annual report 2015

Hydro Tasmania

The power of natural thinking

cover image: Mrs Damcho Lhamo from Druk Green Power Corporation in Bhutan scaling the steps from the base of Gordon Dam (this page).

Mrs Lhamo and fourteen colleagues joined a training program delivered by the *Entura clean energy and water institute.* The group spent two weeks learning from Entura and Hydro Tasmania experts on hydropower technical and business leadership topics, as well as visiting our world class assets at Tarraleah, Tungatinah, Meadowbank, and Gordon power stations.

Directors' statement

To the Honourable Matthew Groom MP, Minister for Energy, in compliance with the requirements of the *Government Business Enterprises Act 1995.*

In accordance with Section 55 of the *Government Business Enterprises Act 1995,* we hereby submit for your information and presentation to Parliament, the report of the Hydro-Electric Corporation for the year ended 30 June 2015. The report has been prepared in accordance with the provisions of the *Government Business Enterprises Act 1995.*

Grant Every-Burns
Chairman, Hydro-Electric Corporation
October 2015

Stephen Davy
Director, Hydro-Electric Corporation
October 2015

Hydro-Electric Corporation
ABN 48 072 377 158

Our vision

Australia's leading clean energy business inspiring pride and building value for our owners, our customers and our people.

Our values

We put people's health and **safety** first

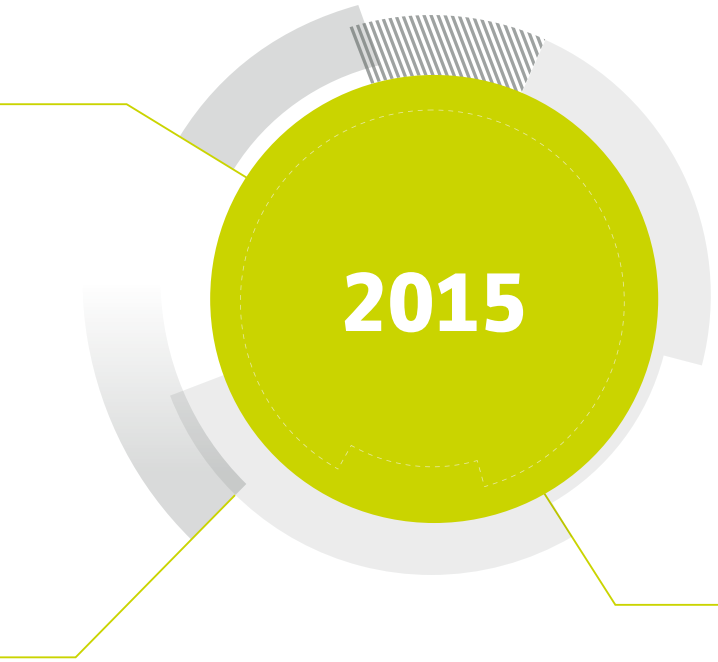
We build value for our partners and customers through **innovation** and outstanding service

We behave with honesty and **integrity**

We work together, **respect** each other and value our diversity

We are **accountable** for our actions

We are committed to creating a **sustainable** future



Contents

Left to right: Richard McClelland (Canstar Group Executive), Paul Geason (Managing Director of Momentum Energy), Jennifer Speed (Customer Care Manager of Momentum Energy) and Megan Doyle (Canstar Blue Business Unit Leader & Group Strategy Manager)

The year at a glance

Achievements

- Celebrating Hydro Tasmania's centenary with our community
- Financial performance better than forecast in a challenging market environment with a result before fair value of $62 million
- A business-wide cost saving initiative, resulting in over 100 ideas each with a saving of at least $20 000
- Successful contract renegotiation with all four of our major industrial customers in Tasmania
- More than $70 million capital expenditure on generation assets
- Signing of an agreement with Shenhua Group to investigate the construction of a small test site for Chinese wind turbine technology
- Signing of a Memorandum of Understanding between Entura and leading Chinese power and design consultants HydroChina, building on the skills and reputation of both parties
- Entura's customer satisfaction in the top quartile of professional business service providers
- Diversification of Momentum Energy into selling gas in Victoria
- Hybrid Off-Grid Solutions team providing innovative low-emissions energy systems to remote areas, including Flinders Island and Coober Pedy
- Commencement of operation of Neusberg Power Station in South Africa
- The discovery in Woods Lake of the threatened fish *Paragalaxias mesotes*, previously thought to be locally extinct

Challenges

- Managing difficult National Electricity Market conditions, with depressed wholesale prices and intense retail competition
- Uncertainty in national renewable energy and climate change policies
- Restructuring the business to achieve improved customer outcomes
- Plateau in safety statistics (four lost time injuries), despite improved safety behaviour
- Entura continuing to compete in a challenging consulting market
- Low inflows to our water storages in the first half of the year, resulting in lower electricity generation
- Our decision not to proceed with the TasWind project on King Island due to economic factors

Awards

- Momentum Energy won the Canstar Blue Most Satisfied Customers Award — Electricity Provider, Victoria
- Hydro Tasmania awarded the Australian Canoeing President's Award for our support of canoeing
- Hydro Tasmania's Helen Locher recognised for her contribution to the hydropower industry as a joint winner of the International Hydropower Association 2015 Mosonyi Award for Excellence in Hydropower

FINAL RESULT OF $62 million

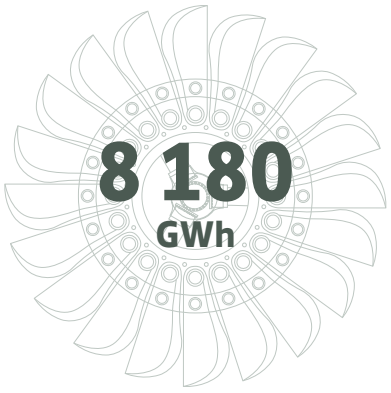
+37

Entura's customer satisfaction is in the top quartile of professional business service providers

Momentum launching gas to Victoria (duel fuel)

>$120 million

>$120m spent on our hydro-power assets



Total generation

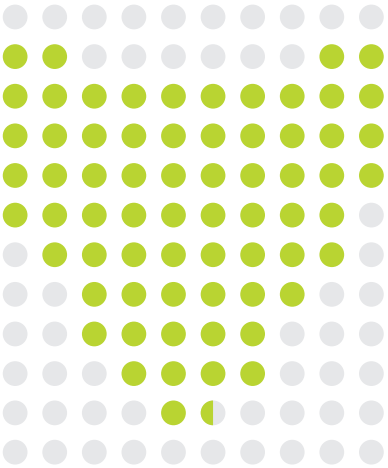
wind

solar

flywheel

New hybrid off-grid projects at Coober Pedy and on Flinders Island

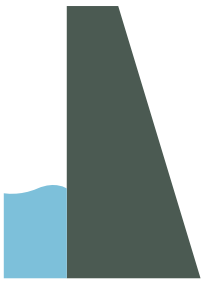
24.5 Staff volunteering % involvement



56.7%

of spending on local suppliers

Lost-time injuries



29.6%

Total energy in storage at 1 July 2015

14.6

Safety reporting index

increase from 4.52 last year

~180 times lower emissions intensity compared to the National Electricity Market average

About this report

This is Hydro Tasmania's tenth annual report that integrates financial, environmental and social performance. It covers the financial year from 1 July 2014 to 30 June 2015.

This report provides a succinct summary of our performance, adhering to standards set by the Global Reporting Initiative (GRI) G4 guidelines and associated electric utility sector supplement. The structure of the annual report is aligned with the seven principles of Hydro Tasmania's Sustainability Code outlined at the start of each chapter. A measure of our performance against the sustainability indicators for each principle is presented within each chapter as well as elsewhere in the report and on our website as appropriate. A full index of our GRI indicators can be found on page 121.

The Statement of Corporate Intent is an integral part of the report, providing background information about Hydro Tasmania, our operating environment and strategic direction.

Our primary audience is the people of Tasmania because this is where our operations have the most significant impact. Other stakeholder groups—those interested in our organisation and this report—are listed on page 40.

Our sustainability vision

Hydro Tasmania is Australia's leading clean energy business; we believe that being committed to sustainability and acting sustainably makes good business sense. Our commitment is drawn from our values and our Sustainability Code, and is used to frame business activities, policies and procedures.

Sustainability drives our planning, as we consider the legacy we leave for future generations. Our chosen markets are undergoing significant change and, as a result, we incorporate resilience and adaptation within our approach to sustainability. Our long-held culture of innovation and future thinking will be crucial in navigating both imminent challenges and those beyond the horizon.

Edgar Dam

Measuring sustainability performance

Hydro Tasmania's sustainability performance indicators are selected from the GRI sustainability reporting standard and focus on our material issues. We identify issues material to external stakeholders and customers of the Hydro Tasmania group through media monitoring reports, surveys (suppliers, community and customers) and Tasmanian parliamentary committee hearings on Government Business Enterprises. Issues for internal stakeholders are sourced from executive interviews, risk management plans and employee surveys. Priorities are determined by assessing both frequency and significance of these issues to stakeholders.

The material issues are listed on page 5. Read more about the process for defining material issues at www.hydro.com.au/about-us/sustainability.

Assurance

Assurance provides a valuable source of feedback for improvement in Hydro Tasmania's business performance, processes and systems, and greater confidence for our readers that our reporting is accurate, transparent and balanced. Hydro Tasmania engaged KPMG to conduct a limited assurance engagement in accordance with the Assurance Standard ASAE3000 in respect to certain elements of the report. The report arising from KPMG's engagement is enclosed on page 6.

Application of the Global Reporting Initiative

Hydro Tasmania has assessed that this report conforms to the 'in accordance, core' level of GRI reporting.

See the full GRI index on page 121.

Material issues

Table 1: Material issues for 2014–15

Sustainability Code principle	Material issue	Source (internal/external)	Page
Economic	Our financial sustainability	Internal and external	17
	Climate change policy	Internal and external	19
Governance and processes	Managing our risk profile	Internal	21
	Shareholder and strategic relationships	External	21
	Information and knowledge management systems and process improvements	Internal and external	21
Customers	Becoming a customer-focused utility of the future	Internal and external	27
	Momentum Energy's branding and marketing activities	External	27
	Engaging with major industrial customers in Tasmania	Internal and external	29
	Entura's depth of capability and unique offerings	External	28
Infrastructure and resources	Investment in renewable energy - TasWind decision and the Flinders Island Hybrid Energy Hub	External	31
	Ensuring the sustainability of our asset portfolio	Internal and external	31
	Lake level management	External	32
Environment	Environmental and heritage stewardship	Internal and external	35
Community	Working closely with suppliers and contractors	Internal and external	41
	Engaging with our community	Internal and external	39
People	Changes to business structure	Internal and external	43
	Improving our safety habits	Internal and external	43

Family fishing on Woods Lake. (Image courtesy of IFS)

Independent limited assurance report to the Directors of the Hydro-Electric Corporation

Scope

We have undertaken a limited assurance engagement in relation to certain Global Reporting Initiative (GRI) indicators for Electric Utilities, incorporated into the Hydro-Electric Corporation's (the Company) annual report for the year ended 30 June 2015.

Our procedures have been limited to reporting on the following nominated GRI indicators that have been identified by Management:

Indicator		Report reference
G4 - 10	Workforce reporting	Page 115
G4 - 24	Provide a list of stakeholder groups engaged by the organisation	Page 40
G4 - EC9	Proportion of spending on local suppliers at significant locations of operation	Page 41
G4 - EN8	Total water withdrawal by source	Page 33
G4 - LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalities by region and gender	Page 44
G4 - DMA	Contingency planning measures, disaster/emergency management plan and training programs and recovery/restoration plans	Page 21
G4 - PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Page 29
G4 EU30	Average plant availability factor by energy source and by regulatory regime	Page 33

We have not been engaged to provide an assurance opinion on any other GRI indicators that have been reported upon within the annual report.

Directors' responsibility for preparation of the GRI indicators

The Directors of the Company are responsible for the measurement and presentation of the selected indicators including that the basis of measurement of each indicator is appropriate to meet their and the intended users' needs. The responsibilities of the Directors also includes such internal control and processes as the Directors determine is necessary to enable the measurement and presentation of the indicators are free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion to the Directors on the measurement and presentation of the GRI indicators identified in the Scope section above.

We have performed our work in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, including complying with relevant ethical requirements relating to assurance engagements and planning and performing the engagement to obtain limited assurance whether the measurement and presentation of the GRI indicators identified above are free from material misstatement.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of each indicator whether due to fraud or error. In making those risk assessments, we have developed an understanding of internal controls and processes relevant to the measurement and presentation of the indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion on the effectiveness of relevant internal controls.

Our procedures included obtaining an understanding of the internal controls and processes used to measure the indicators, to determine that the basis of preparation for each indicator is appropriate to meet their and the intended users' needs.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for the relevant activity addressed by each indicator, and applying analytical and other limited assurance procedures. These procedures have been undertaken to form a conclusion whether we have become aware of any matter that would lead us to believe that, in all material respects, each indicator has not been prepared and presented in accordance with the Regulatory Principles contained in the Global Reporting Initiative G4 Sustainability Reporting Guidelines – Implementation Manual.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

Inherent limitations

Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our limited assurance engagement is not designed to detect all weaknesses and errors in the measurement of the GRI indicators indicated above, as the engagement has not been performed continuously throughout the period and the procedures performed on the indicators were undertaken on a test basis.

Any projection of our conclusions and associated compliance with the GRI reporting principles to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Our independence and quality control

In conducting our limited assurance engagement, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board. In accordance with Auditing Standards (ASQC 1) *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Basis for qualified conclusion

In Tables 17 and 18 on page 44 of the Annual Report, the Company does not comply with the GRI reporting requirements for G4-LA6 *Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work related fatalities by region and gender*. As indicated in footnotes 'b' and 'c' to Table 17 and explanatory notes in Table 18, the Company's non-compliance arises from:

- Failure of the Company to capture relevant data to provide required region and gender statistics.
- The use of an alternate methodology to calculate the presented lost time injury frequency table.
- The non-inclusion of the absentee rate for external contractors.

Conclusion

The limited assurance conclusion expressed in this report has been formed on the above basis.

Based on the procedures we have performed and the evidence we have obtained, except for the effects of the matter described in the 'Basis for qualified conclusion' paragraph, nothing has come to our attention that causes us to believe that, in all material respects, the Company has not measured and presented the GRI indicators identified in the Scope section above in accordance with the GRI Reporting Principles contained in the Global Reporting Initiative G4 Sustainability Reporting Guidelines – Implementation Manual for the year ended 30 June 2015.

Basis of preparation and restriction on distribution and use

The GRI indicators identified in the Scope section of this report have been selected, measured and reported by the Directors of the Company to inform users of its annual report of appropriate sustainability measures relevant to material issues to their needs. As a result these indicators may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the indicators to which it relates, for any other purpose than that for which it was prepared.

KPMG

KPMG

Hobart

17 September 2015

Statement of Corporate Intent

Hydro Tasmania is the trading name of the Hydro-Electric Corporation, an integrated energy business owned by the State of Tasmania. The Minister for Energy has portfolio responsibility for Hydro Tasmania. Hydro Tasmania operates under the *Government Business Enterprises (GBE) Act 1995* and the *Hydro-Electric Corporation Act 1995*. The GBE Act requires Hydro Tasmania to prepare a Statement of Corporate Intent each year which provides an overview of the business and our strategic direction.

Our business

Hydro Tasmania's principal purpose is to 'efficiently generate, trade and sell electricity in the National Electricity Market (NEM)'. Our principal objectives are to perform our functions and exercise our powers to:

- be a successful business by operating in accordance with sound commercial practice and as efficiently as possible
- achieve a sustainable rate of return that maximises value for the State of Tasmania in accordance with the Corporate Plan and having regard to the economic and social objectives of the state.

Building on 100 years of experience in the electricity industry, the Hydro Tasmania group operates as one business focused on delivering value to our customers through our three brands: Hydro Tasmania (electricity generation and trading), Momentum Energy (retail) and Entura (professional services). Each brand operates as part the integrated group to deliver the business strategy, enhance value and mitigate strategic risks so that Hydro Tasmania can deliver sustainable financial returns to the Tasmanian Government.

The ownership structure of the Hydro-Electric Corporation is shown in Figure 1 and business structure is shown in Figure 2.

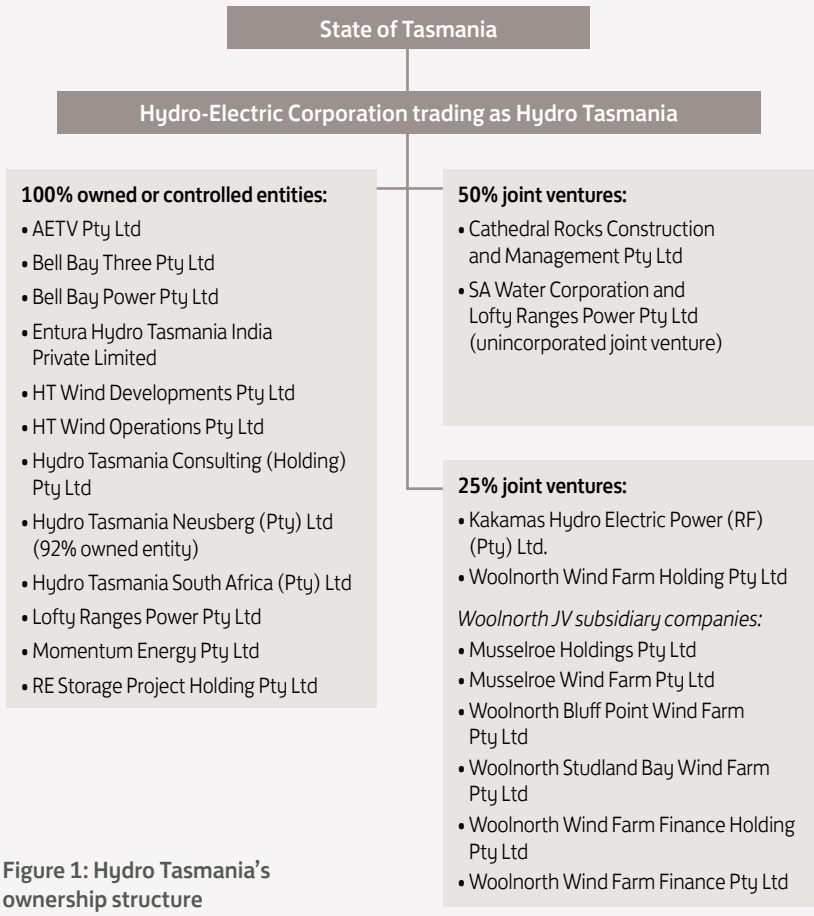


Figure 1: Hydro Tasmania's ownership structure

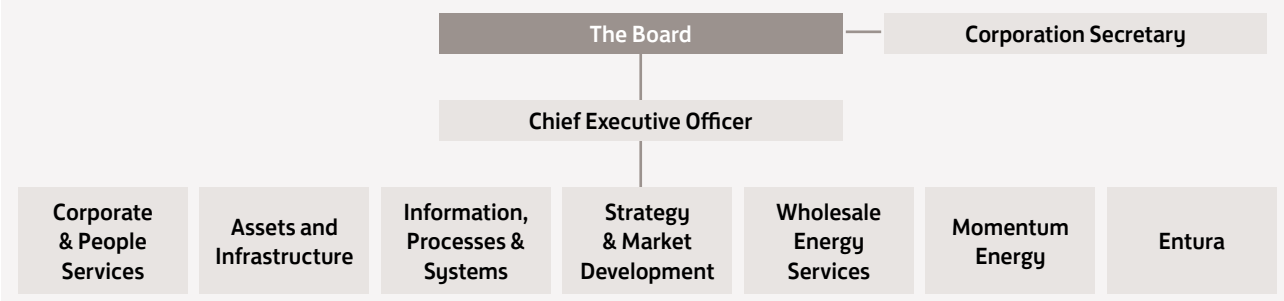


Figure 2: Hydro Tasmania's business structure

Opposite page: Penstocks feeding Tarraleah Power Station

Our operations

Hydro Tasmania's main business is the generation of electricity from 30 hydropower stations and one gas-powered station and the sale of this electricity in the National Electricity Market. In 2015, 99.6 per cent of electricity generated was from hydropower and 0.4 per cent was from gas. Off-grid, the Bass Strait islands' electricity supply is generated from diesel, wind and solar. Hydro Tasmania is Australia's largest water manager, responsible for many significant lakes, rivers and smaller water bodies in six large catchments covering 35 per cent of Tasmania's land area (Figure 3).

Momentum Energy is based in Melbourne and sells electricity and energy services to business and residential customers in Victoria, South Australia, the Australian Capital Territory, Queensland and New South Wales, and gas to customers in Victoria. Momentum Energy provides retail services to the Bass Strait islands. We also operate a telesales centre in Tasmania, employing 25 people.

Woolnorth Wind Farm Holding Pty Ltd is a joint venture with Shenhua Clean Energy Holdings Pty Ltd (owned by Chinese energy company Shenhua Group). Our share is 25 per cent. The joint venture owns the Studland Bay, Bluff Point and Musselroe wind farms, with a combined generating capacity of 308 MW.

Entura provides engineering, scientific and management services relating to water management and energy supply to national and international clients as well as to Hydro Tasmania for operational and capital programs associated with our generation infrastructure and developments. Based at Cambridge in Tasmania, Entura has offices in Melbourne, Brisbane, India and South Africa and project offices in South Australia and the Northern Territory. Entura's international work extends across the Pacific Islands (including Papua New Guinea), New Zealand, Southeast Asia, South Asia (principally India and Nepal) and southern Africa.

Strategic challenges

Hydro Tasmania operates in the highly dynamic and competitive NEM, which is undergoing a period of significant transformation. After a period of strong financial performance and record returns to Government, Hydro Tasmania is facing a period of reduced profitability largely arising from a number of external factors. These factors include:

- declining electricity demand and surplus supply in NEM
- changes in the Australian gas industry
- a highly competitive national market for electricity generation and retail
- changing customer preferences
- uncertainties and change in national renewable energy and climate change policies
- subdued national market for consultancy services.

