:

Net Investment Return -	7% p.a.
Salary Inflation -	4.0% p.a.
Price Inflation -	n/a

The actuarial review concluded that:

1. The value of assets of the Quadrant Defined Benefit Fund 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 the Fund was adequate to meet the value of the liabilities of the Fund in respect of the accrued benefits as at 30 June 2014.
3. Based on the assumptions used, and assuming the employer contributes at the levels described below, 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.

The Actuary recommended in future the Corporation contribute 11 per cent of salaries in 2014-15 and 9 per cent of salaries thereafter.

The Actuary will continue to undertake a brief review of the financial position the Fund at the end of each financial year to confirm that the contribution rates remain appropriate. 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.

The Corporation also contributes to other accumulation schemes on behalf of a number of employees, however, the Corporation has no ongoing responsibility to make good 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*.

13.1 RBF DEFINED BENEFIT SUPERANNUATION PLAN

The RBF is a defined benefit fund where members receive lump sum benefits on resignation, and lump sum or pension benefits on retirement (most of which is calculated as a multiple of the member's final average salary), death or invalidity. The RBF has contributory members, compulsory preserved members and pensioners and the defined benefits section of RBF is closed to new members. All new members receive accumulation only benefits.

The Scheme operates under the *Retirement Benefits Act 1993* and the *Retirement Benefits Regulations 2005*.

The Tasmanian Government has undertaken to operate the Fund 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.

The RBF Board is responsible for the governance of the Fund. As Trustee, the RBF Board has a legal obligation to act solely in the best interests of fund beneficiaries. The RBF Board's roles include administration of the fund, management and investment of the Fund assets and compliance with the Heads of Government Agreement.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.1 RBF DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

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 pension payments and the associated employer contributions

Benefit options risk - The risk that a greater proportion of members who joined 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 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.

As at 30 June 2015, Mercer (Australia) Pty Ltd conducted a valuation of the past service and accrued liabilities for the Corporation, within the RBF superannuation fund. Any shortfall between the values of these benefits and the market value of the RBF assets relevant for those members determines the value of any unfunded superannuation and is shown as a liability in the Statement of Financial Position. These amounts are included in the superannuation liability reported in Note 11.2 above. The funding status of the Corporation's share of this scheme as at 30 June 2015, based on the actuarial valuation, is summarised as follows:

Principal Actuarial Assumptions as at Balance Date	2015	2014
Discount rate	4.80%	4.10%
Expected salary increase rate	3.00%	3.00%
Expected pension increase rate	2.50%	2.50%
Expected rate of increase compulsory preserved amounts	4.50%	4.50%

The discount rate has been determined based on the estimated yield of a corporate bond with a duration of 15 years (based on the approximate duration of the liabilities for the Contributory Scheme as a whole) as at 30 June 2015 which is a gross yield of 4.8 per cent. In the prior year the discount rate was based on the market yields on the longest dated Government Bonds as at 30 June 2014 extrapolated to allow for the fact that the term of the liabilities exceeds the term of the longest Government Bond and adjusted to allow for investment tax, based on the expected rate of tax payable by the Fund. The effect of using a discount rate based on the corporate bond yields is to reduce the net liability at 30 June 2015 by \$1.230 million.

The decrement rates used (e.g. mortality and retirement rates) are based on those used at the last actuarial valuation of the Fund.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.1 RBF DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

Sensitivity Analysis of Significant Actuarial Assumptions

The defined benefit obligation as at 30 June 2015 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity.

	Base	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa pension increase rate	+0.5% pa pension increase rate
Discount rate	4.80% p.a.	4.30% p.a.	5.30% p.a.	4.80% p.a.	4.80% p.a.
Pension increase	2.50% p.a.	2.50% p.a.	2.50% p.a.	2.00% p.a.	3.00% p.a.
Defined benefit obligation (\$'000)	10,508	11,067	9,997	10,074	10,979

Operating Costs

Operating costs for the Fund as a whole were assumed to be incurred at the rate of 2.25 per cent of salaries plus 1.25 per cent of pensions in payment. This cost is allocated to each entity in proportion to assets.