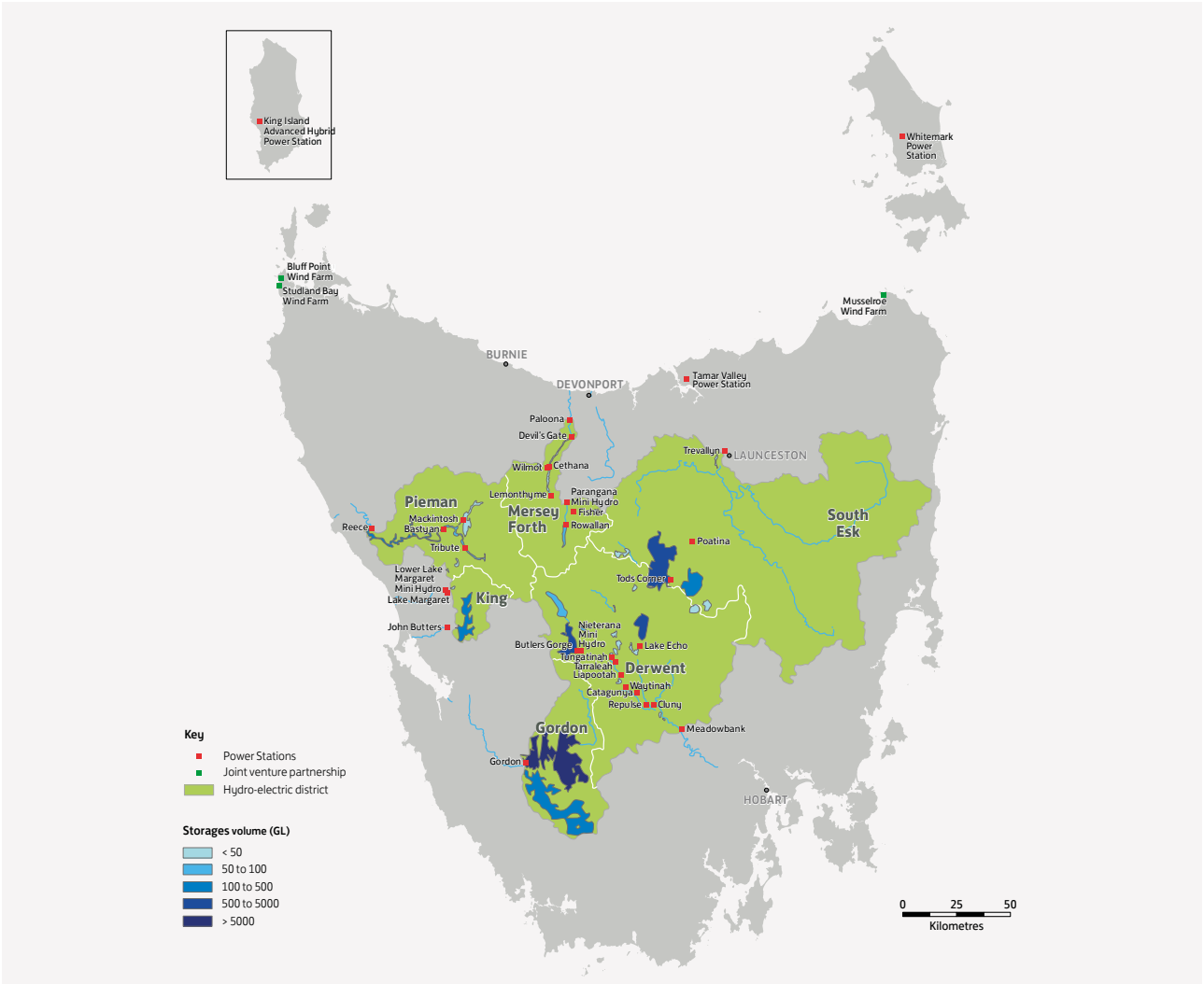


Figure 3 - Hydro Tasmania's Tasmanian operations

Our strategic direction

Hydro Tasmania's vision is to be Australia's leading clean energy business, inspiring pride and building value for our owners, our customers and our people. Our strategy seeks to deliver on this vision by providing profitable revenue growth, ensuring a customer-first approach and maintaining our renewable energy generation assets for future generations.

Our strategy continues to evolve to ensure we can respond flexibly to the rapidly changing operating environment. We will pursue profitable revenue growth by increasing the value of our customer base in electricity, gas and energy services, and by reducing costs while continuing to manage business risks. Hydro Tasmania will continue to work closely with the Tasmanian Government to ensure we are as efficient as possible to assist the Tasmanian Government achieve its vision of restoring energy as a competitive advantage for Tasmania.

While our main focus will always be to meet the needs and expectations of our Tasmanian customers, our mainland retail brand Momentum Energy will continue to create value for all Tasmanians as we grow customer numbers on the mainland.

Hydro Tasmania is also pursuing emerging opportunities in hybrid off-grid solutions. Our King Island Renewable Energy Integration Project integrates technologies including wind, solar, energy storage, flywheels, dynamic load control and the use of biofuels, all managed by a fully automated proprietary control system. We will soon start work on developing a "Hybrid Energy Hub" on Flinders Island that will significantly increase renewable energy use on the island and reduce the use and importation of diesel. There is an international need for these renewable technologies to alleviate one of the world's great challenges – energy poverty. The technological advancements developed for the King Island Renewable Energy Integration Project position Hydro Tasmania well to take advantage of these opportunities.

The success of our business is underpinned by our people, the effective management of Hydro Tasmania's water resource and generation assets, and the systems and processes in place to support our business operation. Efficiencies in each of these areas are an essential part of our strategy and we are committed to making improvements in each of these areas so Hydro Tasmania can continue to be Australia's leading clean energy business.

Key Performance Indicators for the business for the next five years are set out in Table 2.

Table 2: Forecast key performance indicators

Key performance indicators (KPIs)	2015-16	2016-17	2017-18	2018-19
Financial Indicators				
Results before fair value movements and revaluations	$31m	$50m	$50m	$80m
Capital expenditure	Capital expenditure to be at or below budget Satisfactory external validation of the ten year asset management plan			
Return on equity[a]	0.68%	1.68%	1.67%	2.68%
Cost savings target	Non-customer facing OPEX less than $148m	Non-customer facing OPEX to increase at less than CPI		
Retail profit before tax	Profit before tax >= budget	Profit before tax greater than previous year		
Non-financial Indicators				
Lost time injury	0			
Employee engagement score	Maintain engagement scores in the top quartile of the national benchmark			
Hydro generation availability	Availability target of 80% achieved			
Regulatory compliance obligations	Zero breaches resulting in enforced regulatory undertakings or penalties			
Returns to government (cash)				
Ordinary dividend[b]	$25m	$19m	$31m	$31m
Total other returns to government	$17m	$20m	$31m	$25m
Total returns to government	**$42m**	**$39m**	**$62m**	**$56m**

[a] This calculation reflects Net Profit after Tax divided by Total Equity

[b] Represents the dividend paid in the period, relating to performance in the previous period

Directors' Statement of Corporate Intent and Agreement of Shareholding Ministers

In signing this Statement of Corporate Intent, the Board of Hydro Tasmania commits to the targets proposed for 2015-16 on a best endeavours basis, subject to section 24 of the GBE Act. The Board of Hydro Tasmania agrees to provide the Shareholding Ministers with information on progress against the targets included in this Statement of Corporate Intent, as required under the Reporting Guidelines.

Key performance indicators (KPIs)	2015-16
Financial Indicators	
Results before fair value movements and revaluations	$31 million
Capital expenditure	Capital expenditure to be at or below budget Satisfactory external validation of the ten year asset management plan
Return on equity[a]	0.68%
Cost savings target	Non-customer facing OPEX less than $148m
Retail profit before tax	Profit before tax >= budget
Non-financial Indicators	
Lost time injury	0
Employee engagement score	Maintain engagement scores in the top quartile of the national benchmark
Hydro generation availability	Availability target of 80% achieved
Regulatory compliance obligations	Zero breaches resulting in enforced regulatory undertakings or penalties
Returns to government (cash)	
Ordinary dividend[b]	$25 million
Total other returns to government	$17 million
Total returns to government	**$42 million**

[a] This calculation reflects Net Profit after Tax divided by Total Equity
[b] Represents the dividend paid in the period, relating to performance in the previous period

This Statement of Corporate Intent has been agreed between:

G.V. Every-Burns
Chairman
Hydro Tasmania
on behalf of the Board

Hon Peter Gutwein MP
Treasurer

Hon Matthew Groom MP
Minister for Energy

Message from the Chairman and Chief Executive Officer

This has been an important year for Hydro Tasmania, one in which we have gone to great lengths to reset the business for the future it faces. It was also a year in which we acknowledged the role that a century of hydropower development in Tasmania played in helping shape the state's economy, culture and society.

In parallel with significant work to reshape and refocus our business, we have worked with the Tasmanian Government on implementing its Energy Strategy. Both of these areas of focus will help ensure that Hydro Tasmania can support Tasmania's economy now and into the future while delivering appropriate returns to our shareholder, the Tasmanian Government.

Along with the rest of the energy industry, Hydro Tasmania is dealing with a market affected by a range of domestic measures designed to reduce energy sector emissions and a volatile global trading environment for the sector's largest customers.

Demand for energy has flattened across the National Electricity Market, there has been prolonged uncertainty and change in national renewable energy and climate change policy, and new technologies are starting to change the way consumers choose to source energy.

Our response to these issues has been to simplify our business, focusing on delivering to customers in Tasmania and elsewhere, which has in turn required a critical examination of our portfolio of activities and of the way we have traditionally operated.

Left to right: Hydro Tasmania's Chairman Grant Every-Burns and Chief Executive Officer Stephen Davy

During 2014, we undertook a major restructure of our operations. This restructure positions us better to anticipate and respond to emerging market trends, but with it came job losses and the uncertainty that accompanies major change. The management team has worked hard to bring our people along on this change journey, and to be as clear as possible about the immediate future we face.

Financial

Hydro Tasmania achieved a result of $62.3 million (before fair value adjustment and revaluations) in 2014–15. This is a strong result given the subdued operating environment and was well above expectations. This is expected to result in cash returns to the Tasmanian Government in 2015–16 of $42 million, including a dividend of $25 million. However, the following year will be much tougher. The business benefited in 2014–15 from revenue from renewable energy certificates linked to higher than normal generation during the latter part of 2014. This will not be repeated in 2015–16.

Compared with 2013–14, we received less revenue in 2014–15. Wholesale electricity prices, including for small Tasmanian customers, were significantly lower ($10 to $20 per MWh) without the carbon price. Hydro generation volumes were 31.5 per cent lower than for 2013–14 due partly to a return to more usual generation levels following the end of the carbon price, but more as a result of significantly lower rainfall than expected. The total energy in storage at the end of the year was 29.6 per cent compared to 28.1 per cent at the same time the previous year.

Despite these factors, the financial result was significantly better than forecast a year ago. This reflects efficiencies gained from the business restructure, a concerted focus on cost savings, and reduced financial costs as a result of the equity injection made during the year by the Tasmanian Government.

Momentum Energy

Momentum Energy, our wholly-owned energy retail business, has reported another successful year, with a profit before tax of $37 million. Momentum Energy has begun selling gas to Victorian customers, focusing on a campaign to attract or convert 'dual fuel' customers. Momentum's excellence in customer service was acknowledged with the Canstar Blue Most Satisfied Customers Award — Electricity Provider, Victoria, no small achievement in one of the world's most competitive energy markets.

Entura

A strong end to the financial year saw Entura deliver a net contribution to Hydro Tasmania's underlying result well above the original budget. The final result of $930 000 was a significant turnaround from last year's loss and is a credit to the work of the Entura management team and all Entura employees. The result was driven by their collective efforts to nurture, engage and deliver to clients, and by strong cost leadership. A highlight of the year for Entura was entering into a Memorandum of Understanding in November 2014 with Chinese energy company HydroChina. This partnership has already borne fruit in the form of a jointly-bid project win in Australia for an innovative pumped hydropower project and we are now examining a more formal joint venture. Entura continues to undertake highly valued work for domestic and international customers, and is well placed to participate in, and add value to, increased investment in hydropower projects throughout the Asia-Pacific region.

Assets

Hydro Tasmania's renewable energy asset base includes dams, gas and hydro-generation facilities across Tasmania, along with our equity share in Tasmania's wind farms. Our 10-year Asset Management Plan ensures this portfolio receives adequate investment and maintenance to sustain its performance and to maintain a prudent risk management position. It is designed to ensure the productive capability of our assets for decades to come, providing a competitive advantage while leaving a sustainable legacy for the future. For 2014–15, capital and operating expenditure in the order of $120 million has been invested to refurbish and maintain the hydropower portfolio.

Of particular note was completion of the complex and innovative refurbishment of Rowallan Dam. The two-stage refurbishment involved strengthening the spillway walls and improving the capacity of the dam to withstand large floods. It was the first time that a project of this complexity has been successfully undertaken on a live dam in Australia.

As outlined in the Tasmanian Energy Strategy, the Tasmanian Government has a target to increase energy production from existing hydropower assets by 10 per cent. Numerous opportunities to increase the output of the system have been identified, from capturing additional inflows to increasing generation efficiency. The 10-year Asset Management Plan may realise efficiency gains of approximately two per cent in association with other core activities. In addition, we have worked with Tas Renewable Energy, a private consortium, to capture additional water for generation. Hydro Tasmania is also partnering with the State Government to look at the potential for a second electricity interconnector across Bass Strait. The project will assess the necessary pre-conditions under which a second interconnector would be viable.

Our community

A highlight of 2014 was the celebration of the centenary of state-owned hydropower development in Tasmania. This milestone provided a series of opportunities to engage with the Tasmanian community and encourage people to share their 'Hydro' stories with us and the rest of the community. There was an enormous level of interest in the series of free events we hosted, particularly when we opened up our power stations for tours which attracted thousands of people.

Other significant activities in our community program included sustained involvement of our people in volunteering activities supporting community groups, and our partnership with Colony 47, which supports Mara House, a facility catering for vulnerable young Tasmanian women.

Our people

While there has been a marked improvement in our Safety Reporting Index, it is disappointing not to have achieved our safety target of zero lost-time injuries. During the year there were four lost-time injuries, all of which were avoidable. Employees across Hydro Tasmania have this year participated in a behaviour-based safety program, SafeStart, and we are already seeing encouraging results in terms of safer workplace habits. It is our hope that these behavioural changes will become embedded in our business culture and will also transfer into the home lives of our people and their families.

Innovation

Hydro Tasmania and Entura continue to lead the way with development of energy solutions for remote and off-grid power systems. Building on the success of the world-leading King Island Renewable Energy Integration Project, we have started work on a similar hybrid energy system for Flinders Island that will increase renewable energy penetration and displace expensive diesel fuel. During the year we showcased this technology to

Rowallan Dam refurbishment

energy providers throughout Australia and the Asia-Pacific region and we are actively working on a number of potential projects to deliver our solution in a tailored way to these clients.

The expertise of our people was also used in South Africa, with the Neusberg Hydropower Project commissioned in January 2015. Hydro Tasmania and Entura were involved in the entire lifecycle of the project, sharing valuable expertise from our own history in hydropower development, and taking advantage of a rare opportunity for our people to work on a dam construction project.

Contribution to the Tasmanian economy

Hydro Tasmania makes important contributions to the State, including the provision of secure electricity supply, returns to Government, support for Tasmanian businesses, employment, natural resource management and community support.

Of a total staff of more than 1050 at 30 June 2015, we currently employ 689 people in Tasmania, including 25 staff at Momentum Energy's call centre at Cambridge. The business remains a significant purchaser of Tasmanian goods and services. In 2014–15 we spent $107 million with more than 900 Tasmanian suppliers.

During 2014–15 Hydro Tasmania entered into new arrangements with all four of our major industrial customers – Bell Bay Aluminium, Nyrstar, TEMCO and Norske Skog – which between them account for approximately 55 per cent of Tasmania's electricity load. The new arrangements will provide them with the confidence to invest in plant upgrades, stimulating regional economies.

Conclusion

The efforts of this past year are the result of commitment to the business by all our people. I would like to thank Hydro Tasmania's management team, and all our employees, for their loyalty and contribution to the business through this challenging period.

Tasmania's renewable energy will be a key advantage for the State and to Australia as the world moves towards lower-emissions economies. Hydro Tasmania will be well placed to benefit from this transition and to capitalise on the renewable energy opportunities that it will present, as long as we focus on delivering what is important to our customers, and on running our business efficiently.

Hydro Tasmania is, and will remain, an important contributor to Tasmania and a key part of a sustainable future for the State.

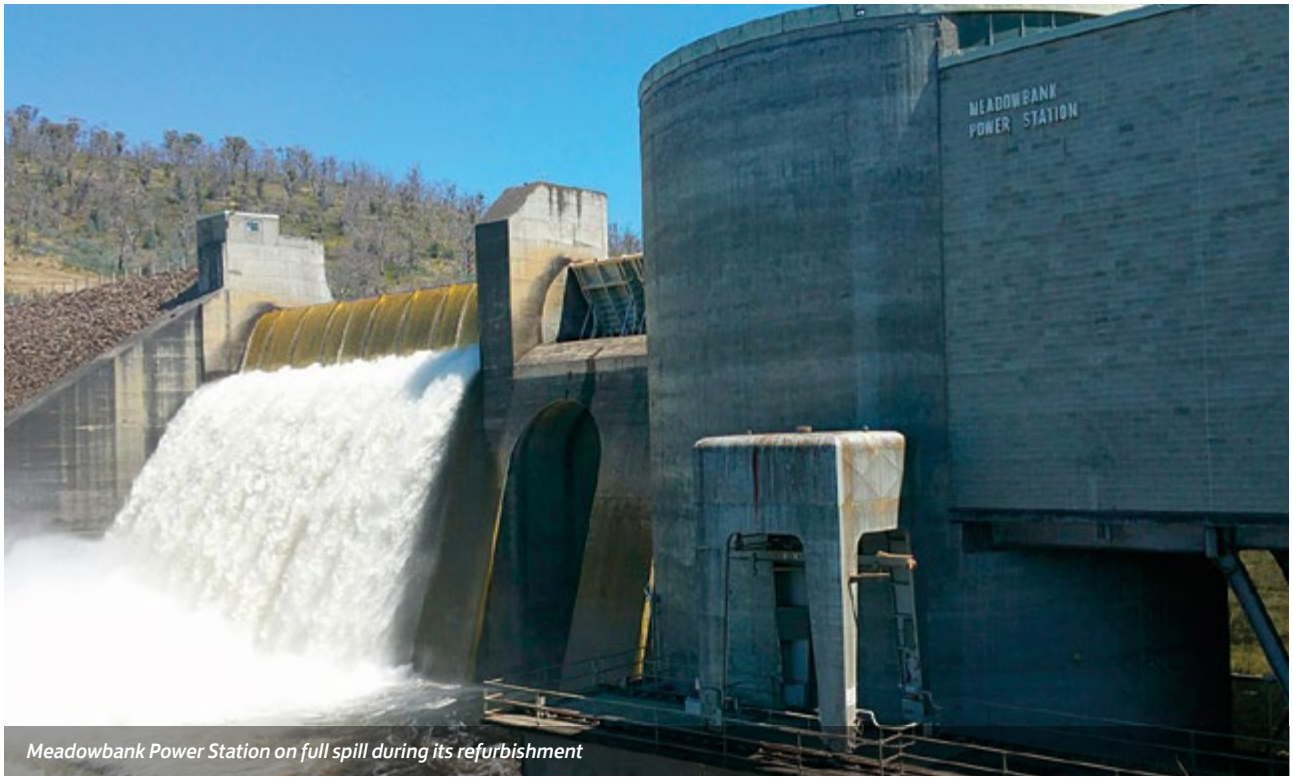
Stephen Davy
Chief Executive Officer

I assumed the role of Chairman in 2014 as Hydro Tasmania celebrated 100 years of contribution to Tasmania and its people. The continuing value to Tasmania of the State's hydropower assets is a testament to the ground-breaking innovation and back-breaking work of thousands of people over the past century. It is a privilege to work with the current directors and management and I thank them all for the skill and care they devote to Hydro Tasmania. I acknowledge the contribution of Dr David Crean, immediate past Chairman, who presided over a decade of growth and technological expansion of the business, including the undersea connection to the mainland. I look forward to the year ahead, confident that we can meet the challenges we face, for the benefit of our customers and our shareholders.

Grant Every-Burns
Chairman

Hydro Tasmania's business strategy is focused on enhancing the value of our existing assets in Tasmania

Economic



Meadowbank Power Station on full spill during its refurbishment

Sustainability Code principles

We make sound commercial and investment decisions in our chosen markets, to deliver long-term business value and meet shareholder expectations.

We leverage our low-carbon generation and competitive customer focus to create value for our shareholders, the people of Tasmania.

Our financial sustainability

After a period of strong financial performance and record returns to government, Hydro Tasmania is facing a period of reduced profitability largely due to external factors. These include:

- the removal of the carbon price and continuing uncertainty about future carbon abatement policy in Australia,
- declining electricity demand and surplus supply in the NEM,
- changes in the Australian gas industry,
- a highly competitive market for electricity generation and retail,
- changing customer preferences,
- uncertainties and change in national renewable energy,
- climate change policies and
- reduced prices for electricity, including in Tasmania.

Hydro Tasmania actively monitors and manages the risks associated with these factors.

Hydro Tasmania's business strategy is focused on enhancing the value of our existing assets in Tasmania by growing our mainland retail customer base in electricity, gas and energy solutions. This will allow the business to adapt to the rapidly changing market in which it operates and meet shareholder expectations. Substantial work has been undertaken to revise the business strategy to improve our financial sustainability.

Opposite page: Woods Lake

Financial results

Hydro Tasmania delivered a result before fair value adjustment and revaluations of $62.3 million in 2014–15 (Table 3). This is a strong result given the subdued operating environment.

However, as expected, the result was lower than in the previous financial year. This financial year we received less carbon revenue, had much lower generation volumes and less revenue due to the wholesale price reduction to small Tasmanian customers. The lower hydropower generation is a result of significantly lower inflows over the early part of the financial year and reduced generation from the very high levels during the carbon price period. However, significant savings have been achieved in financing costs and the successful operation of our cost-saving initiatives.

Operating cash flows declined in 2014–15 to $25.5 million, down from $242.9 million in 2013–14. We are forecasting an improvement in our operating cash flow over the 2015–16 year.

Capital expenditures were $100 million in 2014–15, $18 million less than last year.

The total assets for the year were $5.2 billion compared with $5.0 billion in 2013–14. This increase was largely due to a reversal of previous impairments of Hydro Tasmania's generation assets, reflecting an improvement in the forward outlook for profit compared with this time last year. This included better than expected performance on cost control and the optimisation of our AETV Pty Ltd assets.

Table 3: Financial results

Financial year ending 30 June	2011 $m	2012 $m	2013 $m	2014 $m	2015 $m
Result before fair value, impairment and tax	100.0	103.4	237.7	241.1	62.3
Profit/(loss) before tax	216.4	17.8[a]	(248.5)[a]	182.7	183.5
Cash flow from operating activities	160.8	107.3	261.5	242.9	25.5
Net debt	964.0[b]	857.0	866.0	851.0	839.3
Weighted average cost of debt	7.18%	7.08%	6.88%	7.39%	6.67%
Capital expenditure	64.3	186.1	164.0	118.7	100.7
Other expansion and acquisitions	0	114.4[c]	0	0	0
Total assets	5507	5805	5123	5024	5195

[a] Result before tax for 2012 and 2013 were adversely impacted by movements in the fair value of energy derivatives, and in 2013 by the impairment of generation assets.

[b] Significant increase because of the acquisition of $143.7 million of Roaring 40s debt following the end of a joint venture with the CLP Group.

[c] Musselroe Wind Farm construction.

Hydro Tasmania provides electricity services on the Bass Strait islands under a Community Service Obligation (CSO) funded by the Tasmanian Government. Retail services are provided by Momentum Energy. The CSO ensures that consumers on the Bass Strait islands receive electricity at a concessional and regulated price. In 2014–15 the net cost of the CSO to the Tasmanian Government was $9.6 million.

Returns to government

Total cash returns to government for 2014–15 were $211.5 million, a decrease of $23.9 million from 2013–14. This includes a dividend payment of $118.6 million, which was paid in 2014–15, but related to 2013–14 profit (Table 4).

Table 4: Returns to the Tasmanian Government (cash)

Financial year ending 30 June	2011 $m	2012 $m	2013 $m	2014 $m	2015 $m
Government guarantee fee	6.6	8.7	8.6	11.4	8.7
Income tax equivalent	16.2	54.8	52.8	103.9	80.1
Ordinary dividend [a]	25.5	49.0	50.7	116.0	118.6
Rates equivalent	3.3	3.5	3.6	3.8	3.9
Total returns	51.7	116.0[b]	115.7	235.4	211.5

[a] Represents the dividend paid in the period, relating to performance in the previous period.

[b] Excluding stamp duty of $9.9 million. Stamp duty is generally not included in returns to government. It is specifically noted in 2012 as Hydro Tasmania was required to pay $9.9 million in relation to the sale of land associated with wind farms.

Climate change policy

On 17 July 2014, the Australian Senate passed legislation enacting the repeal of a price on carbon. The legislation included an obligation for electricity suppliers to pass on any cost savings to customers.

The energy sector accounts for approximately one-third of Australia's annual emissions. Power generators were among the largest liable entities under the carbon price. The removal of the price on carbon means that emitters no longer face a charge for greenhouse gas emissions. This has resulted in lower wholesale electricity prices.

The Australian Government has replaced the price on carbon with the Direct Action Plan. The key mechanism under the plan is the Emissions Reduction Fund. The Direct Action Plan also involves 'safeguard baselines' above which businesses cannot increase their emissions without incurring a penalty. These will be set during the second half of 2015, along with post-2020 national emissions targets in the lead-up to the United Nations Conference of the Parties to the Framework Convention on Climate Change. Both safeguard baselines and post-2020 emissions targets are of key importance to the electricity sector.

Following agreement between the Australian Government and the Australian Labor Party, legislation was passed during June 2015 that amended the Renewable Energy Target (RET) from 41 000 GWh to 33 000 GWh and provided full exemption for electricity-intensive industries, including several Tasmanian industries.

Hydro Tasmania believes that the bipartisan agreement is a positive development for the renewable energy sector because it resolves the uncertainty that had stalled investment and depressed the price of Large-scale Generation Certificates. The removal of the legislated two-yearly RET review is an important and positive step in returning investment confidence to the sector. Hydro Tasmania's extensive asset refurbishment and modernisation program is underpinned by the continuation of the RET and the incentives it creates to increase output, where possible, from existing hydropower assets.

Clark Dam

Cost-saving initiatives

Hydro Tasmania has commenced a strategy to achieve significant operational cost savings by 2018–19. The majority of the savings were realised in 2014–15 through process improvements and efficiencies identified in a thorough operational review. Employees from across the business contributed ideas for cost savings, resulting in over 100 initiatives, each with a saving of at least $20 000.

Hydro Tasmania's agreement with Shenhua Group

Governance

Sustainability Code principles

We make our decisions within comprehensive governance and risk management frameworks while seeking to continually improve our business processes.

We make ethical decisions by applying our values, sustainability principles and Code of Ethical Behaviour, complying with relevant legislation and delivering on the commitments we make.

Managing our risk profile

We operate a health, safety and environment management system that takes a precautionary approach to minimise risks to our people. All contractors and staff of Hydro Tasmania are required to follow the processes outlined in the health, safety and environment system. The system enables us to manage our health and safety risks and to drive improvements.

Hydro Tasmania faces a variety of financial risks associated with trading electricity in the NEM and the management of our gas portfolio. While the retail business Momentum Energy represents a key strategy to mitigate our market risk, impending regulatory changes and well-publicised technology changes are likely to increase the challenges for Momentum Energy in the near future.

The Board's Risk Management Committee reviews the risk register on a quarterly basis to ensure there are effective controls to mitigate significant risks and to monitor new and emerging risks.

We have made a number of changes to our emergency management, business continuity and disaster recovery programs over the past 18 months.

Opposite page: Hydro Tasmania Chairman Grant Every-Burns (right) with, from left, Shenhua Group Chairman Mr Zhang Yuzhuo, China's President Xi Jinping and Prime Minister Tony Abbott.

The framework of the Emergency Management Plan has been aligned to the emergency management processes of other Tasmanian energy supply businesses, which allows for effective management of incidents that are outside the scope of normal business operations. The plan focuses on managing threats to people, the environment, assets and reputation.

The business conducts a number of exercises each year to test our emergency response and recovery capabilities. A combined emergency management and business continuity exercise was conducted in December 2014, as well as a number of field exercise scenarios focused on our assets and infrastructure. Knowledge gained from these exercises has been incorporated into our systems and processes.

For more information on Hydro Tasmania's management approaches including business resilience visit www.hydro.com.au/about-us/governance/management-approaches

Shareholder and strategic relationships

Working closely with the Tasmanian Government

We continue to work closely with the Tasmanian Government and welcomed the release in May 2015 of the Tasmanian Energy Strategy. Hydro Tasmania is a key participant in Tasmania's energy supply industry. We support the Tasmanian Government's vision to restore Tasmania's competitive advantage in energy generation in Australia through delivering affordable energy, empowering consumer choice, facilitating state growth and maximising renewable energy opportunities.

Working with HydroChina

Hydro Tasmania's professional services business Entura has signed a Memorandum of Understanding with leading Chinese power and design consultants HydroChina. The arrangement allows the businesses to co-operate on the development of opportunities in the energy and water sectors, including hydropower, other renewable energy, sustainability and environmental management and power transmission. The aim is to establish a long-term, strategic co-operative relationship to build on the skills and reputation of both parties with a focus on the Asia–Pacific region.

Entura Managing Director Tammy Chu (left) with HydroChina Vice President Dr Chen Guanfu

HydroChina is a subsidiary of the Chinese Central Government enterprise PowerChina, which ranks 253 among the Fortune Global 500.

Agreement with Shenhua Group

In November 2014 Hydro Tasmania and Shenhua Group Corporation Limited agreed to investigate the potential use of Chinese wind turbine generator technology in Australia. The agreement was announced at a ceremony attended by the Australian Prime Minister and the Chinese President in Canberra.

Information and knowledge management systems

Hydro Tasmania has made a number of improvements to billing and customer management systems, including installation of an integrated communications and contact management system for Momentum Energy's retail team. Momentum Energy's entry into gas retailing was supported through system enhancements to billing, sales acquisition, the web-based sales comparison tool used by sales and customer service agents to provide electricity and gas quotes, and the implementation of an online sign-up system for gas sales.

Our enterprise resource management system mysap has undergone a number of improvements. These are focused on achieving process efficiencies while improving employee capability through increased training and awareness sessions, improved user interfaces and building direct and indirect connections between end users and in-house system/process experts.

To meet our goals of customer centricity and cost leadership our systems need to be flexible, cost-effective and minimal risk. Cloud services provide a significant opportunity for excellence and innovation in this space. A key achievement of 2014–15 was the development of a cloud migration roadmap which identified which applications could be hosted externally to realise cost efficiencies and reduce the total cost of ownership while delivering service improvements to Hydro Tasmania and our customers. This aligns with industry best practice via analysing migration suitability, identification of key issues (risk, compliance, security, budget and technical) and associated mitigations. Initially, email services will be migrated to the cloud with further migrations planned in the coming year.

Hydro Tasmania has reviewed information security risks and has started implementing enhancements, including changes to terms of acceptable use of information technology, improved security monitoring and better protection against malicious software.

We have begun using data insights to improve our understanding of the drivers of Momentum Energy's customer churn. We plan to develop a predictive model focused on customer churn and segmentation.

Data quality and integrity

Hydro Tasmania makes decisions based on sound analysis of large amounts of data. Our focus on the quality and integrity of our data supports our decision-making and our customer-centric approach.

During 2014–15 the Information Processes and Systems team worked towards better understanding of the data structures of our SAP systems to assist business decision-making. We also commenced work on an information governance initiative to understand the quality of Momentum Energy customer data and to improve the customer experience.

A new energy trading risk management system was implemented in December 2014, running in parallel with the legacy NemPower contract management system. The replacement system supports Hydro Tasmania's wholesale energy trading and management of the associated risks.

The key objectives of this project were to provide a single view of our energy trading portfolio across wholesale and retail trading and to enable improved analytical tools for contract trading and position reporting.

Board and Executive performance evaluation

In 2012–2013 the Board commissioned an independent external provider to undertake an in-depth appraisal of the performance of the Board, Board Committees and Directors. During 2014 and 2015 the Board implemented recommendations from the evaluation process and is now in a position to annually assess its performance and that of its committees and individual Directors using quality object appraisal criteria.

Each director, including the Chairman, undergoes a formal performance evaluation, conducted by their peers, when their term of office is under consideration and they are seeking re-appointment. The Chairman provides continuous individual feedback on performance to each director and is also subject to periodic assessment by the directors. The Board Committees undertake self-assessment of their performance in accordance with their Terms of Reference, usually on an annual basis. Following annual self-assessments the Board will consider undertaking an external performance evaluation each fourth year.

Performance of the Chief Executive Officer and other senior executives is reviewed annually using robust, measurable and qualitative key performance indicators.

Director induction, education and training

Each new Board member receives a Board induction pack and meets with the Executive and the Corporation Secretary for immediate dissemination of introductory information. Other information, similar to that referenced in the Guidelines for Tasmanian Government Businesses on Director Induction, Education and Training is provided in hard copy, where necessary. Access to the main governance, organisation and Board administration documents and reference materials is available through the Board computer and iPad application used by Hydro Tasmania Directors. This ensures that resources are up-to-date and at hand.

Ongoing training and education for directors is provided in-house or through external providers as required. This ensures that directors are informed of and understand all key developments relating to Hydro Tasmania's business, and the industry and environment in which we operate.

The Board

Grant Every-Burns
Chairman

Grant Every-Burns was appointed to the Board of Hydro Tasmania on 27 August 2012 and became Chairman of the Board on 13 October 2014. Mr Every-Burns brings more than 40 years of experience in the operation and maintenance of large power generation facilities. From 1996 to 2011 he was Chief Executive and Managing Director of Macquarie Generation, the nation's largest producer of electricity in that period. He has previously held directorships of the National Safety Council of Australia and the Energy Supply Association of Australia. Mr Every-Burns holds an Honours degree in Electrical Engineering and is a fellow of the Australian Institute of Company Directors.

Stephen Davy
Chief Executive Officer and Director

Mr Davy was appointed Chief Executive Officer at Hydro Tasmania on 5 September 2013 and has been with the business since 2005. Mr Davy previously led the trading and market operations of the business. Prior to his arrival at Hydro Tasmania, Mr Davy worked at Eraring Energy in New South Wales and in the banking industry, trading and marketing currency and derivative products. Mr Davy is a Director of the Electricity Supply Association of Australia and also represents generators on the NEM Reliability Panel. Mr Davy has an Honours degree in Physics.

Saul Eslake
Director

Mr Eslake was appointed to the Hydro Tasmania Board on 19 March 2008. Mr Eslake was formerly the Chief Economist at the Bank of America Merrill Lynch Australia. Prior to taking up this role he was a Program Director at the Grattan Institute. He was previously Chief Economist of Australia and New Zealand Banking Group (ANZ) for 14 years to July 2009. Mr Eslake was formerly the Chair of the Tasmanian Arts Advisory Board. He holds an Honours degree in Economics from the University of Tasmania and a post-graduate Diploma in Applied Finance and Investment, and has completed the Senior Executive Program at the Columbia University Graduate School of Business in New York. Mr Eslake is a Senior Fellow of the Financial Services Institute of Australia and a member of the Australian Institute of Company Directors.

The Board: From left, Stan Kalinko, Tessa Jakszewicz, Saul Eslake, Grant Every-Burns, Stephen Davy, Janine Healey

Janine Healey
Director

Janine Healey was appointed to the Board on 9 September 2002. Currently a Director with Chartered Accountants, Ruddicks (Launceston, Tasmania), Ms Healey has wide-ranging commercial experience, particularly in the areas of commercial taxation advice, business structures, planning and cash flow management. Ms Healey has a strong history of community and commercial involvement in Tasmania, which includes serving on the Launceston Chamber of Commerce, the Audit Committee of the Port of Launceston Pty Ltd, the University of Tasmania Council, the Inveresk Railyard Development Authority, the Female Factory Historic Site Ltd and the Tasmanian Electronic Commerce Centre Pty Ltd. Her professional memberships include as a Certified Tax Advisor with the Taxation Institute of Australia, Fellow of the Institute of Chartered Accountants and Member of the Australian Institute of Company Directors. Ms Healey's term as a director of Hydro Tasmania ended on 31 August 2015.

Tessa Jakszewicz
Director

Tessa Jakszewicz was appointed to the Board of Hydro Tasmania on 27 August 2012. Ms Jakszewicz is CEO of Landcare Australia Limited, an organisation which builds capacity for Landcare communities to better manage Australia's crucial land and water assets. Ms Jakszewicz plays a lead role in promoting Landcare to government, business and the community. Prior to this she was Deputy CEO at the Antarctic Climate and Ecosystems Cooperative Research Centre and previously a General Manager at Telstra. Ms Jakszewicz has a Master of Business Administration from Macquarie University, a Master of Science from the University of Bath and a Bachelor of Science with Honours from the University of Sheffield. She is a fellow of the Australian Institute of Company Directors and brings to Hydro Tasmania wide-ranging commercial experience predominantly in general management, marketing and business development roles.

Stan Kalinko
Director

Stan Kalinko was appointed to the Board on 25 June 2007. He has been a director of companies for many years, and, since his retirement from law on 30 June 2007, his main occupation has been as a director serving on the Boards of FSA Group Limited (a publicly-listed company), Indigenous Community Volunteers Limited, Seisia Enterprises Pty Ltd and the Central Synagogue. Mr Kalinko practised law for more than 30 years and was a merchant banker for six years. He has a Bachelor of Commerce, a Bachelor of Laws and a Higher Diploma in Tax. Mr Kalinko is an accredited mediator and a fellow of the Australian Institute of Company Directors.

Table 5: Board committee membership at 30 June 2015

Audit Committee	Risk Management Committee [Formerly Business Risk Committee]	Human Resources and Remuneration Committee
Janine Healey*	Saul Eslake*	Stan Kalinko*
Saul Eslake	Grant Every-Burns	Grant Every-Burns
Grant Every-Burns	Janine Healey	Janine Healey
Tessa Jakszewicz	Stan Kalinko	Tessa Jakszewicz
	Stephen Davy [Appointed as a director 16 December 2014]	Stephen Davy [Appointed as a director 16 December 2014]
David Crean [Ceased in September 2014]	David Crean* [Ceased in September 2014]	David Crean [Ceased in September 2014]

*Committee Chair

Table 6: Directors' meeting attendance 2013–2014

	Board (regular and special meetings)		Audit Committee		Risk Management Committee		Human Resources and Remuneration Committee	
	A	B	A	B	A	B	A	B
Grant Every-Burns	13	13	5	5	4	3*	2	2
Stephen Davy [Appointed as a director 16 December 2014]	6	6			3	2*	2	2
Janine Healey	13	13	5	5	4	4	3	3
Saul Eslake	13	13	5	5	4	4		
Tessa Jakszewicz	13	13	5	5			3	3
Stan Kalinko	13	12*	2	2	3	3	3	2*
David Crean [Ceased in September 2014]	4	4	1	1	1	1		

A = Maximum number of meetings the director could have attended
B = Number of meetings attended
* Leave of absence granted

Public Interest Disclosures

Under the *Public Interest Disclosures Act 2002* (the Act), Hydro Tasmania is required to report on any disclosures about improper conduct by its public officers or Hydro Tasmania. In accordance with the requirements of section 86 of the Act, Hydro Tasmania advises that:

a) Hydro Tasmania's procedures under the Act are available on the Hydro Tasmania website at www.hydro.com.au
b) no disclosures of public interest were made to Hydro Tasmania during the year
c) no public interest disclosures were investigated by Hydro Tasmania during the year
d) no disclosed matters were referred to Hydro Tasmania during the year by the Ombudsman
e) no disclosed matters were referred during the year by Hydro Tasmania to the Ombudsman to investigate
f) no investigations of disclosed matters were taken over by the Ombudsman from Hydro Tasmania during the year
g) there were no disclosed matters that Hydro Tasmania decided not to investigate during the year
h) there were no disclosed matters that were substantiated on investigation as there were no disclosed matters
i) the Ombudsman made no recommendations under the Act that relate to Hydro Tasmania.

Leadership Group

Assets and Infrastructure

Chief Operating Officer
Evangelista Albertini

The Assets and Infrastructure team is responsible for the operation, maintenance and sustainable long-term management of Hydro Tasmania's generating assets. These assets comprise dams, hydropower stations, roads and bridges, extensive civil and water conveyance infrastructure, the generating and distribution assets on the Bass Strait islands and the gas-fired Tamar Valley Power Station. In addition, the team is responsible for the management of the critically important areas of safety, the environment and sustainability.

Corporate and People Services

Chief Financial Officer
Miles Smith

The Corporate and People Services team provides a range of services across Hydro Tasmania to support the efficient delivery of energy and consulting products to our customers. Services include finance, accounting and financial reporting as well as commercial advice. Also included are human resources, debt management, financial analysis, forecasting, legal counsel, enterprise risk, corporate compliance, trading risk management, procurement, fleet management, facilities management and internal audit.

Information Processes and Systems

Chief Information Officer
Luke Stow

The Information Processes and Systems team is responsible for delivery of information technology and information management services across Hydro Tasmania. The team leads improvement of internal processes and drives change initiatives to benefit the business. It sets strategic direction on information technology and provides advice on the use of technology for business innovation. It leads and advises the business on the management and protection of our information assets. Luke was appointed on 18 July 2014.

Leadership group: From left, Luke Stow, Gerard Flack, Alan Evans, Tammy Chu, Stephen Bendeich, Stephen Davy, Evangelista Albertini, Paul Geason, Andrew Catchpole and Miles Smith. Absent: Hilary Fazackerley

Strategy and Market Development

Director Strategy and Market Development
Andrew Catchpole

The Strategy and Market Development team is responsible for managing business strategy across Hydro Tasmania. The team supports wholesale, retail and professional services by identifying and commercialising new products and services in response to customer needs. It delivers wind development services and hybrid off-grid solutions. The team also manages our community and stakeholder engagements, including sponsorship, partnering and market policy and regulation.

Wholesale Energy Services

Director Wholesale Energy Services
Gerard Flack

The Wholesale Energy Services team trades and dispatches electricity and gas in the NEM using Hydro Tasmania's renewable and gas-fired generation assets. Prudent management of water storages and gas supplies is central to that function. The team directly services commercial and industrial customers and provides portfolio management (financial hedging) services to Momentum Energy to service mass-market customers.

Entura

Managing Director
Tammy Chu

Entura is Hydro Tasmania's international consulting business. Entura works with local, national and international clients to deliver a full range of consulting services related to planning, designing, constructing, operating and maintaining all kinds of energy and water projects. Entura's areas of expertise include renewable energy, power engineering, hydropower, water infrastructure and water and environmental management and planning.

Momentum Energy

Managing Director
Paul Geason

Momentum Energy is Hydro Tasmania's retail energy business operating on mainland Australia and the Bass Strait islands. Momentum is responsible for successfully gaining and retaining customers, billing and collecting from our retail customer base, covering and electricity, gas and energy services. Responsibilities include product development, branding and marketing of Momentum Energy in target markets to achieve profitable growth.