Temporary Invalidity Expense

The cost of temporary invalidity benefits was assumed to be 0.25 per cent of salaries of current contributory members. This cost has then been allocated to each authority in proportion to assets.

Fair Value of Fund Assets

As at 30 June 2015	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)
Cash and cash equivalents	327	327	-	-
Equity instruments	1,284	585	564	136
Debt instruments	252	68	104	80
Derivatives	3	-	3	-
Real estate	15	-	15	-
Total	1,882	980	686	216

Assets are not held separately for each entity but are held for the Fund as a whole. 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, with the exception of the discount rate. A discount rate of 3.7 per cent was used for the purpose of allocating assets to each reporting entity.

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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.1 RBF DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

	2015 \$'000	2014 \$'000
STATEMENT OF FINANCIAL POSITION RESULTS AS AT 30 JUNE - NET LIABILITY		
Present value of defined benefit obligation	10,508	11,179
Less fair value of plan assets	1,882	1,809
Deficit (surplus)	8,626	9,370
Unrecognised past service cost	-	-
Unrecognised net (gain) loss	-	-
Adjustment for limitation on net assets	-	-
Net superannuation liability (asset)	8,626	9,370
Current net liability (Refer Note 11.2)	477	371
Non-current net liability (Refer Note 11.2)	8,149	8,999
	8,626	9,370
EXPENSE RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Employer service cost	136	119
Expense recognised in employee related expenses	136	119
Interest cost	376	390
Expense recognised in net financing costs	376	390
Total Expense recognised in the Statement of Comprehensive Income	512	509
AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Cumulative amount of actuarial (gains)/losses at end of prior year	(184)	-
Actuarial (gains)/losses recognised during the year (refer Note 12.1)	(814)	(184)
Cumulative amount of actuarial (gains)/losses at end of current year	(998)	(184)
RECONCILIATION OF FAIR VALUE OF SCHEME ASSETS		
Fair value of plan assets at beginning of the year	1,809	1,766
Employer contributions	443	366
Contributions by plan participants	57	51
Estimated taxes, premiums and expenses paid	(15)	(16)
Benefits Paid	(612)	(510)
Actual expected return on plan assets (including interest income)	201	151

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.1 RBF DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

	2015 \$'000	2014 \$'000
RECONCILIATION OF FAIR VALUE OF SCHEME ASSETS, CONTINUED		
Expected assets at year end	1,882	1,809
Actuarial gain/(loss) on assets	-	-
Individual plan assets at year end	1,882	1,809
Actual return on plan assets ⁽¹⁾	201	151
PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS		
Present value of defined benefit obligations at beginning of the year	11,179	11,177
Current Service Cost	136	119
Interest cost	448	462
Contributions by plan participants	57	51
Taxes, premiums and expenses paid	(15)	(16)
Benefits paid	(612)	(510)
Expected defined benefit obligations at year end	11,193	11,283
Actuarial (gain)/loss on liabilities	(685)	(104)
Present value of defined benefit obligations at end of the year	10,508	11,179
The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.		
HISTORICAL INFORMATION		
Present value of defined benefit obligation at end of the year	10,508	11,179
Less fair value of plan assets at end of the year	1,882	1,809
Deficit/(surplus)	8,626	9,370
Experience adjustments loss/(gain) - plan liabilities	113	(216)
Experience adjustments (gain)/loss - plan assets	-	-

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

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).

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.1 RBF DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

Expected Contributions - Financial Year Ending 30 June 2016

The estimated employer contributions for the following financial year are \$477,000.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for the Corporation is 10.7 years.

13.2 QUADRANT DEFINED BENEFIT SUPERANNUATION PLAN

Quadrant is a defined benefit fund where members receive lump sum benefits on resignation, and lump sum or pension benefits on retirement (most of which is calculated as a multiple of the member's final average salary), death or invalidity. The Quadrant Fund has contributory members, compulsory preserved members and pensioners.