Corporate Governance

Corporation Secretary
Alan Evans

Corporate Governance is responsible for establishing, maintaining and operating a best-practice governance framework and the provision of the secretariat function to Hydro Tasmania's Board, Board committees and subsidiary companies. It provides surety in corporate obligations and ensures the oversight of risk management, audit and compliance.

Legal Services

General Counsel
Stephen Bendeich

The Legal team provides legal support across the business, including legal advice, dispute management and transactional support.

People and Culture

Head of People and Culture
Hilary Fazackerley

The People and Culture team provides human resources-related advice, programs, policy and support to assist the business to meet its strategic objectives. The team is responsible for leading and managing people, culture and industrial relations strategies, programs and activities to attract, manage, develop and retain our people.

We believe customers in our chosen markets are the foundation of our future success

Customers

Hydro Tasmania team celebrating with Cadel Evans (front right) as part of the Momentum Energy People's Ride

Sustainability Code principles

We know that our customers have a choice. We aim to be the first choice through understanding, responding and delivering sustainable solutions to our customers.

We are innovative and creative in developing new products and services in response to the needs of our customers and in order to retain our competitive edge in the marketplace.

We believe customers in our chosen markets are the foundation of our future success, enabling us to meet the expectations of our shareholders and stakeholders. Hydro Tasmania is refocusing business processes and evolving our culture to place customers at the centre of our business.

Opposite page: Momentum Energy engaging with prospective customers at the Melbourne International Flower and Garden Show

Momentum Energy

A key initiative of Momentum Energy's customer-centricity strategy considers improvements to our systems, processes and capabilities to enable us to deliver a quality customer experience and successfully compete in a rapidly transforming marketplace. We are undertaking a detailed evaluation of technology specialists to implement the improvements.

Momentum Energy is using a mix of automated post-call customer surveys, electronic surveys and focus groups to monitor customer needs to ensure our product and service proposition remains relevant. We are using Net Promoter Scores and other customer satisfaction metrics to provide real-time customer feedback to drive continuous improvement in service delivery.

We have expanded our product offerings with the launch of gas retailing in Victoria, where approximately 90 per cent of households use both electricity and gas. Dual-fuel retailing enables Momentum Energy to better meet customers' needs, increases customer lifetime value, and offers customers the option of using Momentum as their sole energy retailer.

Competition in the electricity retail market has intensified with new retailers, heavy discounting and increased penetration of solar photovoltaic and other technologies. In this environment it is critical to communicate our value proposition and critical points of differentiation in order to compete for growth in market share.

In addition to retailing energy and gas, Momentum Energy provides additional energy solutions, such as energy efficiency advice. A new product commercialisation process has been implemented to better support 'new energy' products and tap into intellectual property and expertise from across Hydro Tasmania. Trial programs were launched for LED lighting and solar photovoltaic installation through third party installation partners. We have signed agreements with our first embedded networks (see glossary page 117), which are a key growth opportunity.

For more information on Momentum Energy's products and services see www.momentumenergy.com.au.

Momentum Energy powering the People's Ride

The beautiful Bellarine Peninsula in Victoria came alive in January for the inaugural Cadel Evans Great Ocean Road Race. The elite cycling event also included a People's Ride which saw more than 4000 recreational cyclists, including the Prime Minister Tony Abbott and a Momentum Energy team, take to the road to enjoy the magnificent scenery. Momentum Energy is the naming rights partner of the People's Ride, which encourages people to get active and provides an economic boost for the small rural townships along the ride's route.

To find out more about Momentum Energy's support of the Cadel Evans Great Ocean Road Race visit www.momentumenergy.com.au/sponsorship

Entura

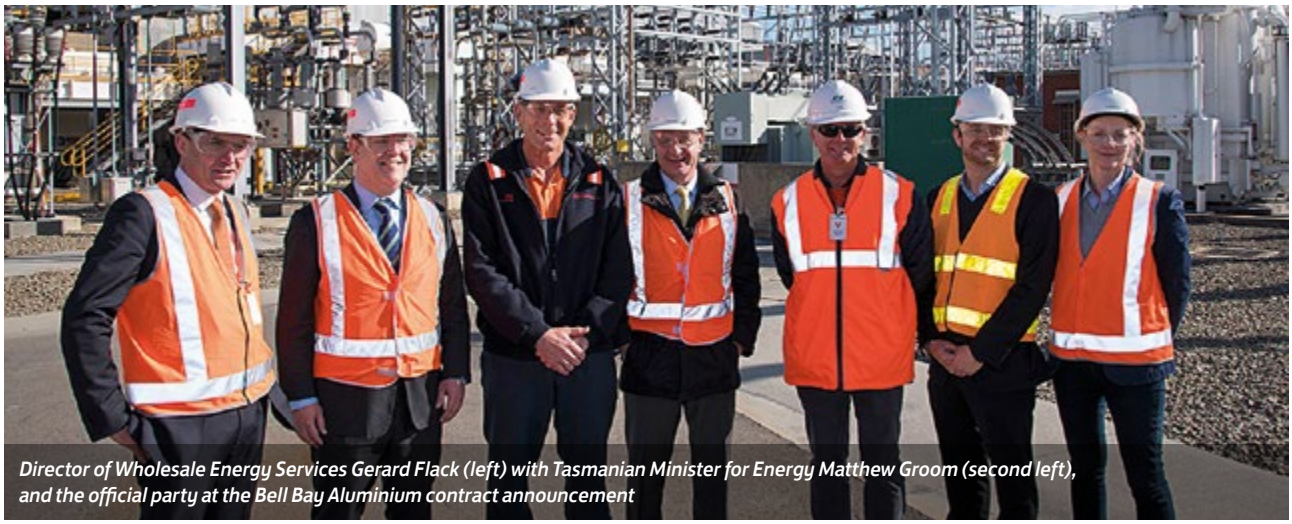
During the year we rebranded our digital presence to focus more on customers, including developing a social media presence and instituting a quarterly newsletter, *Natural Thinking*. Results from our quarterly client survey indicated that we are in the top quartile of professional service businesses. In 2014–15, Entura's annual Net Promoter Score was +37.

The consulting market remained highly competitive in 2014–15, particularly due to reduced national spending on new infrastructure. Nevertheless, we have increased our market share within Tasmania and nationally and have maintained our presence internationally. In addition, Entura's focus on asset management, our customers and working smarter has enabled us to operate more cost-effectively, resulting in improved financial performance.

Entura's great strength is our owner–operator experience as part of Hydro Tasmania. In 2014–15 we focused on building that strength. The customer insights program has strengthened our asset management offering to customers in Papua New Guinea, Malaysia, South Asia and the Pacific Region. We have continued to develop our market presence nationally and internationally, including offering highly valued training and capacity-building through the *Entura clean energy and water institute*. The Net Promoter Score from training customers was +65. The institute has now delivered nearly 2500 training days to 550 participants as part of 37 programs, including eight certified courses.

Table 7: Significant projects for Entura in 2014–15

Client	Project
Tasmania	
TasWater	Dam safety surveillance, detailed design, electrical assessment and safety audits, geotechnical investigations, hydrographic and weather station data management, training
TasNetworks	Transmission network design, operation and maintenance
National	
BHP Billiton, South Australia	Annual data monitoring program
Central Goldfields Shire Council, Victoria	Flood modelling and management
Power and Water Corporation, Northern Territory	Network design and maintenance, yield assessment, cost estimate review, hydro-economic analysis
Downer EDI, Queensland	Switchyard works
Ausnet Services, Victoria	Community engagement, planning and approvals
Powercor Network Services, Victoria and Tasmania	Electrical design
Northern Territory Utilities Commission, Northern Territory	Power system review
Sydney Water Corporation, New South Wales	Dam upgrade operations and maintenance manuals
Territory Generation, Northern Territory	Leadership training
International	
Ok Tedi Mining, Papua New Guinea	Hydropower asset maintenance and upgrades
DSK Group, Laos	Detailed hydropower design, site management
Virtuaal Retail, India	Detailed hydropower design
Motleon Limited, New Zealand	Modelling and flood hazard mapping
PNG Power, Papua New Guinea	Hydropower design
Industrial Development Corporation, South Africa	Engineering feasibility studies
Asian Development Bank, Cook Islands	Renewable energy development
Uniten, Malaysia	Hydrological forecasting system and hydrographic network



Director of Wholesale Energy Services Gerard Flack (left) with Tasmanian Minister for Energy Matthew Groom (second left), and the official party at the Bell Bay Aluminium contract announcement

Lasting community benefits from hydropower in South Africa

In January 2015, Southern Africa's newest hydropower plant achieved full commercial operation. Both Hydro Tasmania and Entura played significant roles in the project, from design through to construction and operation.

The Kakamas Hydro Electric Power project is a run-of-river small hydropower project on the Orange River near Kakamas in the Northern Cape Province of South Africa. Hydro Tasmania South Africa is a one-quarter equity partner in the project. Construction at Neusberg began in June 2013 and the power station commenced commercial operation on 31 January 2015. Hydro Tasmania and Entura have been involved in the project throughout its life from initial design through construction to ongoing support for operation and maintenance.

The project provides an ongoing social and economic boost for the local community. The broader Kakamas community has a 15 per cent shareholding in the project. The income will be kept in trust and distributed to community projects focused on education, the elderly and children. In addition, the Kakamas Hydro Electric Power project will spend two to three per cent of total revenue over the life of the project on community projects.

At the peak of construction, at least half of the 350 people employed on site were from the local community. Specific employment opportunities were created for young people and women. Local business also derived benefit from the project's commitment to spending money on South African goods and services. During the construction period over 70 per cent of the total expenditure was spent on local goods and services.

For more information on Entura's services see www.entura.com.au

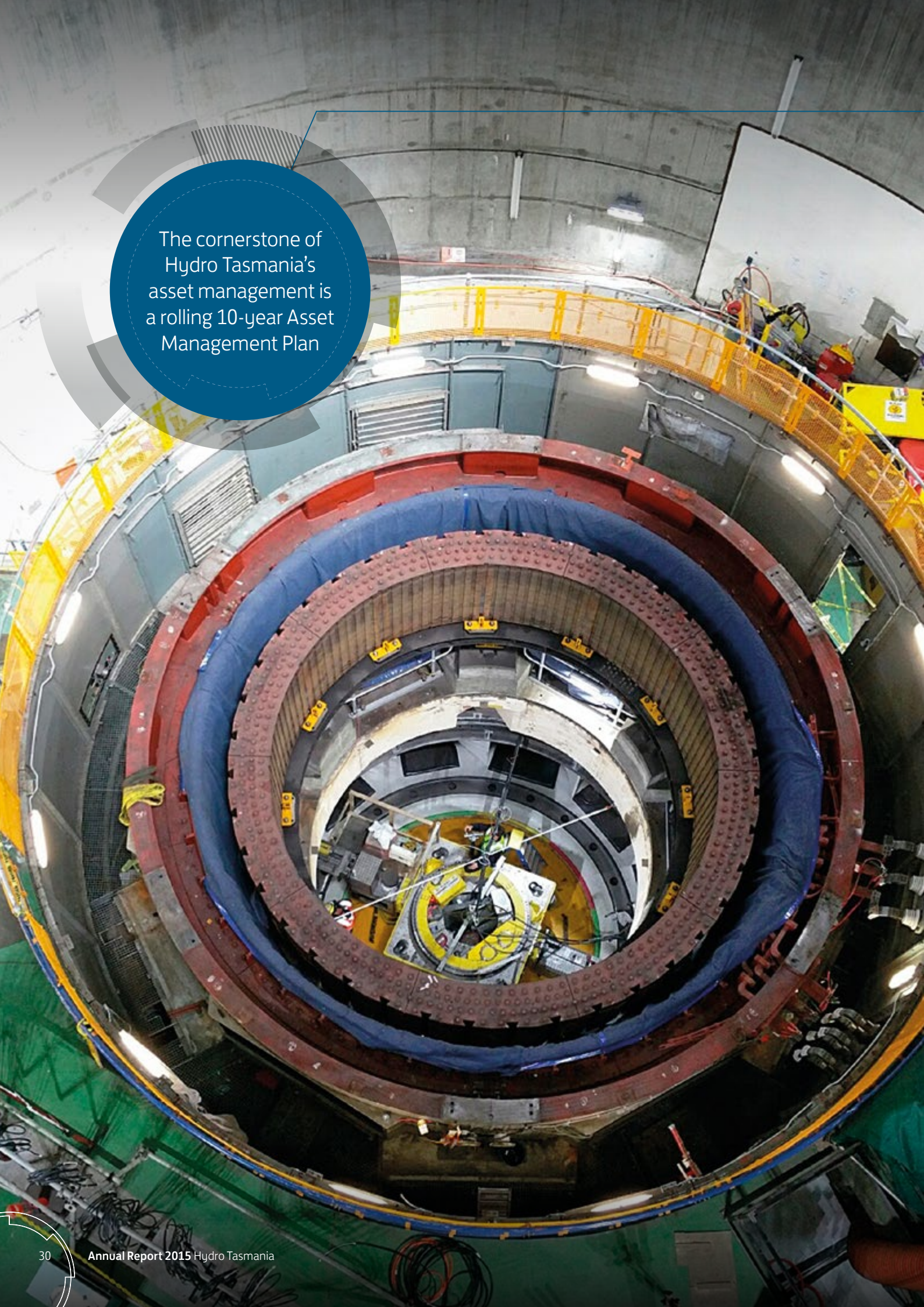
Wholesale energy

During 2014–15 Hydro Tasmania entered into new arrangements with all four of our major industrial customers. These customers—Bell Bay Aluminium, Nyrstar, TEMCO and Norske Skog—account for approximately 55 per cent of Tasmania's electricity load. The new arrangements will allow these customers to increase their consumption and provide them with the confidence to invest in plant upgrades. The new arrangements will help mitigate the challenge of declining electricity demand across our broader market and are consistent with the Tasmanian Government's 2015 Energy Strategy objective to use Tasmanian energy to facilitate state growth.

Table 8: Sustainability performance indicators—Customers

Indicator	2014–15 response		Explanatory notes	GRI Code
Number of customers	As a generator, Hydro Tasmania has fewer than five on-grid, non-residential customers in Tasmania and no residential customers. Momentum has an increasing number of customers across Victoria, NSW, SA, QLD and retail customers on the Bass Strait islands. Entura provides consulting services to clients across Australia and overseas.		The exact number of Momentum Energy's customers cannot be disclosed due to the proprietary nature of the information.	EU3
Number of people impacted by our projects	**Entura** Entura has primarily been involved in the feasibility and design of renewable energy projects over 2014–15, which has not, directly or indirectly, involved the displacement of indigenous or local communities or resulted in impacts to their livelihoods over this year. **Momentum** Nil **Hydro Tasmania** Nil			EU22
Total number of incidents of non-compliance with service regulations	**Entura** Nil **Momentum** Nil			PR4
Monetary value of significant fines	Entura Nil Momentum Nil		Momentum did not incur any fines but did provide wrongful disconnection payments for non-compliance with Energy Retail Code obligations.	PR9[a]
Number of residential disconnections for non-payment	Length of time between arrangement of payment and reconnection	Number of disconnections	In relation to length of time between arrangement of payment and reconnection – we currently use the date of receipt, not the date of payment by the customer. This generally shows as 1–3 days after the reconnection.	EU27
	< 48 hours	172		
	48 hours to 1 week	94		
	1 week to 1 month	56		
	1 month to 1 year	59		
	No payment	357		

[a] This indicator was included in the scope of KPMG's assurance procedures



The cornerstone of Hydro Tasmania's asset management is a rolling 10-year Asset Management Plan

Infrastructure and resources

Sustainability Code principle

We manage our infrastructure and resources optimally for present and future reliability and with the highest standards of safety.

Ensuring the sustainability of our asset portfolio

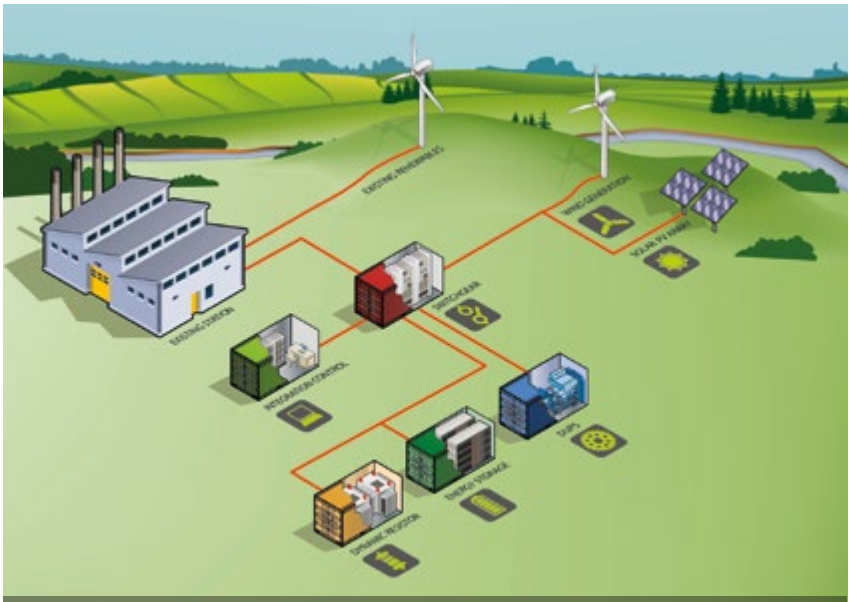
Hydro Tasmania continues to spend more than $70 million on capital projects each year to sustain the safe operation, capability and performance of our ageing hydro generation portfolio. The cornerstone of Hydro Tasmania's asset management is a 10-year rolling Asset Management Plan that ensures the integration of maintenance, condition assessment and major works to maximise the reliability of power production by prioritising maintenance and upgrades to assets most at risk.

The main infrastructure projects in 2014–15 were an upgrade to Rowallan Dam, machine refurbishments at Cethana and Fisher power stations and a machine upgrade at Meadowbank Power Station on the Derwent River.

In 2015–16, major refurbishment works are planned for Tungatinah and Cluny power stations. Planning and preparation for these works are well advanced. In the following years, investment of $10 million to $20 million is planned for refurbishment at each of Liapootah, Wayatinah and Catagunya power stations.

The effectiveness of this investment is dependent on the skills and capability of our employees and is supported by suppliers, contractors and consultants who are partners in these endeavours. The internal allocation to investment in our assets through a range of projects is in the order of 100 people. There are a further 100 – 200 people at any given time at worksites and in workshops around the State or within consultancies who are contributing to Hydro Tasmania's investment in the sustainability of our assets.

Opposite page: Dismantling the Kaplan turbine inside the Meadowbank Power Station during its refurbishment



Schematic representation of the Flinders Island Hybrid Energy Hub

Tamar Valley Power Station

The combined-cycle gas turbine (CCGT) at the Tamar Valley Power Station remained in dry lay-up (shut down) during 2014–15 to reduce the running cost of the power station and to prolong its life. In August 2015 a decision was announced to decommission the CCGT in preparation for its sale.

The dry lay-up of the CCGT has resulted in lower operating costs and a reduction in water usage in cooling towers, with an annual water usage of 53 538 m^3. The smaller open-cycle gas generation units are maintained all year and used as needed at times of peak load. The Tamar Valley Power Station has played an important role in mitigating Basslink trip issues through improving grid stability by voltage regulation.

Investment in renewable energy sources

Hybrid off-grid power supply

The current demonstration site for our hybrid off-grid solution is on King Island in Bass Strait off the north-west tip of Tasmania.

The King Island Renewable Energy Integration Project (KIREIP) integrates wind and solar power generation, energy storage, flywheels, dynamic load control and the use of biofuels, all managed by a fully-automated proprietary control system.

In 2014–15 the project achieved a significant milestone—it demonstrated the ability to manage grid stability using a grid-connected battery while maintaining stable 100 per cent renewable operation, a major international breakthrough. This development will significantly enhance the diesel savings achieved by KIREIP, as excess renewable energy can now be stored in the battery instead of being 'spilled' through a dynamic resistor. KIREIP has now achieved more than 900 hours of 100 per cent renewable generation.

The technology mix developed through KIREIP is also being used on Flinders Island (in the Flinders Island Hybrid Energy Hub) and at Coober Pedy in a project for an external client.

Hydro Tasmania has worked with Tasmanian manufacturers to develop a series of modular units to house and ship the enabling technologies essential for deploying the energy solution. This innovation will be developed and tested for the first time through the Flinders Island Hybrid Energy Hub project.

The modular enabling units will provide a lower-cost and scalable solution that will allow easy and rapid transport and installation for renewable energy projects, ensuring a speedy rollout at the final location, and reducing the risk, cost and duration of construction.

Both the Flinders Island and Coober Pedy projects received funding from the Australian Renewable Energy Agency as part of its Regional Australia Renewables Program.

Hydro Tasmania is following up on further project opportunities within Australia and the Asia–Pacific region to capitalise on our world-leading renewable energy enabling technology.

See more about hybrid off-grid solution at www.hydro.com.au/energy/hybrid-off-grid-solutions

TasWind proposal

In October 2014 Hydro Tasmania announced the decision not to proceed with the TasWind project on King Island. The original concept was for the construction of a 600 MW wind farm on the island. For two years the TasWind project created significant community debate on King Island. The project was found not to be economically viable as a stand-alone wind farm project or as a staged connection to Tasmania.

We continue to support the King Island community through our ongoing operations and presence on the island and our support for a range of initiatives and events such as the Hydro Tasmania King Island Imperial 20, Rural Alive and Well and the King Island Men's Shed.

Lake level management

There was very low rainfall in July to December 2014, leading to low inflows to our lakes and low storage levels over summer. This resulted in less generation over the financial year than budgeted. However, good inflows during May 2015 lifted generation over the financial year to only slightly below average. Total energy in storage at 1 July 2015 was 29.6 per cent (Figure 4) which is 1.5 per cent higher than at 1 July 2014 (Figure 5).