Quadrant 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.

The Quadrant Board is responsible for the governance of the Fund. As Trustee, the Quadrant Board has a legal obligation to act solely in the best interests of fund beneficiaries. The Quadrant Board's roles include administration of the fund; management and investment of the fund assets; and compliance with the *Superannuation Industry (Supervisory) Act 1993*.

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 pension payments and the associated employer contributions

Benefit options risk - The risk that a greater proportion of members who joined 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 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.

As at 30 June 2015, Bendzulla Actuarial Pty Ltd conducted a valuation of the past service and accrued liabilities for the Corporation, within the Quadrant superannuation fund. The difference between the value of these benefits and the market value of the Quadrant assets relevant for those members determines the value of any surplus superannuation. It is shown as a reduction in the overall defined benefit superannuation liability in the Statement of Financial Position as it will be retained within the Fund and available to meet future benefit payments. The funding status of the Corporation's share of this scheme as at 30 June 2015, based on the actuarial valuation, is summarised as follows:

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.2 QUADRANT DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

Principal Actuarial Assumptions as at Balance Date

	2015	2014
Discount rate gross of tax	4.50%	3.60%
Expected salary increase rate	3.00%	3.00%

The discount rate has been determined based on the estimated yield of a corporate bond with a duration of 10.5 years (based on the approximate duration of the liabilities for the Fund) as at 30 June 2015 which is a gross yield of 4.50 per cent. In the prior year the discount rate is based on the market yields on the longest dated Government Bonds as at 30 June 2014 extrapolated to allow for the fact that the term of the liabilities exceeds the term of the longest Government bond and adjusted to allow for investment tax, based on the expected rate of tax payable by the Fund. The effect of using a discount rate based on the corporate bond yields is to increase the net asset at 30 June 2015 by \$2.072 million.

The decrement rates used (e.g. mortality and retirement rates) are based on those used at the last actuarial valuation of the Fund.

Sensitivity Analysis of Significant Actuarial Assumptions

The defined benefit obligation as at 30 June 2015 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity.

	Base	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa pension increase rate	+0.5% pa pension increase rate
Discount rate	4.50% p.a.	4.00% p.a.	5.00% p.a.	4.50% p.a.	4.50% p.a.
Pension increase	3.00% p.a.	3.00% p.a.	3.00% p.a.	2.00% p.a.	4.00% p.a.
Defined benefit obligation (\$'000)	13,374	14,020	12,621	11,891	15,081

Fair Value of Fund Assets

As at 30 June 2015	Total	Quoted prices in active markets for identical assets - Level 1	Significant observable inputs - Level 2
Asset category	(\$'000)	(\$'000)	(\$'000)
Cash and cash equivalents	776	776	-
Equity instruments	9,574	9,574	-
Fixed interest	1,880	1,880	-
Alternative investments	73	-	73
Real estate	2,257	2,257	-
Total	14,560	14,487	73

Assets are not held separately for each entity but are held for the Fund as a whole. 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.2 QUADRANT DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

	2015 \$'000	2014 \$'000
STATEMENT OF FINANCIAL POSITION RESULTS AS AT 30 JUNE - NET ASSET		
Present value of defined benefit obligation at end of year	13,374	13,686
Less fair value of Fund assets at end of the year	14,560	13,860
(Surplus)/deficit	(1,186)	(174)
Unrecognised past service cost	-	-
Unrecognised net (gain) loss	-	-
Adjustment for Limitation on net assets	-	-
Net asset recognised in balance sheet at end of year	(1,186)	(174)
Current net asset (Refer Note 11.2)	-	-
Non-current net asset (Refer Note 11.2)	(1,186)	(174)
	(1,186)	(174)
EXPENSE RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Current Service Cost	486	494
Expense recognised in employee related expenses	486	494
Interest cost	(5)	(28)
Expense recognised in net financing costs	(5)	(28)
Total Expense recognised in the Statement of Comprehensive Income	481	466
AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Cumulative amount of actuarial (gains)/losses at end of prior year	725	-
Actuarial (gains)/losses recognised during the year (refer Note 12.1)	(1,040)	725
Cumulative amount of actuarial (gains)/losses at end of current year	(315)	725
RECONCILIATION OF FAIR VALUE OF SCHEME ASSETS		
Fair value of Fund assets at start of year	13,860	13,633
Employer contribution	453	470
Member contributions and transfers from the other funds	294	299
Benefit and tax paid	(630)	(1,286)
Expected return on Fund Assets	440	461