El Niño conditions

Australia is currently (as at July 2015) in a strong El Niño weather pattern which is forecast to continue. El Niño conditions have little direct effect on hydro generation in Tasmania; reduced inflows are possible in some parts of the system, particularly the Mersey–Forth catchment, but the effect is small. However, a very strong or persistent El Niño can have effects months later in the Indian Ocean that may have significant impacts on inflows in Tasmania. Hydro Tasmania will monitor the Indian Ocean through this winter and spring and will adjust planning should a strong signal emerge.

See more about Hydro Tasmania's water management at www.hydro.com.au/water

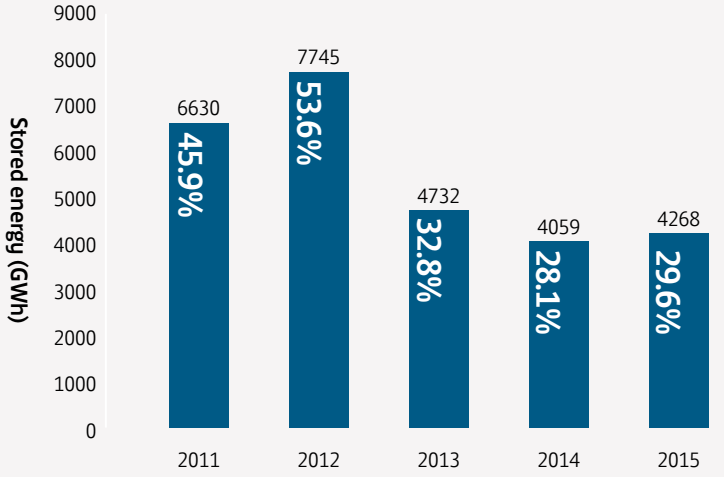


Figure 4: Energy in storage at 1 July 2011-2015

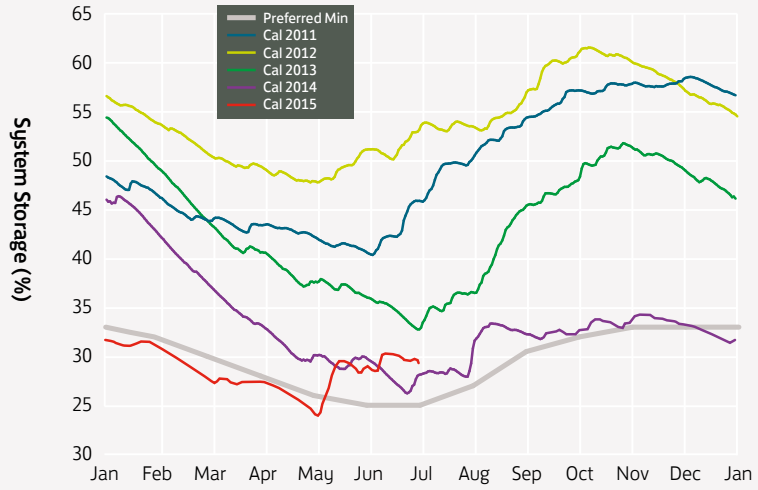


Figure 5: Storage levels 2011–2015

Preferred min = the minimum average level of storage within which the system operates under normal conditions
Cal = calendar year

Pictured at left: Flinders Island Hybrid Energy Partnership announcement with Tasmanian Minister for Energy Matthew Groom, CEO of Southern Prospect Lee Whiteley, Hydro Tasmania's Work Package Manager Peter Thompson and Tasmanian Minister for Health, and local member for Braddon, Jeremy Rockcliff

Basslink imports and exports

Hydro Tasmania uses the Basslink connection across Bass Strait to export and import electricity. In 2014–15 there was a net import of energy of 1417 GWh over Basslink, resulting from exports of 724 GWh and imports of 2141 GWh (Table 9).

Basslink is owned by Keppel Infrastructure Trust through Basslink Pty Ltd. On 18 May 2015 CitySpring Infrastructure Trust acquired the assets and name of the Keppel Infrastructure Trust.

Table 9: Basslink imports and exports at 30 June

Financial year ending 30 June	2011	2012	2013	2014	2015
Export (GWh)	1311	986	2293	3113	725
Import (GWh)	1095	1262	251	20	2141
Net[a] (GWh)	216	-276	2042	3093	-1417

[a] Positive numbers indicate net export, negative numbers indicate net import

Table 10: Sustainability performance indicators—Infrastructure and resources

Indicator	2014–15 response	Explanatory notes	GRI Code
Length of transmission and distribution lines	~700 km	Our only above-ground distribution feeders are on the Bass Strait islands.	EU4
Average generation efficiency of thermal plants	34.7%	Prior to 2013–14 we did not report on this issue because we did not own significant thermal plants. However, we now operate the gas-fired Tamar Valley Power Station.	EU11
Transmission and distribution losses as a percentage of total energy	7.5%	This relates to the Bass Strait islands only.	EU12
Percentage of population unserved in licensed distribution or service areas	~1%	This indicator is estimated and only relates to the Bass Strait islands. Note the business does not keep data on individuals who are not connected to the distribution network.	EU26
Power outage frequency	Flinders Island = 5.83 King Island = 3.54	System Average Interruption Frequency Index (SAIFI): total system average number of interruptions per kVA.	EU28
Water usage	57.5 ML	Includes water usage at TVPS, Trevallyn Power Station and our offices at 4 Elizabeth St.	EN8[a]

Indicator	2010–11	2011–12	2012–13	2013–14	2014–15	Explanatory notes	GRI Code
Average power outage duration	N/A	N/A	Flinders Island = 760 King Island = 321	Flinders Island = 297 King Island = 1196	Flinders Island = 224 King Island = 531	System Average Interruption Duration Index (SAIDI): total system average minutes off supply per kVA.	EU29
Average plant availability factor (%)	88	87	92	91	86[a]	These data relate to the hydropower system.	EU30
Hydropower system yield (GWh)	10 700	9538	7753	11 294	8466	Water used as part of our operations is not consumed but is returned to the environment.	

[a] This indicator was included in the scope of KPMG's assurance procedures


Hydro Tasmania generates energy principally from renewable sources

Environment

Senior Ecologist Raymond Brereton examining zooplankton at Lagoon of Islands

Sustainability Code principles

We aim to minimise our impact on the environment and seek opportunities to enhance environmental, cultural and heritage values.

As climate change has significant implications for our business we are committed to being part of a sustainable solution.

There were no significant environmental or heritage incidents during 2014–15 and we complied with our obligations to Tasmanian and Australian government agencies for environmental monitoring and reporting.

Opposite page: Icy conditions at Lagoon of Islands

Environmental and heritage stewardship

Pieman Sustainability Review

We periodically review our operations in each of our catchments to assess and improve our water management practices. These reviews are conducted in consultation with local communities and our stakeholders.

The Pieman Sustainability Review is our fourth catchment review and includes the Anthony–Pieman hydropower scheme on the west coast of Tasmania. The review began in late 2014 and will end in late 2016. Cloud seeding is a key issue for community members, and communication efforts are being reviewed. A publication which collates information on the scheme has been completed and provided to the public.

We are currently consulting with stakeholders, incorporating an International Hydropower Association sustainability assessment protocol, interactions with community activities and heritage and environmental views.

A challenge for the Pieman Sustainability Review is to maintain community engagement and interest over the course of the lengthy review process.

For further information on the Pieman Sustainability Review see www.hydro.com.au/pieman-sustainability-review

Lagoon of Islands rehabilitation

Our project to rehabilitate Lagoon of Islands continued in 2014–15. Since the dam wall was removed in April 2013, the lagoon turbidity and nutrient concentrations have improved, although the long-term targets for these parameters will take longer to achieve. The target of no algal blooms was achieved, and a diverse algal community has developed. The continuing recolonisation of vegetation from natural seed sources has been complemented by the development of a weed management plan for *Typha latifolia* (bulrush) which has the potential to change the character of the rehabilitating wetland. In contrast to descriptions of the lagoon cycles before damming, the lagoon bed has dried each summer since decommissioning. This may ultimately lead to development of a different type of wetland than existed prior to impoundment. We are assessing whether corrective works to decrease drainage are required in 2015–16.

To see further information on the rehabilitation of Lagoon of Islands see www.hydro.com.au/lagoon-of-islands

Great Lake Power Scheme heritage listing

The importance of the Great Lake Power Scheme to Tasmania's historical development has been formally recognised, with permanent listing of key elements of the scheme on the Tasmanian Heritage Register. Heritage-listed elements of the Great Lake Scheme include Waddamana A and B power stations, Waddamana Village, Miena Number 1 and 2 dams, Liawenee, Waddamana and Shannon canals, Penstock Lagoon, Hilltop Camp and the sites of McAulay's hut and house, and segments of the Red Gate tramway.

The commemorative foundation stone laid at the opening of Waddamana A Power Station was also restored and remounted inside the Waddamana Power Station Museum to conserve it and to highlight its heritage significance.

Threatened fish species

We continued to monitor spawning of the threatened species, Galaxias tanycephalus, in Woods Lake. Significantly, our monitoring detected eggs and mature adults of *Paragalaxias mesote*, previously thought to be locally extinct in Woods Lake. Hydro Tasmania is now working to ensure our operations do not affect the spawning of *P. mesotes* in Woods Lake in 2015.

For more information on threatened species see www.hydro.com.au/environment/threatened-species

Atmospheric emissions

Hydro Tasmania generates energy principally from renewable sources. Gas was added when AETV Pty Ltd, including the Tamar Valley Power Station, was transferred to Hydro Tasmania in June 2013. Our emissions significantly decreased in 2014–15 as shown in figures 6 and 7. At 30 June total emissions were 45 620 tCO_2e. The emissions intensity was 0.0055 tCO_2e/MWh. This compares favourably to the average NEM emissions intensity of 0.9037 tCO_2e/ MWh. The atmospheric emissions associated with the consumption of diesel and natural gas for electricity generataion are shown in table 11.

Female Paragalaxias mesotes*—the species was rediscovered in Woods Lake as part of our surveys*

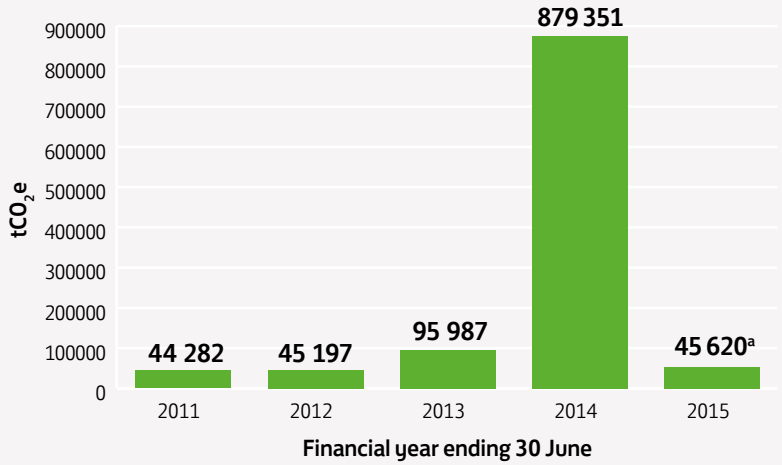


Figure 6: Total emissions 2011–2015

[a] The dry lay-up of the CCGT during 2014–15 has resulted in lower use and a reduction in associated GHG emissions.

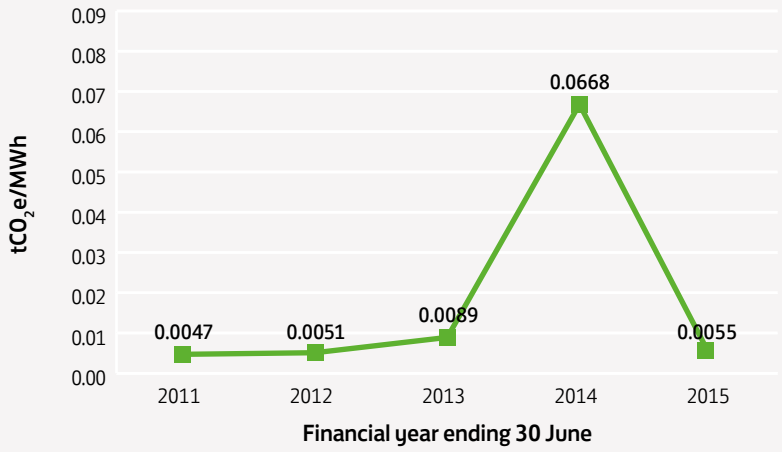


Figure 7: Emissions intensity 2011-2015

Table 11: Atmospheric emissions associated with diesel combustion

	Flinders Island (kg/year)	King Island (kg/year)
Oxides of nitrogen	28385.15	58054.01
Sulfur dioxide	0.78	1.59
Polycyclic aromatic hydrocarbons	0.0002	0.0004
Volatile organic compounds	1190.35	2434.52
Particulate matter	1465.04	2996.34

Waste management

Oil management

Hydro Tasmania continued implementing actions from the 2013 Oil Management Plan. Many major projects strongly emphasise reduction of environmental risks using engineering controls, including a program to upgrade the oil spill capture capabilities of each major transformer yard across the state. The Kaplan turbine program is a series of major projects at our power stations, refurbishing a number of turbines that have been in service for at least 40 years. The refurbishment incorporates an oil-less hub design, increasing efficiency and eliminating the risk of spilling a large volume of oil into important waterways. Upgrades to Kaplan turbines were completed at Paloona and commenced at Meadowbank Power Station, with upgrades to Repulse and Cluny power stations commencing in subsequent years.

Table 12: Materials used 2014–15

Material	Amount
Oil recycled (L)	28 840
Oil disposed (L)	0
PCB waste (L)	0
Hydrocarbons (m^3)	55
Solid waste (t)	27
Liquid waste (L)	11 150
Co-mingled paper/ cardboard recycling (L)	480

The wastes listed in Table 12 are recycled or disposed of in various purpose-built facilities using registered contractors. Wastes that are recycled include waste oil (used as lime kiln fuel), hydrocarbon waste (treated naturally for later reuse) and paper/cardboard. Liquid waste that is not recycled is treated at the nearest wastewater treatment plant. Solid waste which is not recycled is disposed of in landfill, with the exception of PCB waste which is incinerated.

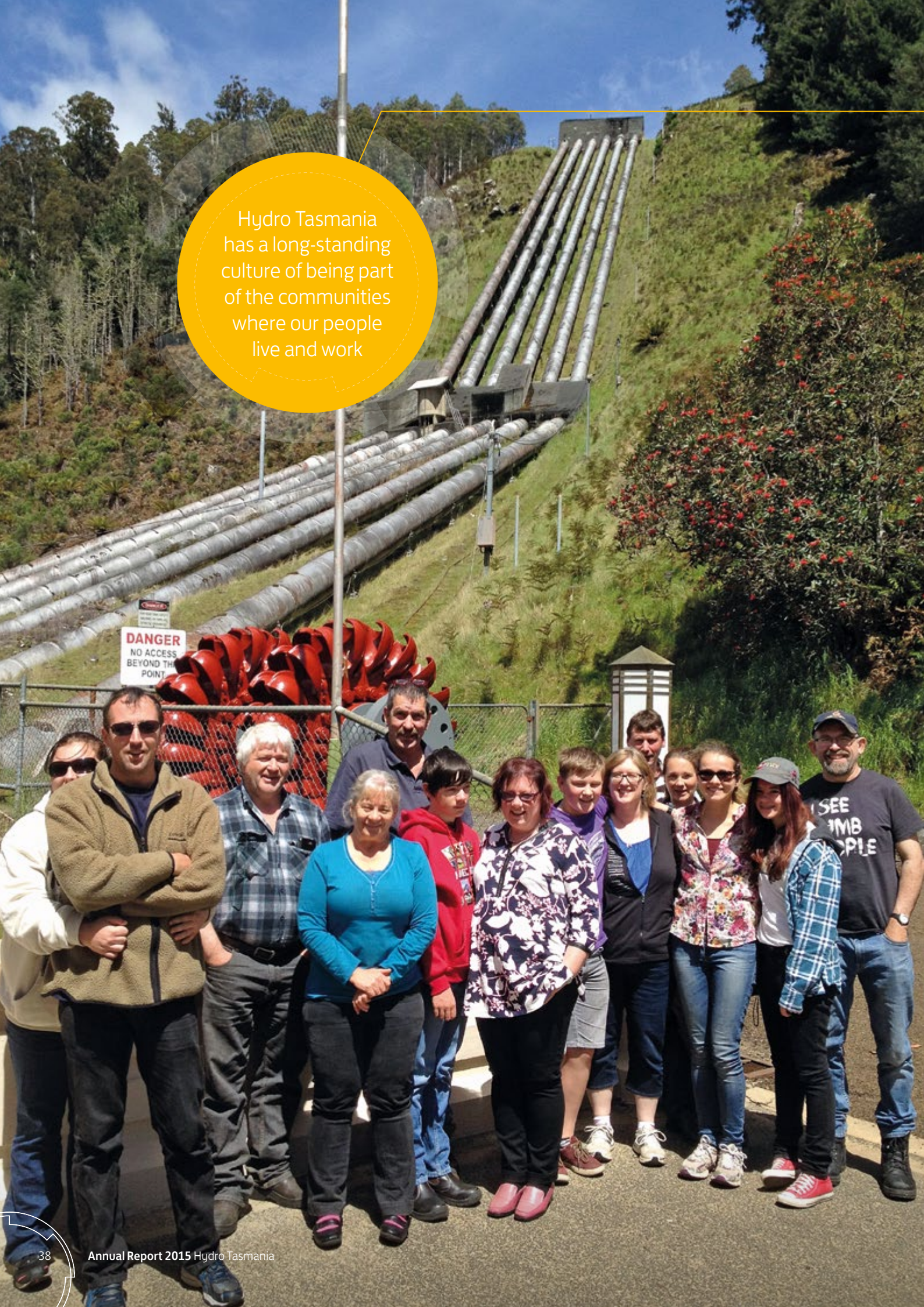
From left: Russell Eyre, Roger Parkyn, Sarah Blundy, Andrew Overington and Bryan Scott inspect the Kaplan turbine refurbishment at Meadowbank Power Station

Contaminated aggregate reuse

In 2014–15, Hydro Tasmania investigated and implemented a new program of waste reduction by reconditioning some hydrocarbon-contaminated aggregate found in transformer yards, the result of leaks and spills within the bunds. Normally, this aggregate would be disposed of at a specialised disposal site. However, working with the Tasmanian Environment Protection Authority, we devised a means to store the aggregate and encourage natural breakdown of contaminants to insignificant concentrations. After two years contaminant concentrations will be acceptable for reuse of the aggregate, likely as an additive for road base. This will significantly reduce the amount of waste generated by Hydro Tasmania (by an estimated 3–5 tonnes in 2015–16) and also reduce expenditure on contaminated waste disposal.

Table 13: Sustainability performance indicators—Environment

Indicator	2014–15 response	Explanatory notes	GRI Code
Materials used by weight or volume	**Gas:** 8 511 021 GJ **Bass Strait islands diesel usage:** King Island = 1 872 710 L Flinders Island = 915 650 L		EN1
Effluents and waste — total water discharge by quality and destination	**Annual average of daily results:** Outfall flow = 12.6 m^3/hr Temperature = 15.1 °C pH = 7.6 Dissolved Oxygen = 101% **Annual average of monthly results:** Suspended Solids = 15.3 mg/L Biochemical Oxygen Demand = 5.8 mg/L Total Phosphorus = 0.3 mg/L Total Nitrogen = 1.4 mg/L	The Tamar Valley Power Station is licensed to discharge cooling tower water into Donovans Bay on the Tamar River.	EN22


Hydro Tasmania has a long-standing culture of being part of the communities where our people live and work
DANGER
NO ACCESS

Community

Members of the community participating in a rowing regatta on Lake Barrington

Sustainability Code principles

We understand that we have the potential to impact on people through our activities. We:

- aim to have regular, open and transparent dialogue with our community
- aim to make a genuine difference in the communities in which we operate
- work with our customers, stakeholders, suppliers and partners to contribute to a sustainable future.

Hydro Tasmania has a long-standing culture of being part of the communities where our people live and work. This was particularly evident in 2014–15 during our centenary celebrations, which gave us the opportunity to interact with thousands of people at our free community events. We were delighted to share the stories of past employees and Hydro families who built Tasmania's hydropower system.

We continue to look for opportunities for our business to be open and accessible to our owners, the people of Tasmania. Our stakeholders encompass a wide cross-section of government, industry and community sectors (Table 14).

Engaging with our community

Hydro Tasmania's centenary celebrations

Hydro Tasmania celebrated its centenary in October 2014. We wanted to tell the stories of the people who built Tasmania's hydropower system and recognise their contribution to Tasmania's economic and social development. Thousands of people enjoyed a program of free community events, including power station tours. The high level of public interest and enthusiasm enabled our people to engage directly with the community.

The centenary program also included a travelling public exhibition, a competition for school children, a family day at the Waddamana Museum, and culminated in a performance by the Tasmanian Symphony Orchestra at Tarraleah. A short documentary film 'People of the Hydro' was produced. Many of the stories in the documentary were provided by former employees and Hydro families.

To find out more about Hydro Tasmania's centenary visit www.hydro100.com.au

Opposite page: Members of the community enjoying a tour of Tarraleah Power Station as part of Hydro Tasmania's centenary celebrations

Supporting our communities

Hydro Tasmania has a sponsorship portfolio designed to provide opportunities to engage and connect with the communities where we operate.

In Tasmania we support events and activities that help people experiencing disadvantage or provide an economic boost to small regional communities. For example, Hydro Tasmania has supported the TSO since 1994. We are particularly proud of the AccessTix program we have developed with the TSO, which provides free concert tickets to people experiencing disadvantage, along with their carers or support workers. Hydro Tasmania's support has meant that thousands of people have been able to experience the joy, exhilaration and beauty of live classical music.

We have had a community partnership with Colony 47 since 2011. Colony 47 addresses some of the most urgent social issues in Tasmania including youth homelessness. Our support of Colony 47 is primarily directed towards Mara House. Mara House provides accommodation for young women aged 13 to 18 who are homeless, at risk of homelessness or who require emergency accommodation.