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

13. SUPERANNUATION AND DEFINED BENEFIT PLANS, CONTINUED

13.2 QUADRANT DEFINED BENEFIT SUPERANNUATION PLAN, CONTINUED

	2015 \$'000	2014 \$'000
RECONCILIATION OF FAIR VALUE OF SCHEME ASSETS, CONTINUED		
Expected assets at year end	14,417	13,577
Actuarial gain/(loss) on assets	143	283
Fair value of Fund assets at end of year	14,560	13,860
	583	744
Actual return on plan assets ⁽¹⁾		

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

PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS		
Present value of defined benefit obligation at start of year	13,686	12,737
Current service cost	486	494
Interest cost	435	433
Member contributions and transfers from other funds	294	299
Actual operating costs (administration, insurance)	-	-
Benefits and tax paid	(630)	(1,286)
Expected defined benefit obligations at year end	14,271	12,677
Actuarial (gain)/loss on liabilities	(897)	1,009
Present value of defined benefit obligation at end of year	13,374	13,686

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

HISTORICAL INFORMATION		
Present value of defined benefit obligation at end of the year	13,374	13,686
Less fair value of plan assets at end of the year	14,560	13,860
(Surplus)/deficit	(1,186)	(174)
Experience adjustment on liabilities	262	618
Experience adjustment on assets	143	283

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 2016

The estimated employer contributions for the following financial year are \$475,000.

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for the Corporation is 10 years.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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 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	29,977	37,319	258	67,554
Employee Related Expenses	38,829	40,670	322	79,821
Administration	9,943	9,026	107	19,076
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
Segment Results Year Ended 30 June 2014				
REVENUE				
Service Charges (including Trade Waste)	83,442	111,083	101	194,625
Usage Charges (including Trade Waste)	41,651	5,364	1,400	48,414
Government Funded Concessions	3,976	3,608	-	7,584
Government Grants and Compensation	2,940	810	132	3,881
Interest Received	394	351	1	745
Other	8,298	9,653	439	18,389
Total Revenue	140,698	130,867	2,074	273,639
EXPENSES				
Operations and Maintenance	26,167	36,084	205	62,456
Employee Related Expenses	36,125	37,495	274	73,894
Administration	9,099	8,326	91	17,516
Depreciation	32,786	28,287	139	61,212
Interest Expense	10,924	7,990	85	18,999
Total Expenses	115,101	118,182	794	234,077
Profit Before Tax (continuing operations)	25,597	12,685	1,280	39,562
Income Tax Expense	7,943	3,998	385	12,326
Profit After Tax (continuing operations)	17,654	8,687	895	27,236

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

14. OPERATING SEGMENTS, CONTINUED

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 2015 but not provided for in the financial statements were as follows:

	2015 \$'000	2014 \$'000
Payments within 1 year	53,006	18,682
Payments 1 – 5 years	-	-
Payments longer than 5 years	-	-
Total	53,006	18,682
Reconciliation of Capital Commitments		
Buildings and infrastructure	51,076	18,128
Plant and equipment	763	283
Intangibles	569	53
Other	598	218
Total	53,006	18,682

15.2 LESSEE EXPENDITURE COMMITMENTS

	2015 \$'000	2014 \$'000
Lease payments expensed during the period	1,407	1,403
Operating Lease Commitment		
Payments within 1 year	303	946
Payments 1-5 years	378	2,128
Payments longer than 5 years	146	74
Total	827	3,148

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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

15. COMMITMENTS, CONTINUED

15.3 LESSOR INCOME AGREEMENTS

	2015 \$'000	2014 \$'000
Lease income recognised during the period	386	364
Operating Lease Commitment		
Income within 1 year	324	323
Income 1-5 years	941	1,077
Income longer than 5 years	223	410
Total	1,488	1,810

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 to the amount of \$1.092 million, but the contractor has subsequently entered into voluntary administration. A meeting of creditors is yet to be held so it is difficult to ascertain what portion of the settlement, if any, will be received. 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 by Ben Lomond Water initially, and more recently by the Corporation. The Corporation has sought to recover a fee for this service. The council has acknowledged that it is required to make payment for the stormwater services provided by the Corporation's combined system but the parties have been unable to reach agreement as to the terms of that service provision. The parties are proceeding to arbitrate the dispute pursuant to the *Urban Drainage Act 2013*. It is not possible to quantify the potential inflow of revenue at this stage.

3. Construction of a water treatment plant

Ben Lomond Water entered into a contract for the construction of a water treatment plant at Westbury. The contractor has issued a Notice of Dispute under the contract claiming the sum of \$1.013 million from the Corporation. The Corporation has not admitted the claim and the matter is ongoing. It is not possible to quantify the potential financial impact at this stage with any degree of accuracy.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

17. REMUNERATION OF AUDITORS

	2015 \$'000	2014 \$'000
Audit Services - Tasmanian Audit Office		
Annual external statutory audit fee	130	127
Annual external regulatory audit fee	25	-
	155	127

18. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2015 \$'000	2014 \$'000
DIRECTORS		
Short Term	467,384	457,535
Post Employment (superannuation)	44,401	42,340
Other Long Term	-	-
Termination Benefits	-	-
	511,785	499,875
OTHER KEY MANAGEMENT PERSONNEL		
Short Term	2,181,690	2,087,464
Post Employment (superannuation)	207,035	188,774
Other Long Term	-	-
Termination Benefits	87,802	1,158,462
	2,476,527	3,434,700
	2,988,312	3,934,575

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

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

19. RELATED PARTY DISCLOSURES

19.1 BOARD DIRECTORS

The Board Directors during the financial year ended 30 June 2015 and up to the date of this report were:

Mr Miles Hampton (Chair)
Dr Dan Norton AO (Deputy Chair)
Mr Brian Bayley
Mr Nick Burrows (appointed 26/03/15)
Ms Sibylle Krieger
Mr Peter Lewinsky
Ms Sarah Merridew (resigned 25/03/15)
Dr Jane Sargison (resigned 24/06/15)

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* (Tas). As at 30 June 2015 no loan funds have been drawn.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

19. RELATED PARTY DISCLOSURES, CONTINUED

19.3 TRANSACTIONS WITH OTHER RELATED PARTIES, CONTINUED

The councils make payments to the Corporation for water and sewerage services and other miscellaneous services. Transactions are on an arm's length basis in the normal course of business and on commercial terms and conditions.

Sales for the year ended 30 June 2015	Water & Sewerage Sales \$'000	Other Services \$'000	Amount Receivable as at 30 June 15 \$'000
Break O'Day Council	59	-	14
Brighton Council	136	2	2
Burnie City Council	259	-	61
Central Coast Council	254	-	58
Central Highlands Council	32	-	-
Circular Head Council	85	-	(1)
Clarence City Council	261	-	3
Derwent Valley Council	122	-	21
Devonport City Council	358	-	80
Dorset Council	33	-	7
Flinders Council	9	(1)	-
George Town Council	28	-	-
Glamorgan Spring Bay Council	41	-	9
Glenorchy City Council	387	-	9
Hobart City Council	644	6	125
Huon Valley Council	112	-	19
Kentish Council	41	-	17
Kingborough Council	112	-	12
King Island Council	37	-	6
Latrobe Council	136	-	7
Launceston City Council	894	-	80
Meander Valley Council	104	-	-
Northern Midlands Council	80	-	1
Sorell Council	77	-	13
Southern Midlands Council	51	-	-
Tasman Council	6	-	2
Waratah-Wynyard Council	155	-	21
West Coast Council	164	-	38
West Tamar Council	123	-	1
Total	4,800	7	605