We also support small community events that make a significant difference to the economy of the region. We support community-run events such as the Queenstown Heritage and Arts Festival, the King Island Imperial and the Flinders Island Running Festival. Not only do these events draw visitors to regional areas but they also showcase some of Tasmania's most picturesque and unique locations.

Hydro Tasmania's renewable energy expertise is being taken into classrooms across Australia, thanks to a new partnership with Cool Australia, an innovative education organisation. By sharing Hydro Tasmania's 100 years of expertise in renewable energy with Cool Australia we are helping to bring sustainability into Australian classrooms in a fun and engaging way. The material is provided free of charge, and is currently used in 43 per cent of Australian schools, including 158 Tasmanian public, Catholic and independent schools.

For more information about Cool Australia visit www.coolaustralia.org

Hydro Tasmania continues to support the TSO AccessTix program

Table 14: Stakeholder groups

Category	Includes[a]
Tasmanian Government	Premier, Treasurer and advisors
	Minister for Energy and advisors
	Tasmanian government departments and regulators
	State opposition parties
Australian and local government	Regulators
	Ministers, federal politicians
	Australian Government departments
	Councils
Tasmanian electricity industry	Aurora Energy
	TasNetworks
Tasmanian community	Commercial users of Hydro Tasmania assets
	Recreational land and water users
	Environment and heritage groups
	Community organisations and individuals
	Education groups
	Tourism organisations
Employees	Employees and contractors
	Former employees
	Unions
Customers, suppliers and partners	Wholesale and retail customers
	Customers of consulting services
	Suppliers of goods and services
	Partners, consultants
Other	Media—national, state, local, industry
	Industry associations

[a] This indicator was included in the scope of KPMG's assurance procedures

Entura's sponsorship program focuses on one major issue — child labour in India. The Too Young to Work program aims to eliminate child labour in India by providing impoverished children with an education.

For more information about Too Young to Work visit www.tytw.org.au

On 25 April 2015 Nepal experienced a devastating earthquake. Our people in Entura's India office were working on the 27 MW Dordi-Khola Hydropower Project in the Lamjung district in Western Nepal, 164 km from Kathmandu, close to the earthquake epicentre. Fortunately, our people and their colleagues were safe but we felt strongly about wanting to contribute to the relief and reconstruction efforts in Nepal. The Entura team in the Indian office made the generous donation of one full day's salary to the relief efforts. Back in Australia, Hydro Tasmania and our people provided a total of $49 320 to the Nepal relief effort.

Sharing water for recreation

Hydro Tasmania was awarded the Australian Canoeing President's Award for our support of canoeing. We are the largest water manager in Australia and support the use of our waterways for recreation including angling and visual amenity at tourist sites. In a typical year between 100 and 200 water releases occur for recreational purposes.

To find out more about water releases for recreation see www.hydro.com.au/water/water-releases-recreation.

Public liability

Members of the public access and use Hydro Tasmania land and waterways in a number of ways. We are working to develop a more systematic approach to civil liability and environmental risk management associated with these activities.

Suppliers

Working closely with suppliers and contractors

Hydro Tasmania recognises that the suppliers and contractors who contribute to our extended supply chain represent a large cross-section of the communities in which we operate. We procure goods and services from more than 1500 companies and small businesses. The total value of payments made for goods and services in 2014–15 was more than $200 million via purchase orders and $6.8 million via purchasing cards. As 73 per cent of payments were for services (rather than goods) our supply chain is considered labour-intensive.

As part of our commitment to work closely with our suppliers and contractors we undertake an annual survey seeking direct feedback on our performance. More than 400 survey comments were received, of which 92 per cent were positive. The comments indicated that Hydro Tasmania is considered to be very approachable; our employees demonstrate exceptional integrity and communicate well; and the business has strong procedures. However, the feedback also indicated that Hydro Tasmania needs to work harder to understand the impacts of late payments to small business owners and ensure we pay our invoices on time, every time.

Table 15: Sustainability performance indicators—Community

Indicator	2010–11	2011–12	2012–13	2013–14	2014–15	Explanatory notes	GRI Code
Proportion of spending on local suppliers by Hydro Tasmania (%)	Mainland Australia: 42 Tasmania: 53.4 Overseas: 4.6	Mainland Australia: 51.8 Tasmania: 42.8 Overseas: 5.4	Mainland Australia: 68.2 Tasmania: 28.9 Overseas: 2.9	Mainland Australia: 51 Tasmania: 41 Overseas: 8	Mainland Australia: 32.4 Tasmania: 56.7 Overseas: 10.9	Local spending for Hydro Tasmania is defined as within Tasmania.	EC9[a]
Proportion of spending on local suppliers by Momentum Energy (%)	NA	Mainland Australia: 93.2 Tasmania: 0 Overseas: 6.8	Mainland Australia: 93.8 Tasmania: 0.6 Overseas: 5.5	Mainland Australia: 98.6 Tasmania: 0.2 Overseas: 1.2	Mainland Australia: 97.2 Tasmania: 0.7 Overseas: 2.1	Local spending for Momentum Energy is defined as mainland Australia.	EC9[a]
Community awareness of our primary role, electricity generation (%)	NA	NA	57	NA	72	Percentage of respondents in a biennial survey.	
Staff participation in community volunteering (%)	NA	7.5	22.8	26.8	25.4		

[a] This indicator was included in the scope of KPMG's assurance procedures

We continue to build an even stronger health and safety culture within the business

People

Sustainability Code principles

We will continue to:

- offer opportunities for our employees to grow and develop
- reward, recognise and value employee contribution
- listen and engage with our employees and maintain sound employment relations to ensure a diverse and equitable workplace
- provide a safe and healthy working environment.

Safe work, Ryan Webb working on high voltage assets at Tarraleah

Changes to our structure

Employees have faced some challenges this year due to a business-wide restructure that resulted in reduction of our workforce by nine per cent in the first quarter of the financial year. This came through a combination of voluntary and compulsory redundancies and natural attrition. This caused considerable uncertainty for employees, and care was taken to ensure that people directly affected by the changes were provided with appropriate support. The restructure contributed to a staff engagement score of 53 per cent, lower than the previous year.

The objectives of the restructure were to align the business structure with Hydro Tasmania's new strategic direction and to make us more efficient and more focused on our customers.

Workplace diversity

Hydro Tasmania recognises the value of workplace diversity. We aim to provide an environment free of discrimination and harassment, a fair and equitable recruitment process with merit-based promotions, a comprehensive remuneration framework and employee benefits that support our diverse workforce.

We sought to better understand what workplace diversity and inclusion mean to employees through a survey and a series of focus groups. We gathered ideas and suggestions about how we can enhance our focus and performance in this area. Key feedback about what our employees thought was important included enhancing communication, providing consistent flexible work options, ensuring gender balance in senior roles, encouraging greater cross-department interaction, fostering an inclusive environment and aiming to hire for diversity.

Table 16: Employees at 30 June

Contract type	2011[a]	2012	2013	2014	2015
Full-time	697	884	1015	965	943
Part-time	74	85	107	123	99
Casual	20	25	24	21	20
Total	**791**	**994**	**1146**	**1109**	**1062**[b]

[a] Data for 2010–11 does not include staff of Momentum Energy or Entura's India office, with the exception of the manager of that office. Data for 2012–13 reflects all employees.

[b] Since the restructure in the first quarter of the 2014–15 financial year a small growth in workforce numbers represents a repositioning and realignment of resources needed to support business priorities, strategy and objectives from the restructure. This excludes 29 AETV employees.

Improving our safety habits

We continue to build an even stronger health and safety culture within the business. Our safety program, SafeStart, has been introduced across the entire business and is generating safer work habits. The rate of workplace injuries has not increased since 2011. We will continue to embed SafeStart into all areas of the business during the coming year and expect to see ongoing positive results, reflected in a decrease in incidents and injuries.

A healthier workplace

In late 2014 we reviewed the Healthy Hydro program, looking at the key enablers of the program and effectiveness and uptake across Hydro Tasmania, Entura and Momentum Energy. The five most popular services used by employees were one-on-one health consultations, team presentations, ergonomic and musculoskeletal assessments, fatigue management training and manual handling training. We also offered wellbeing initiatives facilitated by Healthy Business in partnership with Bupa. Free flu vaccinations were offered for all staff and a skin check program will be offered during September 2015.

Opposite page: Gavin Hunter from URS with Hydro Tasmania's Delivery Manager Brian Daws discussing the embankment works at Rowallan Dam

Valuing employees

The Hydro Tasmania Enterprise Agreement 2013–2017 was ratified by the Fair Work Commission on 11 November 2014 after a lengthy negotiation process, and 15 months after the expiry of the previous agreement on 31 July 2013. The current agreement was voted in by a majority of employees on 7 October 2014. The overarching objectives for the new Enterprise Agreement were to achieve alignment of business-wide remuneration models, to enable the workforce to meet business challenges and to ensure long-term sustainability.

Table 17: Safety statistics at June 30[a]

	2011	2012	2013	2014	2015[b]
Fatalities	0	0	0	0	0[g]
Lost-time injury (LTI) frequency rate[c]	0.6	2.32	2.39	1.89	1.7[g]
Medical treatment injury frequency rate[d]	11.6	10.3	11.2	11.95	9.0[g]
All injury frequency rate[e]	31.4	38.2	32.2	27.9	33.8[g]
Occupational disease rate[h]	0	0	0.45	0	0.43[g]
Hydro Tasmania staff LTI	1	2	2	2	3
Contractor LTI	0	3	4	2	1
Safety reporting index (SRI)[f]	-	-	3.8	4.52	14.6

[a] Data does not include Entura's India office. Further, we do not report on lost day rate as part of our safety performance monitoring.

[b] We do not currently record by region or by gender.

[c] OHS data does not comply with GRI methodology as it is based on AS 1885, except the number of employees is based on full-time equivalent (FTE) rather than head count. Contractor incidents and hours are included in the LTI frequency rate. LTI is an absence from a complete shift due to workplace injury (scheduled work only).

The calculation for LTI frequency rate is where number of hours worked = number of FTE x number of working days x number of hours in a working day (7.5)

[d] Medical Treatment Injury (MTI) is calculated as a rolling average and relates to receiving medical attention due to workplace injury and returning to work.

[e] All injury frequency rate is calculated as a rolling average and relates to LTI, MTI, Injury no treatment (INT) and First Aid injury (FAI).

[f] Hydro Tasmania commenced recording / reporting on the SRI in July 2012. SRI is calculated as

$$SRI = \frac{(number\ of\ hazards + near\ misses + safety\ observations)}{(total\ number\ of\ injuries + 1)}$$

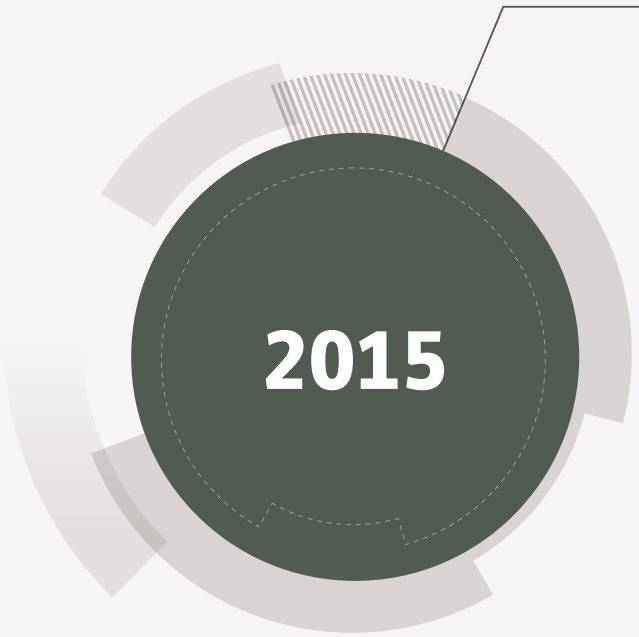
[g] This indicator was included in the scope of KPMG's assurance procedures

[h] Calculated as a rolling monthly average with number of occurrences multiplied by 1 million hours divided by the number of employee and contractor hours worked.

Table 18: Sustainability performance indicators—people and culture

Sustainability Performance Indicators – People and Culture							
Indicator	**2010–11**	**2011–12**	**2012–13**	**2013–14**	**2014–15**	**Explanatory notes**	**GRI Code**
Employees covered by collective bargaining agreements (%)	75	64	55.3	53.8	54.2		G4-11
Contractors and subcontractor employees who have undergone relevant health and safety training (%)	100	100	100	100	100		EU18
Number of injuries and fatalities to the public involving company assets	Nil	Nil	Nil	Nil	Nil		EU25
Absentee rate (%)[a]	1.86	2.13	2.3	1.95	2.1	Does not include external contractors	LA6

[a] Total unscheduled absences (Carer/sick leave) / Total workdays
Total workdays is calculated on an average employee headcount across the 12 month reporting period (1046), based on a 37.5 hour working week.



Financial report

for the Year Ended 30 June

Hydro-Electric Corporation
ARBN 072 377 158
ABN 48 072 377 158

Income Statement
for the Year Ended 30 June 2015

	NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Revenue					
Sale of products and services	2(a)	1,467,161	1,978,012	585,197	877,706
Fair value gains	2(c)	16,050	167,572	-	165,791
Share of profit of joint venture entities		1,773	2,073	-	-
Other		15,289	13,052	19,594	27,404
Total revenue		1,500,273	2,160,709	604,791	1,070,901
Expenses					
Direct expenses		1,034,271	1,319,456	227,535	259,439
Labour		126,060	149,941	100,606	119,764
Depreciation and amortisation		92,918	88,230	87,728	83,486
Finance expenses	2(b)	71,927	79,840	70,799	78,424
Fair value losses	2(d)	126,977	5,462	117,449	1,694
Revaluation and impairment expenses / (gains)	2(e)	(232,066)	220,492	(197,442)	272,690
Other		96,695	114,557	53,757	78,824
Total expenses		1,316,782	1,977,978	460,432	894,321
Profit/(loss) before income tax equivalent expense		183,491	182,731	144,359	176,580
Comprising:					
Result before fair value movements and revaluation expenses		62,352	241,113	64,366	285,173
Net fair value gains/(losses)		(110,927)	162,110	(117,449)	164,097
Revaluation and impairment (expenses) / gains		232,066	(220,492)	197,442	(272,690)
Profit/(loss) before income tax equivalent expense		183,491	182,731	144,359	176,580
Income tax equivalent expense/(benefit)	4(a)	54,816	39,182	67,827	55,514
Profit/(loss) after tax attributable to owners of the parent		128,675	143,549	76,532	121,066

The Income Statment is to be read in conjunction with the notes to and forming part of the financial report included on pages 51 to 108.

Statement of Comprehensive Income
for the Year Ended 30 June 2015

	NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Profit/(loss) after tax attributable to owners of the parent		128,675	143,549	76,532	121,066
Other comprehensive income					
Items that will not be reclassified in subsequent years to operating result					
Revaluation of property, plant and equipment					
Actuarial gain/(loss) on RBF provision	19	41,331	232	41,331	232
Income tax relating to components of other comprehensive income		(12,399)	(70)	(12,399)	(70)
Items that may be reclassified in subsequent years to operating result					
Foreign currency translation gain/(loss)		(26)	79	-	-
Fair value gain/(loss) on cash flow hedges		5,146	5,904	4,081	2,973
Income tax relating to components of other comprehensive income		(1,536)	(1,794)	(1,224)	(891)
Total other comprehensive income for the year, net of tax					
Total other comprehensive income		32,516	4,351	31,789	2,244
Total comprehensive income/(loss) attributable to the owners of the parent		161,191	147,900	108,321	123,310

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial report included on pages 51 to 108.

Balance Sheet
as at 30 June 2015

	NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Current assets					
Cash and cash equivalents		15,683	13,001	8,554	8,306
Receivables	6	250,476	241,086	99,076	96,419
Investments	7(a)	11	11	-	-
Inventories	8	2,539	2,331	2,539	2,331
Other financial assets	11(a)	134,129	200,401	134,091	197,518
Current tax asset	4(c)	25,876	-	25,876	-
Other	12(a)	15,314	11,213	8,603	8,250
Total current assets		444,028	468,043	278,739	312,824
Non-current assets					
Investments	7(b)	-	-	203,827	203,827
Investments in joint ventures	7(b)	68,556	68,939	-	-
Property plant and equipment	9	4,119,687	3,894,586	4,023,182	3,777,234
Other financial assets	11(b)	425,516	488,384	425,516	488,384
Intangible assets	10	88,400	75,209	85,173	74,831
Goodwill	13	16,396	16,396	-	-
Other	12(b)	33,185	13,247	-	135
Total non-current assets		4,751,740	4,556,761	4,737,698	4,544,411
TOTAL ASSETS		5,195,768	5,024,804	5,016,437	4,857,235
Current liabilities					
Payables	14	164,283	176,073	95,890	120,253
Interest-bearing liabilities	15(a)	65,403	369,285	65,403	369,285
Provisions	16(a)	100,003	100,399	38,043	37,321
Provision for income tax	4(c)	-	46,755	-	46,780
Other financial liabilities	17(a)	142,210	157,615	142,210	156,550
Other	18	8,338	6,425	95,506	53,234
Total current liabilities		480,237	856,552	437,052	783,423
Non-current liabilities					
Interest-bearing liabilities	15(a)	789,612	494,717	789,612	494,717
Deferred tax liability	4(d)	569,678	508,332	654,854	597,559
Provisions	16(b)	401,704	458,691	303,886	345,666
Other financial liabilities	17(b)	891,216	890,797	891,216	890,797
Total non-current liabilities		2,652,210	2,352,537	2,639,568	2,328,739
TOTAL LIABILITIES		3,132,447	3,209,089	3,076,620	3,112,162
NET ASSETS		2,063,321	1,815,715	1,939,817	1,745,073
EQUITY					
Contributed equity		558,206	353,206	558,206	353,206
Reserves		(8,122)	(13,242)	(7,735)	(11,816)
Retained earnings		1,513,237	1,475,751	1,389,346	1,403,683
TOTAL EQUITY		2,063,321	1,815,715	1,939,817	1,745,073

The Balance Sheet is to be read in conjunction with the notes to and forming part of the financial report included on pages 51 to 108.

Cash Flow Statement
for the Year Ended 30 June 2015

	NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
CASH FLOW FROM OPERATING ACTIVITIES					
Inflows:					
Receipts from customers		1,470,704	1,957,004	592,360	926,896
Operating grants and subsidies received		9,605	9,264	9,605	9,264
Interest received		256	333	250	472
Outflows:					
Payments to suppliers and employees		(1,315,603)	(1,561,575)	(413,774)	(460,579)
Interest paid		(50,708)	(46,776)	(50,708)	(46,776)
Government guarantee fee		(8,719)	(11,427)	(8,719)	(11,427)
Income tax equivalent paid		(80,069)	(103,861)	(80,069)	(103,861)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5(b)	25,466	242,962	48,945	313,989
CASH FLOW FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of property, plant and equipment		567	761	593	761
Proceeds from financial derivatives		200	11,267	200	9,929
Proceeds from loans to associates		1,102	1,173	135	-
Dividends from joint venture		2,156	900	-	-
Outflows:					
Payments for financial derivatives		(2,950)	-	(9,485)	-
Net payments of intercompany loans		-	-	(20,907)	(71,176)
Payments for property, plant and equipment		(100,698)	(118,697)	(96,072)	(115,248)
NET CASH USED IN INVESTING ACTIVITIES		(99,623)	(104,596)	(125,536)	(175,734)
CASH FLOW FROM FINANCING ACTIVITIES					
Inflows:					
Proceeds from Tascorp loans		475,369	185,700	475,369	185,700
Equity contributions received		205,000	-	205,000	-
Outflows:					
Repayment of Tascorp loans		(484,269)	(227,100)	(484,269)	(227,100)
Repayment of finance lease		(685)	(669)	(685)	(669)
Dividends paid		(118,576)	(116,058)	(118,576)	(116,058)
Equity contributions repaid		-	(7,033)	-	(7,033)
NET CASH USED IN FINANCING ACTIVITIES		76,839	(165,160)	76,839	(165,160)
NET (DECREASE)/INCREASE IN CASH		2,682	(26,794)	248	(26,905)
CASH AT BEGINNING OF THE YEAR		13,012	39,806	8,306	35,211
CASH AT END OF THE YEAR	5(a)	15,694	13,012	8,554	8,306

The Cash Flow Statement is to be read in conjunction with the notes to and forming part of the financial report included on pages 51 to 108.

Statement of Changes in Equity
for the year ended 30 June 2015

	NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
CONTRIBUTED EQUITY					
Balance at the beginning of the year		353,206	360,239	353,206	360,239
Equity contributions from the State of Tasmania		205,000	-	205,000	-
Equity contributions repaid to the State of Tasmania		-	(7,033)	-	(7,033)
Balance at the end of the year		558,206	353,206	558,206	353,206
RESERVES					
Derivative revaluation reserve	1.2(j),				
Balance at the beginning of the year	1.2(r)	(12,881)	(18,785)	(11,816)	(14,789)
Forward exchange contracts		5,146	5,094	4,081	2,163
Interest rate swaps		-	810	-	810
Balance at the end of the year		(7,735)	(12,881)	(7,735)	(11,816)
Foreign currency translation reserve					
Balance at the beginning of the year		(361)	(440)	-	-
Foreign currency translation		(26)	79	-	-
Balance at the end of the year		(387)	(361)	-	-
TOTAL RESERVES		(8,122)	(13,242)	(7,735)	(11,816)
RETAINED EARNINGS					
Balance at the beginning of the year		1,475,751	1,448,142	1,403,683	1,396,575
Net profit/(loss)		128,675	143,549	76,532	121,066
Dividend paid		(118,576)	(116,058)	(118,576)	(116,058)
Deferred income tax recognised directly in equity	4(b)	(13,935)	(1,864)	(13,623)	(961)
Actuarial gain on defined benefit plans	19	41,331	232	41,331	232
Other		(9)	1,750	(1)	2,829
Balance at the end of the year		1,513,237	1,475,751	1,389,346	1,403,683
TOTAL EQUITY		2,063,321	1,815,715	1,939,817	1,745,073

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial report included on pages 51 to 108.