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

19. RELATED PARTY DISCLOSURES, CONTINUED

19.3 TRANSACTIONS WITH OTHER RELATED PARTIES, CONTINUED

Sales for the year ended 30 June 2014	Water & Sewerage Sales \$'000	Other Services \$'000	Amount Receivable as at 30 June 14 \$'000
Break O'Day Council	51	-	-
Brighton Council	86	1	4
Burnie City Council	279	3	94
Central Coast Council	212	4	47
Central Highlands Council	46	-	-
Circular Head Council	76	1	-
Clarence City Council	247	3	2
Derwent Valley Council	125	-	550
Devonport City Council	326	4	52
Dorset Council	24	-	2
Flinders Council	18	-	2
George Town Council	22	-	-
Glamorgan Spring Bay Council	38	-	-
Glenorchy City Council	355	6	137
Hobart City Council	625	14	202
Huon Valley Council	89	1	30
Kentish Council	33	-	9
Kingborough Council	95	-	8
King Island Council	33	-	-
Latrobe Council	114	3	-
Launceston City Council	821	-	44
Meander Valley Council	91	-	8
Northern Midlands Council	75	-	3
Sorell Council	52	1	(10)
Southern Midlands Council	39	2	-
Tasman Council	-	-	-
Waratah-Wynyard Council	140	-	6
West Coast Council	129	1	33
West Tamar Council	101	-	1
Total	4,342	44	1,223

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

19. RELATED PARTY DISCLOSURES, CONTINUED

19.3 TRANSACTIONS WITH OTHER RELATED PARTIES, CONTINUED

The Corporation makes payments to the councils for rates, community service obligations and other miscellaneous services. Transactions are on an arm's length basis in the normal course of business and on commercial terms and conditions.

Purchases for the year ended 30 June 2015	Council Rates \$'000	Other Council Services \$'000	Amount Receivable as at 30 June 15 \$'000
Break O'Day Council	21	11	-
Brighton Council	26	-	-
Burnie City Council	110	100	-
Central Coast Council	42	2	-
Central Highlands Council	4	19	-
Circular Head Council	21	11	-
Clarence City Council	336	18	-
Derwent Valley Council	56	4	-
Devonport City Council	126	-	-
Dorset Council	7	-	-
Flinders Council	1	56	3
George Town Council	83	-	-
Glamorgan Spring Bay Council	16	2	-
Glenorchy City Council	134	237	1
Hobart City Council	94	177	1
Huon Valley Council	21	80	-
Kentish Council	16	-	-
Kingborough Council	44	21	-
King Island Council	4	2	-
Latrobe Council	8	1	-
Launceston City Council	155	80	1
Meander Valley Council	24	3	-
Northern Midlands Council	14	4	-
Sorell Council	13	13	-
Southern Midlands Council	15	23	-
Tasman Council	-	-	-
Waratah-Wynyard Council	20	8	1
West Coast Council	31	38	-
West Tamar Council	20	3	-
Total	1,462	913	7