1.1 DETAILS OF REPORTING ENTITY

The financial statements and notes thereto relate to the Hydro-Electric Corporation (the Corporation), which is a Tasmanian Government Business Enterprise and a consolidated reporting entity. The Corporation was established as the Hydro-Electric Commission by the *Hydro-Electric Commission Act 1944* and was incorporated by the *Hydro-Electric Corporation Act 1995*. The Corporation trades using the business names Hydro Tasmania, Entura, and through the Corporation's subsidiary, Momentum Energy Pty Ltd.

The Corporation's Australian Business Number is 48 072 377 158. Its principal place of business is 4 Elizabeth Street, Hobart, Tasmania.

The Corporation owns 55 major dams, 30 operating hydro power stations, the Tamar Valley gas-fired power station, and supplies electricity to Bass Strait islands via diesel and wind power generation. The Corporation sells energy to retail customers through its subsidiary, Momentum Energy Pty Ltd, trading in all regions of the National Electricity Market (NEM). The Corporation also operates the Entura consulting business.

At 30 June 2015 the Corporation had 1,061 full-time equivalent employees (FTEs) (2014: 1,101 FTEs) including 5 non-executive directors (2014: 6 FTEs).

The Corporation holds Australian Financial Services Licence number 279796. This licence authorises the Corporation to carry on a financial services business in accordance with the licence conditions.

The financial report for the year ended 30 June 2015 was adopted by the directors on 13 August 2015.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of these financial statements have been consistently applied by each entity in the consolidated group.

(a) Basis of preparation

The financial report is a general purpose financial report prepared on an accrual basis under the historical cost convention except for derivative financial assets and liabilities, inventory of environmental energy products and generation assets which are carried at fair value.

The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged.

The financial report is prepared in accordance with:

- *Hydro-Electric Corporation Act 1995*;
- *Government Business Enterprises Act 1995* (GBE Act) and related Treasurer's Instructions;
- Australian Accounting Standards and interpretations; and
- Financial disclosure requirements of the *Corporations Act 2001*, where applicable to the operations of the Corporation and its subsidiaries, and other requirements of the law.

(b) Statement of compliance

The financial report is compliant with Australian Accounting Standards including the Australian equivalents to International Financial Reporting Standards (AIFRS).

In complying with AIFRS, the Corporation is ensuring that the consolidated financial statements and accompanying notes are also compliant with International Financial Reporting Standards (IFRS).

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following Australian Accounting Standards are applicable to the Corporation and have recently been issued or amended. As they are not yet effective the Corporation has chosen not to adopt them for the year ended 30 June 2015:

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', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

Impact of changes to Australian Accounting Standards and Interpretations

AASB 9 'Financial Instruments', and the relevant amending standards

AASB 9 issued in December 2009 introduced new requirements for the classification and measurement of financial assets. AASB 9 was subsequently amended in December 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in December 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in December 2014 mainly to include

a) impairment requirements for financial assets and

b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of AASB 9:

- all recognised financial assets that are within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under AASB 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, AASB 9 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under AASB 139, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, AASB 9 requires an expected credit loss model, as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in AASB 139. Under AASB 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Corporation anticipate that the application of AASB 9 in the future is not likely to have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the Group undertakes a detailed review.

AASB 15 'Revenue from Contracts with Customers'

- AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 'Revenue,' AASB 111 'Construction Contracts' and the related Interpretations when it becomes effective.
- The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:
  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
- Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors of the Corporation anticipate that the application of AASB 15 in the future is not likely to have a material impact on the amounts reported in the Group's consolidated financial statements. However, the Corporation is still in the process of completing a detailed assessment on the anticipated impacts and disclosure.

(c) Principles of consolidation

The consolidated financial report includes the Corporation, being the parent entity, and its controlled entities.

The financial report includes the information and results of each controlled entity from the date on which the Corporation obtained control and until such time as the Corporation ceased to control the entity. The financial reports of subsidiaries are prepared for the same reporting period as the Corporation.

In preparing the consolidated financial report, the effects of all transactions between entities in the group have been eliminated.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Significant accounting judgements

In the process of applying the Corporation's accounting policies, the Corporation has made the following judgements, apart from those involving estimates, which have a significant effect on the amount recognised in the financial report.

- Fair value of hydro generation assets

Note 1.2 (i) and note 9 describe the judgement process adopted in assessing fair value of hydro generation assets. Note 1.2(m) describes the judgement process adopted to estimate the recoverable amount of property, plant and equipment when an indication of revaluation exists or when a previous indicator of revaluation has reversed.

- Financial liabilities and financial assets

Notes 1.2(j) and (r) describe the valuation methods applied to the Corporation's financial liabilities and financial assets which include judgements about market conditions and activity.

Note 3 details assumptions on financial assets and liabilities.

(e) Significant accounting estimates and assumptions

The Retirement Benefits Fund liability detailed in note 19 has been assessed by the State Actuary and various actuarial assumptions have been applied to arrive at the carrying value reported.

(f) Receivables

Current trade receivables include amounts receivable on 30 day terms from Australian Energy Market Operator (AEMO) for electricity sales and amounts receivable on 30 to 90 day terms for consulting services. They also include amounts receivable on terms varying from 14 to 90 days for retail sales of electricity and gas. Receivables are recognised and carried at the invoiced amount less an allowance for impairment. Such an allowance is only recognised when there is objective evidence that the debt is impaired. Any bad debts are written off as an expense or against the provision for impairment.

All trade receivables are non-interest bearing except for Entura consulting receivables which, if past due, are charged interest in accordance with the contract.

Non-current receivables are recognised and carried at amortised cost. Amortisation of receivables is calculated using the effective interest method. Any allowance for impairment is deducted from the carrying value.

Prior to extending credit to new Entura consulting clients and Momentum retail customers, credit checks are undertaken by referencing external credit reports and contacting credit referees. Additional risks are reviewed in relation to new international clients.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents reported in the Balance Sheet and Cash Flow Statement comprises cash on hand and in banks and short-term deposits. Short-term deposits have an original maturity of three months or less, are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment

The Corporation carries its hydro generation assets at fair value. The basis for the fair value calculation is described in note 9.

The Corporation's other property, plant and equipment assets are carried at cost less accumulated depreciation and revaluation.

The remaining useful life of property, plant and equipment and the residual value at the end of the useful life are reviewed annually.

Depreciation of property, plant and equipment, other than land, is based on remaining useful life using the straight-line method. Useful lives applicable to each class are as follows:

	2015	2014
Hydro generation	3 – 150 years	3 – 150 years
Other generation	3 – 50 years	3 – 50 years
Motor vehicles	4 – 33 years	4 – 33 years
Minor assets	1 – 10 years	1 – 10 years
Buildings	5 – 50 years	5 – 50 years

Property, plant and equipment are written off upon disposal or when there is no future economic benefits expected from its continued use. Any gain or loss is reported in the Income Statement.

(j) Financial assets

Financial assets in the scope of AASB 139 'Financial Instruments: Recognition and Measurement' are classified as loans and receivables, or at fair value through profit or loss. When financial assets are initially recognised they are measured at fair value. The Corporation determines the classification of its financial assets after initial recognition and, where appropriate, re-evaluates this designation at each financial year end. All routine purchases and sales of financial assets are recognised on the trade date being the date that the Corporation commits to purchase the assets.

- **Loans and receivables**

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

- **At fair value through profit or loss**

  Financial assets are classified as being at fair value through profit or loss where the financial asset has been acquired principally for resale in the near future, is part of an identified portfolio of financial instruments that the Corporation manages together, has a recent actual pattern of trading and is a derivative that is not designated and effective as a hedging instrument.

(k) Goodwill

Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. Goodwill is measured at cost less accumulated impairment losses. Note 1.2(m) contains more information on the treatment of Goodwill.

(l) Research and development

Research expenditure is expensed when incurred. Expenditure incurred during the development phase of an internal project is recognised as an asset only when all of the following criteria are met:

- technical feasibility demonstrates the asset to be available for use or sale currently or after completion of development;
- there is an intention, and the ability, to use or sell the asset upon completion;
- generation of probable future economic benefits can be demonstrated;
- adequate technical, financial and other resources are available to develop the asset to a state where it can be used or sold; and
- expenditure incurred in the development phase can be reliably measured and attributed to the asset.

Following initial recognition of development expenditure, the asset is valued in accordance with note 1.2(i).

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Asset impairment

At each reporting date the Corporation assesses whether there is an indication that an asset may be impaired. If any such indication exists the Corporation makes an estimate of the asset's recoverable amount. For goodwill, an assessment of impairment is performed and the recoverable amount is estimated each year. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Value in use is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In such cases the asset is tested for revaluation as part of the cash generating unit (CGU) to which it belongs. Goodwill acquired in a business combination, for the purpose of revaluation testing, is allocated to the CGUs that are expected to benefit from the synergies of the combination.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. The Corporation classifies its hydro generating assets, the Momentum Energy retail business and the gas-fired generation business as separate CGUs.

In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax nominal weighted average cost of capital that reflects current market assessment of the time value of money and the expected life of the asset. In assessing fair value, estimates are made of the current market value of an asset less estimated cost of sale.

An assessment is also made at each reporting date as to whether there is any indication that the cause of previously recognised impairment losses may no longer exist or have decreased. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount and a gain is recognised in the Income Statement. The impairment reversal cannot result in a carrying amount exceeding the amount that would have been determined, net of depreciation or amortisation, had no revaluation loss been recognised for the asset in prior years. An impairment of goodwill is not reversed.

(n) Payables

All trade payables and accrued expenses are unsecured and non-interest bearing, are normally settled within supplier credit terms and are carried at the invoiced amount.

(o) Provisions

A provision is recognised when there is a legal or constructive obligation as a result of a past event, it is probable that a future sacrifice of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

Provisions relating to a liability that is expected to be settled more than 12 months after the balance date are discounted using a pre-tax rate that reflects the risks of the underlying liability.

An onerous contract is considered to exist when the Corporation is party to a contract under which the unavoidable cost of meeting contractual obligations exceeds the economic benefits to be received. Net obligations arising under onerous contracts are recognised as a provision.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(p) Employee benefits

- **Wages, salaries and annual leave**

  Liabilities for wages, salaries and annual leave are recognised as the present obligations resulting from employees' services provided to the reporting date. These liabilities include related on-costs. Liabilities expected to be settled within 12 months are based on wage and salary rates that the Corporation expects to pay at the time of settlement. For those expected to be settled later than 12 months the liability is calculated using expected future increases in wage and salary rates including related on-costs and the expected rate of utilisation based on historical patterns, and is discounted using Corporate Bond rates at reporting date.

- **Long service leave**

  The provision for long service leave represents the present value of the expected future cash payments for entitlements earned through employees' services provided to reporting date.

  The provision is calculated using expected future increases in wage and salary rates including related on-costs and the expected rate of utilisation based on historical patterns and is discounted using Corporate Bond rates at reporting date. The provision is segregated into current and non-current portions based on vesting of entitlements in the next 12 months.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

- **Defined benefit plan**

  The Retirement Benefits Fund (RBF) is a defined benefit plan funded by employee and employer contributions. Employee contributions to the fund are transferred to independent RBF administrators while employer obligations are raised as a provision. The defined benefit plan is closed to new members.

  An interest charge, calculated by the application of market-related interest rates, is added to this provision each year after advice from the State Actuary. This is reported in the Income Statement as part of finance costs.

- **Defined contribution plans**

  Contributions to defined contribution superannuation plans are made as directed by the employee and are expensed when the employee has rendered service entitling them to the contribution.

- **Employee termination benefits**

  Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(q) Taxation

- **Income tax equivalent**

  Under the *Government Business Enterprises Act 1995* the Corporation is required to pay an income tax equivalent to the State of Tasmania as if it were a company under Commonwealth income tax laws. As a result the Corporation applies tax effect accounting principles prescribed in AASB 112 Income Taxes.

  Current tax assets and liabilities are measured at the amount expected to be paid or recovered. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

  Subject to the condition noted below, deferred income tax assets and liabilities are recorded for all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

  Deferred tax assets are recognised to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affect neither taxable income nor accounting profit.

  Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in joint ventures except where the Corporation is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

  Income taxes relating to items recognised directly in equity are recognised as other comprehensive income or expense in the Statement of Comprehensive Income.

  Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right of set-off exists and they relate to the same taxable entity and the same taxation authority.

- **Tax consolidation**

  Income tax legislation allows groups, comprising a parent entity and its Australian wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes.

  The Corporation and its wholly-owned Australian resident subsidiaries have consolidated for tax purposes under this legislation and have elected to be taxed as a single entity. The head entity within the tax consolidation group is the Hydro-Electric Corporation.

  Tax sharing agreements between the Corporation as head entity and its subsidiaries define the liability for tax of each member of the group and the process by which members can exit the group. As a result of these agreements amounts equivalent to the deferred tax assets and liabilities are disclosed by each subsidiary as intercompany loan balances as if the subsidiary were a stand-alone tax entity.

  Each of the entities in the tax consolidated group has agreed to make a tax equivalent payment to the head entity based on that entity's tax payable on a stand-alone basis. Such amounts are reflected as amounts receivable from or payable to other entities in the tax consolidated group.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Taxation (continued)

- **Other taxes**

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

- When the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

  Cash flows are included in the Cash Flow Statement 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 as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Financial liabilities

Financial liabilities include trade payables, interest-bearing liabilities and derivative financial instruments such as energy contracts, credit swaps, interest rate swaps, forward foreign exchange contracts and the Basslink contracts.

The Corporation enters into derivative financial instruments to manage financial exposure to electricity prices, exchange rates and interest rates.

Derivatives are initially recognised at fair value on the date the Corporation becomes party to a contract. At subsequent reporting dates the fair value is remeasured and any gain or loss (with the exception of cash flow hedges qualifying for hedge accounting) is recognised in the Income Statement.

The Corporation designates certain derivatives as effective hedges to allow hedge accounting rules to be applied. A hedge is effective if it demonstrates changes in fair value or cash flows that offset those attributable to the hedged risk over the designated hedging period. At inception of a hedge relationship the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the alignment of the hedge to the Corporation's risk management objectives and strategies. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Corporation will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair values or cash flows attributable to the hedged risk. Such hedges are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges are hedges of the Corporation's exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised as a gain or loss from current year operations in the Income Statement.

Amounts taken to equity are transferred to the Income Statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast transaction occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are recognised as gains or losses from current year operations in the Income Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(s) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

- **Corporation as a lessee**

  When the Corporation assumes substantially all the risks and rewards of ownership under a lease it is classified as a finance lease. Upon initial recognition the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the class of asset to which it is assigned. Lease payments under a finance lease are apportioned between the finance expense and the reduction of the outstanding liability.

  Other leases are operating leases. Payments under operating leases are recognised as an expense in the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised in the Income Statement as an integral part of the total lease expense.

- **Corporation as a lessor**

  Leases in which the Corporation retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset.

1.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Borrowing expenses

Borrowing costs associated with the raising of loans are expensed when incurred except those borrowing costs directly attributable to an asset. Borrowing costs attributable to an asset are included in the capital cost of the asset.

(u) Interest-bearing liabilities

Loans are recognised initially at the fair value of the consideration received. Subsequent to initial recognition loans are measured at amortised cost using the effective interest method.

(v) Foreign currency

The consolidated statements of the Corporation are presented in the functional currency which is Australian dollars.

All foreign currency transactions are brought to account using the spot exchange rate in effect at the date of the transaction. Foreign currency amounts at balance date are translated to Australian dollars using the exchange rate in effect at that date.

Foreign currency transactions that are hedged are accounted for as detailed in note 1.2 (j) or 1.2 (r).

Exchange variances resulting from the translation of balances of foreign subsidiaries are recognised in the foreign currency translation reserve in equity.

All other exchange differences in the consolidated financial report are reported as gains or losses from current year operations in the Income Statement.

(w) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

An investor controls an investee if they have power over the investee, are exposed to variable returns, and are able to use their power over the investee to affect the amount of the returns. The Corporation has assessed power over the joint ventures by reference to the shareholders agreement relating to each joint venture, the respective voting rights held and the percentage of vote required to effect a decision. In each case the requirement to have unanimous agreement to a decision prevents the Corporation having power over any of the joint ventures. The Corporation is subject to variable returns but is unable to influence the amount of those returns in the absence of having power over the joint venture.

Interests in incorporated joint venture entities are reported in the consolidated financial report using the equity method and in the parent entity financial report using the cost method. If the carrying amount of an investment in a joint venture is zero, the Corporation's share of a loss by the joint venture is reported as a loss against the current year operations in the Income Statement and accrued as a provision for later offset against any investments.

Unincorporated joint ventures which operate jointly controlled assets are accounted for by recognising the Corporation's share of the venture's assets, liabilities, revenues and expenses.

(x) Segment information

The Corporation has identified segments based on internal management reports. Refer to note 33.

(y) Contributed equity

Contributed equity from the State of Tasmania is recorded when received.

(z) Government grants

Government grants are recognised as revenue when there is reasonable assurance that the Corporation is able to meet the qualifying conditions.

Where a grant is received as compensation for certain expenditure, the grant is recognised as revenue in the Income Statement on a basis that matches the timing of the expenditure.

(aa) Revenue recognition

Revenue is recognised when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Corporation, control over any goods and the associated risks and rewards of ownership have flowed to the buyer and any costs associated with the transaction can be reliably measured.

- **Electricity and gas sales**

  Revenue from generated electricity and traded gas is earned from the Australian Energy Market Operator (AEMO) at market price and is recognised at the time the electricity or gas is provided. Revenue from sale of gas to other parties is recognised at contract prices at the time of delivery. Revenue from sale of retail electricity is earned at contract prices and is recognised at the time of delivery to the customer. Retail electricity sold is purchased from AEMO at market price. Exposure to fluctuations in market price is managed through the use of derivative contracts executed principally in the Tasmanian and Victorian regions. The realised gain or loss on settlement of these contracts against market price is included in electricity revenue or cost of electricity as applicable.

- **Environmental energy products**

  Revenue from environmental energy products is recognised at the time the Corporation has earned the right to register the products.

- **Consulting services**

  Consulting revenue is recognised on the basis of work completed and with regard to the contractual agreements that exist with the client.

- **Interest income**

  Interest revenue is recognised on an accrual basis using the effective interest method. This is based on the amortised cost of a financial asset and the allocation of the interest income over the relevant period using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

- **Dividends**

  Revenue is recognised when the Corporation's right to receive the payment is established.

- **Rental revenue**

  Rental income from land and buildings is recognised on a straight-line basis over the term of the lease.

(ab) Rounding

Amounts in the Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

(ac) Comparative figures

Where necessary, the comparative figures for the previous year have been reclassified to facilitate comparison with the current year.

(ad) Change in Accounting Estimates

Employee benefits

A study commissioned by the Group of 100 (G100) and conducted by Milliman Australia in 2015 has concluded that a deep market in high quality corporate bonds now exists in Australia. Milliman Australia was then commissioned by G100 to generate a standardised set of discount rates to be made publicly available for the purpose of discounting employee benefit liabilities under Australian Accounting Standard 119 'Employee Benefits'. The discount rates are based on a blended yield curve for AA and AAA rated corporate bonds.

As a result, the Company used market yields on high quality corporate bonds to discount its defined benefit plan obligations and long service provision as required by AASB 119 for the first time in the current year. Previously, discount rates based on market yields on government bonds were used. This change in estimate resulted in a decrease to the Retirement Benefits Fund provision by $51.722m. The decrease in the Retirement Benefit Fund provision was recognised as an actuarial gain in other comprehensive income. It is impracticable to estimate the effect of this change in future years because the measurements of defined benefit plan and other long-term employee benefit obligations are based on a number of judgements, estimates and assumptions that change between reporting periods as new information becomes available.

2. REVENUE AND EXPENSES

	NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
(a) Revenue					
Revenue from the sale of goods		1,425,724	1,931,028	544,400	828,511
Revenue from the rendering of services		41,437	46,984	40,797	49,195
		1,467,161	1,978,012	585,197	877,706
(b) Finance expenses					
Loan interest		47,022	51,095	47,022	51,095
Government guarantee fee		9,237	12,063	9,237	12,063
RBF interest	19	14,148	14,693	14,148	14,693
Other finance costs		1,520	1,989	392	573
		71,927	79,840	70,799	78,424
(c) Fair value gains					
Basslink financial asset and liabilities		-	106,181	-	106,181
Energy price derivatives		-	59,450	-	59,450
Treasury derivatives		3	2	-	-
Onerous contracts		16,047	1,457	-	-
Other		-	482	-	160
		16,050	167,572	-	165,791
(d) Fair value losses					
Basslink financial asset and liabilities		40,810	-	40,810	-
Energy price derivatives		73,100	-	73,100	-
Treasury derivatives		320	1,696	320	1,694
Site rehabilitation provision		3,776	3,766	-	-
Onerous contracts		8,722	-	2,970	-
Other		249	-	249	-
Fair value losses		126,977	5,462	117,449	1,694
Fair value gains/(losses)		(110,927)	162,110	(117,449)	164,097
(e) Revaluation and impairment expense/(gain)		-	(8,235)	51,968	43,963
Impairment of loan carried at amortised cost		(232,066)	228,727	(249,410)	228,727
Revaluation (gain)/loss of generation assets		(232,066)	220,492	(197,442)	272,690

3. ASSUMPTIONS AND JUDGEMENTS

Financial assets and liabilities

Changes in the fair value of financial assets and liabilities described below are presented as gains or losses through the Income Statement and are calculated based on the present value of projected cash flows. None of the adjustments reflect cash flow transactions during the year. In the case of those financial liabilities valued using published forward prices, while fair value represents an estimate of the cost of closing out the obligations at year end, the intention of the Corporation is to let the obligations run their course and deliver the associated financial benefits.