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

19. RELATED PARTY DISCLOSURES, CONTINUED

19.3 TRANSACTIONS WITH OTHER RELATED PARTIES, CONTINUED

Purchases for the year ended 30 June 2014	Council Rates \$'000	Other Council Services \$'000	Amount Payable as at 30 June 14 \$'000
Break O'Day Council	18	11	-
Brighton Council	23	9	-
Burnie City Council	105	107	18
Central Coast Council	41	9	-
Central Highlands Council	4	14	-
Circular Head Council	20	12	-
Clarence City Council	262	14	8
Derwent Valley Council	65	34	-
Devonport City Council	121	2	1
Dorset Council	4	-	-
Flinders Council	1	31	-
George Town Council	67	-	-
Glamorgan Spring Bay Council	15	10	-
Glenorchy City Council	115	348	42
Hobart City Council	70	222	11
Huon Valley Council	23	2	-
Kentish Council	16	-	-
Kingborough Council	42	12	-
King Island Council	3	413	-
Latrobe Council	7	21	1
Launceston City Council	147	111	17
Meander Valley Council	8	-	-
Northern Midlands Council	13	2	-
Sorell Council	12	7	-
Southern Midlands Council	14	40	-
Tasman Council	-	-	-
Waratah-Wynyard Council	19	8	-
West Coast Council	24	5	5
West Tamar Council	20	3	-
Total	1,279	1,447	103

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

20. NOTES TO THE STATEMENT OF CASH FLOWS

20.1 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO OPERATING RESULT

	2015 \$'000	2014 \$'000
Net Profit before Income Tax Equivalents	47,382	39,562
Depreciation and Amortisation Expense	67,870	61,212
Grants of assets	(1,499)	(1,956)
Loss on Sale of Non-current Assets	300	132
Contributed Assets	(16,039)	(9,085)
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(1,123)	639
(Increase) Decrease in Inventory	109	725
(Increase) Decrease in Prepayments	(762)	(217)
Increase (Decrease) in Payables	5,031	(3,111)
Increase (Decrease) in Employee Benefits	505	(4,337)
Increase (Decrease) in Unearned Income	498	9
Increase (Decrease) in Other Liabilities	(912)	(319)
Income Tax Equivalents Paid	(5,539)	(7,764)
Cash Inflows from Operating Activities	95,821	75,490

20.2 RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
Cash at Bank and on Hand	12,148	3,021
Cash as per Statement of Cash Flows	12,148	3,021

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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 2015 Carrying Amount \$'000	30 June 2014 Carrying Amount \$'000
FINANCIAL ASSETS		
Cash and cash equivalents	12,148	3,021
Receivables	46,322	45,199
Total Financial Assets	58,470	48,220
FINANCIAL LIABILITIES		
Payables at amortised cost	26,324	19,619
Borrowings at amortised Cost	365,741	332,656
Total Financial Liabilities	392,065	352,275

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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

21. FINANCIAL INSTRUMENTS, CONTINUED

21.2 INTEREST RATE RISK, CONTINUED

The following table details the Corporation's exposure to interest rates risk as at 30 June 2015.

	Variable interest rate \$'000	Fixed interest rate maturing in:			Non- interest bearing \$'000	Total carrying amount \$'000	Weighted average interest rate
		< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000			
As at 30 June 2015							
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 – Tascorp	(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)	

	Variable interest rate \$'000	Fixed interest rate maturing in:			Non- interest bearing \$'000	Total carrying amount \$'000	Weighted average interest rate
		< 1 year \$'000	1 – 5 years \$'000	> 5 years \$'000			
As at 30 June 2014							
FINANCIAL ASSETS							
Cash at Bank	3,021	-	-	-	-	3,021	2.75%
Receivables	-	-	-	-	45,199	45,199	-
Total	3,021	-	-	-	45,199	48,220	
FINANCIAL LIABILITIES							
Payables	-	-	-	-	(19,619)	(19,619)	-
Borrowings – Tascorp	(55,538)	(30,597)	(173,136)	(73,385)	-	(332,656)	5.94%
Total	(55,538)	(30,597)	(173,136)	(73,385)	(19,619)	(352,275)	
Net Financial (Liabilities) Assets	(52,517)	(30,597)	(173,136)	(73,385)	25,580	(304,055)	

The table above highlights that the Corporation's total exposure to variable interest rates at 30 June 2015 was a net liability of \$43,571,989 (2014: \$52,516,354).

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 per cent increase and a 0.50 per cent decrease in interest rates.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

21. FINANCIAL INSTRUMENTS, CONTINUED

21.2 INTEREST RATE RISK, CONTINUED

	30 June 2015		30 June 2014	
	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	43	(43)	11	(11)
Interest Bearing Liabilities - Variable	(195)	195	(194)	194
Total	(152)	152	(183)	183

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 \$58,470,177 (2014: \$48,220,854).

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 is 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:

	30 June 2015		30 June 2014	
	Gross \$'000	Impaired \$'000	Gross \$'000	Impaired \$'000
Receivables				
Not past due	36,341	(611)	34,505	(175)
0 - 30 Days	5,791	(181)	4,849	(81)
31 - 60 Days	1,195	(95)	995	(100)
61 - 90 Days	928	(108)	1,199	(88)
91 Days and over	5,574	(2,512)	7,170	(3,073)
Total	49,829	(3,507)	48,717	(3,518)

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

21. FINANCIAL INSTRUMENTS, CONTINUED

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 continually 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 2015	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	> 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	26,324	-	-	-	-
Borrowings - Tascorp	61,762	70,855	63,173	141,010	85,675
Total	88,086	70,855	63,173	141,010	85,675

As at 30 June 2014	3 months or less	3 - 12 months	1 - 2 years	2 - 5 years	> 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	19,619	-	-	-	-
Borrowings - Tascorp	63,290	37,553	74,478	133,883	79,869
Total	82,909	37,553	74,478	133,883	79,869

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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

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 2015. 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 2015. The fair value of financial assets and financial liabilities at year end were:

Category	30 June 2015		30 June 2014	
	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	12,148	12,148	3,021	3,021
Receivables	46,322	46,322	45,199	45,199
Total	58,470	58,470	48,220	48,220
FINANCIAL LIABILITIES				
Borrowings - Tascorp Loans	365,741	372,458	332,656	348,698
Payables	26,324	26,324	19,619	19,619
Total	392,065	398,782	352,275	368,317

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 2015. 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.

Notes to Financial Statements

For the financial year ended 30 June 2015
TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

22. OWNERSHIP OF THE CORPORATION

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

Glossary of terms

TERM	DESCRIPTION
AAR	Audit and Risk Committee
ADWG	Australian Drinking Water Guidelines
ADWQMP	Australian Drinking Water Quality Management Report
AMP	Asset Management Plan
AMIS	Asset Management Information System
AMS	Asset Management System
ANCOLD	Australian National Council on Large Dams
ASX	Australian Securities Exchange
AWA	Australian Water Association
CEO	Chief Executive Officer
CWC	Capital Works Committee
DHHS	Department of Health and Human Services
DPIPWE	Department of Primary Industries, Parks, Water and Environment
DWQMP	Drinking Water Quality Management Plan
EPA	Environment Protection Authority
EPH	Environment and Public Health Committee
FSMS	Field Service Management System
FY	Financial year
GOS	Grade of service
IMS	Integrated Management System
IT	Information Technology
LSIP	Launceston Sewerage Improvement Project
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MTB	Methylisoborneol
MTI	Medical Treatment Injury

TERM	DESCRIPTION
MTIFR	Medical Treatment Injury Frequency Rate
NATA	National Association of Testing Authority, Australia
NOC	Network Operation Centre
ORG	Owners' Representative 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
RWI	Restricted Work Injury
RWIFR	Restricted Work Injury Frequency Rate
SAMP	Strategic Asset Management Plan
SCADA	Supervisory control and data acquisition
SEIS3	South East Irrigation Scheme Stage 3
SPS	Sewage pump stations
STP	Sewage treatment plant
TDP	Tasmania Dairy Products
TI	Tasmanian Irrigation
TRIFR	Total Recordable Injury Frequency Rate
TRP	Total Remuneration Package
UTAS	University of Tasmania
WSCA	Water and Sewerage Act
WSIA	Water and Sewerage Industry Act, 2008



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