- **Energy price derivatives**

  The Corporation trades in energy price derivatives in all regions of the National Electricity Market (NEM) as a means of securing the value of future electricity revenue or the cost of future electricity to be delivered under retail contracts. In accordance with AASB 139 'Financial Instruments: Recognition and Measurement' financial derivatives are recorded at their fair value. Movement in fair value is recorded as a gain or loss in the Income Statement as detailed in note 2(c) and (d).

  Mainland electricity contracts are valued using published forward energy prices. The remeasurement of the fair value of energy price derivatives at 30 June 2015 has resulted in a loss being recorded in the Income Statement (note 2(b)). Details of the methodology adopted are provided in note 20(c).

- **Basslink financial asset and liabilities**

  The financial asset and liabilities associated with the Basslink agreements are recorded at fair value in accordance with AASB 139. The remeasurement of the net financial liability to fair value at 30 June 2015 has resulted in loss being recorded in the Income Statement (note 2(d)). Note 20(b) details the methodology used to calculate the fair value of the Basslink financial asset and liabilities.

Asset valuation

Assets are fair valued and assessed for impairment in accordance with the methodology described in note 1.2(m). Note 9 describes the inputs to the asset revaluation model. Goodwill generated by acquisition of a business is attributed to cash generating units (CGU) as described in note 1.2(m). Assessment of this goodwill for impairment is conducted in conjunction with the revaluation assessment of the relevant CGUs. Impairment assessment is undertaken on a value-in-use basis involving assessment of future cash flows associated with the strategic direction over the ensuing five years or useful life of the plant discounted at the Corporation's weighted average cost of capital.

Acquisition of Tamar Valley Power Station and associated contracts

The transfer of the Tamar Valley Power Station and associated contracts from Aurora Energy Pty Ltd to the Corporation occurred on 1 June 2013 as part of the Tasmanian Government energy reforms.

Site rehabilitation provision

The Corporation has provided for the cost of removing the Bell Bay plant and removing the Tamar Valley Power Station at the end of its useful life. The provision also includes the cost of remediating the site within prescribed limits. The provision is reassessed each year to reflect the current estimated cost of the demolition and remediation. Any adjustment to the provision is reflected as a gain or loss in the Income Statement.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Corporation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Unbilled energy

In valuing unbilled energy the Corporation estimates the load of electricity sold to customers as at 30 June at the average sale price.

4. INCOME TAX EQUIVALENT

		CONSOLIDATED		PARENT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	**Income tax (benefit)/expense reported in the Income Statement**				
	Current income tax liability	14,330	104,806	21,813	113,980
	Adjustments in respect of income tax of prior years	(7,534)	(21,620)	2,341	(15,458)
	Income tax expense in relation to foreign operations	609	321	-	-
	Deferred income tax expense arising from origination and reversal of temporary differences	47,411	(44,325)	43,673	(43,008)
	Income tax expense/(benefit) recognised in the Statement of Comprehensive Income	54,816	39,182	67,827	55,514
	A reconciliation between income tax expense and accounting profit before income tax multiplied by the Group's income tax rate is as follows:				
	Accounting profit before income tax	183,491	182,731	144,359	176,580
	Income tax expense/(benefit) calculated at 30%	55,047	54,819	43,308	52,974
	Adjustment in respect of income tax of previous years	(887)	(15,177)	4,614	(13,346)
	Income tax expense in relation to foreign operations	609	321	-	20
	Expenditure not deductible for income tax purposes	47	59	11,139	16,706
	Effect of transactions within the tax consolidated group that are not subject to taxation	-	-	8,766	-
	Research and development concession	-	(840)	-	(840)
	Income tax expense/(benefit) recognised in the Statement of Comprehensive Income	54,816	39,182	67,827	55,514
(b)	**Income tax benefit/(expense) recognised directly in equity**				
	Revaluation of effective hedges	(1,536)	(1,794)	(1,224)	(891)
	Actuarial assessment of RBF provision	(12,399)	(70)	(12,399)	(70)
	Income tax (expense)/benefit recognised in equity	(13,935)	(1,864)	(13,623)	(961)
(c)	**Current tax assets and liabilities**				
	Current tax asset	25,876	-	25,876	-
	Provision for income tax	-	46,755	-	46,780
(d)	**Deferred tax balances**				
	Deferred tax assets comprise:				
	Deductible temporary differences	469,718	447,665	420,705	391,913
	Tax losses	3,892	3,892	3,892	3,892
		473,610	451,557	424,597	395,805
	Deferred tax liabilities comprise:				
	Assessable temporary differences	1,043,288	959,889	1,079,451	993,364
	Net deferred tax liabilities	569,678	508,332	654,854	597,559

4. INCOME TAX EQUIVALENT (CONTINUED)

The tax effect of assessable and deductible temporary differences arises from the following:

	2015 CONSOLIDATED					
	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Adjustments $'000	Acquisitions $'000	Closing balance $'000
Deferred tax liabilities:						
Property, plant and equipment	811,541	74,893	-	-	-	886,434
Electricity derivatives	(8,717)	27,109	-	-	-	18,392
Financial assets	137,035	(16,162)	-	-	-	120,873
Other	20,029	(2,440)	-	-	-	17,589
	959,888	83,400	-	-	-	1,043,288
Deferred tax assets:						
Provision for employee entitlements	114,503	(1,227)	(12,399)	-	-	100,877
Basslink and other financial liabilities	263,393	47,178	(1,536)	-	-	309,035
Provisions	53,179	(2,903)	-	-	-	50,276
Tax losses	3,892	-	-	-	-	3,892
Other	16,589	(7,059)	-	-		9,530
	451,556	35,989	(13,935)	-	-	473,610
Net deferred tax liabilities	508,332	47,411	13,935	-	-	569,678

	2015 PARENT					
	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Adjustments $'000	Acquisitions $'000	Closing balance $'000
Deferred tax liabilities:						
Property, plant and equipment	853,909	76,360	-	-	-	930,269
Electricity derivatives	(8,717)	27,109	-	-	-	18,392
Financial assets	137,035	(16,162)	-	-	-	120,873
Other	11,137	(1,220)	-	-	-	9,917
	993,364	86,087	-	-	-	1,079,451
Deferred tax assets:						
Provision for employee entitlements	113,555	(1,165)	(12,399)	-	-	99,991
Basslink and other financial liabilities	263,393	46,866	(1,224)	-	-	309,035
Provisions	24	2,699	-	-	-	2,723
Tax losses	3,892	-	-	-	-	3,892
Other	14,942	(5,986)	-	-	-	8,956
	395,806	42,414	(13,623)	-	-	424,597
Net deferred tax liabilities	597,558	43,673	13,623	-	-	654,854

4. INCOME TAX EQUIVALENT (CONTINUED)

	2014 CONSOLIDATED					
	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Adjustments $'000	Acquisitions $'000	Closing balance $'000
Deferred tax liabilities:						
Property, plant and equipment	884,962	(73,243)	-	(178)	-	811,541
Electricity derivatives	(24,199)	15,482	-	-	-	(8,717)
Financial assets	117,762	19,273	-	-	-	137,035
Other	85,175	(57,542)	-	(7,604)	-	20,029
	1,063,700	(96,030)	-	(7,782)	-	959,888
Deferred tax assets:						
Provision for employee entitlements	103,004	11,429	70	-	-	114,503
Basslink and other financial liabilities	275,626	(12,233)	-	-	-	263,393
Provisions	48,752	4,899	-	(472)	-	53,179
Tax losses	11,540	(7,694)	-	46	-	3,892
Other	63,203	(48,107)	1,794	(301)	-	16,589
	502,125	(51,706)	1,864	(727)	-	451,556
Net deferred tax liabilities	561,575	(44,324)	(1,864)	(7,055)	-	508,332

	2014 PARENT					
	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Adjustments $'000	Acquisitions $'000	Closing balance $'000
Deferred tax liabilities:						
Property, plant and equipment	939,560	(85,666)	-	15	-	853,909
Electricity derivatives	(24,199)	15,482	-	-	-	(8,717)
Financial assets	116,553	20,482	-	-	-	137,035
Other	2,895	16,531	-	(8,289)	-	11,137
	1,034,809	(33,171)	-	(8,274)	-	993,364
Deferred tax assets:						
Provision for employee entitlements	114,932	(1,447)	70	-	-	113,555
Basslink and other financial liabilities	275,627	(12,234)	-	-	-	263,393
Provisions	-	24	-	-	-	24
Tax losses	15,288	(7,694)	-	(3,702)	-	3,892
Other	(17,137)	31,188	891	-	-	14,942
	388,710	9,837	961	(3,702)	-	395,806
Net deferred tax liabilities	646,099	(43,008)	(961)	(4,572)	-	597,558

All deferred tax balances relate to continuing operations.

At 30 June 2015, there is no recognised or unrecognised deferred income tax liability (2014: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures. The Group has no liability for additional taxation should such amounts be remitted.

5. NOTE TO THE CASH FLOW STATEMENT

		CONSOLIDATED		PARENT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	Cash reconciliation				
	Cash	15,683	13,001	8,554	8,306
	Money market investments	11	11	-	-
		15,694	13,012	8,554	8,306
(b)	Reconciliation of net cash provided by operating activities to net profit for the year				
	Profit/(loss) after income tax equivalent expense	128,675	143,549	76,532	121,066
	Adjusted for non-cash items of income and expense:				
	Depreciation of property, plant and equipment	78,904	82,483	74,102	77,939
	Amortisation	14,014	5,747	13,626	5,547
	Revaluations and impairment	(232,066)	220,492	(197,442)	272,690
	Loss on derecognition of property, plant and equipment	532	22,726	473	22,726
	Equity accounted share of joint venture (profit)/loss	(1,773)	(2,073)	-	-
	Fair Value Adjustments	110,927	(162,110)	117,449	(164,097)
	Income Tax (Benefit)/Expense	54,816	39,182	67,827	55,514
	Cash from operating profit before changes in working capital	154,029	349,996	152,567	391,385
	(Increase)/decrease in receivables	(9,389)	(20,258)	(2,656)	31,580
	(Increase)/decrease in inventories	(208)	(94)	(208)	(94)
	Increase/(decrease) in other financial assets and liabilities	(11,054)	(24,115)	3,402	(48,504)
	Increase/(decrease) in payables	(11,790)	33,341	(24,363)	41,557
	Increase/(decrease) in provisions	(16,053)	7,953	272	1,926
	Income tax equivalent paid	(80,069)	(103,861)	(80,069)	(103,861)
	NET CASH PROVIDED BY OPERATING ACTIVITIES	25,466	242,962	48,945	313,989

6. RECEIVABLES

	CONSOLIDATED		PARENT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables	253,169	243,299	99,476	96,819
Provision for impairment	(2,693)	(2,213)	(400)	(400)
	250,476	241,086	99,076	96,419
Ageing of past due but not impaired trade receivables:				
60-90 days	841	2,357	284	798
Over 90 days	11,201	16,077	9,137	13,913
	12,042	18,434	9,421	14,711

The amount past due but not impaired included in trade receivables is predominantly attributable to consulting services clients and retail customers. A provision for impairment has been recorded following assessment of the credit quality of the clients or customers with overdue accounts. This provision represents those accounts considered to be wholly or partially non-recoverable. The Corporation expensed $3.1m of bad debts during the year (2014: $5.6m). The Corporation does not hold any security over the balances past due.

7. INVESTMENTS

		NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
(a)	**Current investments**					
	Money market investments		11	11	-	-
(b)	**Non-current investments**					
	Investment in joint ventures	31	68,556	68,939	-	-
	Investment in subsidiaries		-	-	203,827	203,827
			68,556	68,939	203,827	203,827

8. INVENTORIES

	CONSOLIDATED		PARENT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Maintenance stores	2,539	2,331	2,539	2,331
	2,539	2,331	2,539	2,331

9. PROPERTY, PLANT AND EQUIPMENT

Asset valuation

The hydro generation class of assets is carried at fair value. The fair value calculation is based on an internally generated Tasmanian energy price curve derived from the published three-year Victorian energy price curve. These prices are determined by market assessment of the many variables that may influence future prices including pending regulation and legislation. The price curve has been validated by comparison to other published price trend predictions in the National Electricity Market (NEM). The valuation also includes projected revenue under the existing large-scale mandatory renewable energy target until 2030 based on observed market prices.

Gas-fired generation assets are carried at fair value based on an independent valuation.

Beyond the period when market prices are observable, the Corporation derives forecast prices from an internal model for use in the fair value calculation. The modelled prices assume an uplift in electricity prices from carbon abatement policies from the 2020s onwards. There is no carbon included in either the market or modelled prices prior to the 2020s.

The other principal inputs to the fair value of generation assets are forecast generation and total energy demand. The Corporation meets forecast contractual obligations from generation or by purchasing energy from the market. Opportunities for export of generation over Basslink will also be taken into account. The volume of energy generated from hydro assets is principally determined by actual and forecast water storage positions. These are in turn affected by the expected annual inflows to water storages from rainfall over catchments. The financial forecasts used to value the hydro generation assets are based on an assumed equivalent generation volume of 9000 GWh per annum. As disclosed in note 20, the financial assets and liabilities representing the Basslink and energy price derivatives are also carried at fair value.

Revenue and expenses in the fair value calculation are inflated at the forecast CPI and are discounted using the Corporation's pre-tax nominal weighted average cost of capital of 11.00% (2014: 11.00%). This has been validated against Australian financial and equity market data.

Movements in fair value of hydro generation assets will offset movement in the fair value of financial liabilities for the same forecast price change. Fair value of hydro generation assets is estimated to increase by $653 million (2014: $489 million) for a 10% increase in forecast prices and decrease by a similar amount for a 10% reduction in forecast prices. In both scenarios prices have been uniformly changed across all years of the fair value calculation.

AASB 116 'Property, Plant and Equipment' requires that, when an asset class is carried at fair value, disclosure must be made of the carrying amount that would be recognised had it been carried under the cost method. If the hydro generation assets had remained under the cost method their carrying amount would be $3.885bn (2014: $3.915bn).

Revaluation of assets

Note 1.2(i) and (m) detail the Corporation's valuation policy with respect to assets.

An assessment of impairment triggers in 2015 has not indicated any impairment of the generation class of assets.

Details of the Group's generation assets fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3	Fair value as at 30/06/15
	$'000	$'000	$'000	$'000
Generating plant	-	-	3,887,006	3,887,006

There were no transfers between Level 1 and Level 2 during the year.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2015 CONSOLIDATED						
	Generation at fair value $'000	Other generation at cost $'000	Motor vehicles at cost $'000	Land & Buildings at cost $'000	Minor assets at cost $'000	Capital work in progress at cost $'000	Total $'000
Gross carrying amount							
Balance at the beginning of the year	4,127,740	19,812	13,863	61,117	84,888	143,548	4,450,968
Additions	-	-	27	1	25	100,645	100,698
Disposals	(801)	(273)	(2,625)	(39)	(1,073)	(866)	(5,678)
Transfers	46,530	690	3,200	2,626	3,150	(83,601)	(27,405)
Balance at the end of the year	4,173,469	20,229	14,465	63,705	86,989	159,726	4,518,583
Accumulated depreciation							
Balance at the beginning of the year	(452,220)	(12,662)	(5,985)	(18,605)	(66,910)	-	(556,382)
Disposals	1,043	197	2,032	9	1,043	-	4,324
Transfers	6	-	-	(7)	1	-	-
Revaluations	232,066	-	-	-	-	-	232,066
Depreciation expense	(67,358)	(484)	(2,118)	(2,470)	(6,474)	-	(78,904)
Balance at the end of the year	(286,463)	(12,949)	(6,071)	(21,073)	(72,340)	-	(398,896)
Net book value at the end of the year	3,887,006	7,280	8,394	42,632	14,649	159,726	4,119,687

	2015 PARENT						
	Generation at fair value $'000	Other generation at cost $'000	Motor vehicles at cost $'000	Land & Buildings at cost $'000	Minor assets at cost $'000	Capital work in progress at cost $'000	Total $'000
Gross carrying amount							
Balance at the beginning of the year	3,997,397	19,722	13,612	44,592	81,996	138,796	4,296,115
Additions	-	-	-	-	-	96,072	96,072
Disposals	(801)	(273)	(2,612)	(28)	(833)	(807)	(5,354)
Transfers	45,593	690	3,200	2,025	2,529	(78,205)	(24,168)
Balance at the end of the year	4,042,189	20,139	14,200	46,589	83,692	155,856	4,362,665
Accumulated depreciation							
Balance at the beginning of the year	(419,226)	(12,651)	(5,866)	(15,572)	(65,565)	-	(518,880)
Disposals	1,043	197	2,020	2	827	-	4,089
Transfers	6	-	-	(7)	1	-	-
Revaluations	249,410	-	-	-	-	-	249,410
Depreciation expense	(63,473)	(467)	(2,098)	(2,043)	(6,021)	-	(74,102)
Balance at the end of the year	(232,240)	(12,921)	(5,944)	(17,620)	(70,758)	-	(339,483)
Net book value at the end of the year	3,809,949	7,218	8,256	28,969	12,934	155,856	4,023,182

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2014 CONSOLIDATED						
	Generation at fair value $'000	Other generation at cost $'000	Motor vehicles at cost $'000	Land & Buildings at cost $'000	Minor assets at cost $'000	Capital work in progress at cost $'000	Total $'000
Gross carrying amount							
Balance at the beginning of the year	4,052,624	13,365	12,969	63,856	85,555	203,338	4,431,707
Additions	-	-	61	-	38	118,598	118,697
Disposals	(1,919)	-	(2,627)	(51)	(645)	(20,752)	(25,994)
Transfers	75,833	6,447	3,460	(2,688)	(60)	(157,636)	(74,644)
Net revaluation adjustment	1,202	-	-	-	-	-	1,202
Balance at the end of the year	4,127,740	19,812	13,863	61,117	84,888	143,548	4,450,968
Accumulated depreciation							
Balance at the beginning of the year	(153,221)	(6,375)	(5,914)	(16,917)	(66,897)	-	(249,324)
Disposals	1,564	-	2,000	17	571	-	4,152
Transfers	(447)	(5,901)	-	440	5,908	-	-
Revaluation and impairment	(228,727)	-	-	-	-	-	(228,727)
Depreciation expense	(71,389)	(386)	(2,071)	(2,145)	(6,492)	-	(82,483)
Balance at the end of the year	(452,220)	(12,662)	(5,985)	(18,605)	(66,910)	-	(556,382)
Net book value at the end of the year	3,675,520	7,150	7,878	42,512	17,978	143,548	3,894,586

	2014 PARENT						
	Generation at fair value $'000	Other generation at cost $'000	Motor vehicles at cost $'000	Land & Buildings at cost $'000	Minor assets at cost $'000	Capital work in progress at cost $'000	Total $'000
Gross carrying amount							
Balance at the beginning of the year	3,923,488	13,357	12,634	47,303	82,713	201,728	4,281,223
Additions	-	-	-	-	-	115,248	115,248
Disposals	(1,923)	-	(2,482)	(23)	(532)	(20,752)	(25,712)
Transfers	75,832	6,365	3,460	(2,688)	(185)	(157,428)	(74,644)
Balance at the end of the year	3,997,397	19,722	13,612	44,592	81,996	138,796	4,296,115
Accumulated depreciation							
Balance at the beginning of the year	(124,035)	(6,367)	(5,777)	(14,179)	(65,873)	-	(216,231)
Disposals	1,564	-	1,952	3	497	-	4,016
Transfers	(447)	(5,901)	-	440	5,908	-	-
Revaluation and impairment	(228,727)	-	-	-	-	-	(228,727)
Depreciation expense	(67,581)	(383)	(2,041)	(1,836)	(6,098)	-	(77,939)
Balance at the end of the year	(419,226)	(12,651)	(5,866)	(15,572)	(65,566)	-	(518,881)
Net book value at the end of the year	3,578,171	7,071	7,746	29,020	16,430	138,796	3,777,234

10 . INTANGIBLE ASSETS

	CONSOLIDATED		PARENT	
	2015 Software at cost $'000	2014 Software at cost $'000	2015 Software at cost $'000	2014 Software at cost $'000
Gross carrying amount				
Balance at the beginning of the year	111,755	37,316	110,961	36,522
Disposals	(14,947)	(205)	(14,947)	(205)
Transfers from capital work in progress	27,405	74,644	24,168	74,644
Balance at the end of the year	124,213	111,755	120,182	110,961
Accumulated amortisation				
Balance at the beginning of the year	(36,546)	(30,865)	(36,130)	(30,649)
Disposals	14,747	66	14,747	66
Amortisation expense	(14,014)	(5,747)	(13,626)	(5,547)
Balance at the end of the year	(35,813)	(36,546)	(35,009)	(36,130)
Net book value at the end of the year	88,400	75,209	85,173	74,831

11. OTHER FINANCIAL ASSETS

		NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
(a)	**Current other financial assets**					
	Energy price derivatives	17	33,474	76,850	33,474	76,850
	Basslink financial asset (i)	17	58,869	65,750	58,869	65,750
	Environmental energy products		41,786	57,801	41,748	54,918
			134,129	200,401	134,091	197,518
(b)	**Non-current other financial assets**					
	Basslink financial asset (i)	17	344,041	391,034	344,041	391,034
	Basslink security deposit (ii)		50,000	50,000	50,000	50,000
	Energy price derivatives	17	31,475	47,350	31,475	47,350
			425,516	488,384	425,516	488,384

(i) The Basslink financial asset represents the fair value of the contractual rights to receive revenue under the Basslink Services Agreement (note 17).

(ii) Basslink security deposit represents the contribution made to the asset owner upon commissioning. This will be recovered via lower facility fee payments over the final 3 years of the agreement.

12. OTHER ASSETS

	CONSOLIDATED		PARENT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a) Current other assets				
Prepayments	9,216	8,979	8,603	8,250
Loans to associates	248	1,254	-	-
Other	5,850	980	-	-
	15,314	11,213	8,603	8,250
(b) Non-current other assets				
Prepayments	30,803	5,806	-	-
Loans to associates	-	135	-	135
Other	2,382	7,306	-	-
	33,185	13,247	-	135

13. GOODWILL

	CONSOLIDATED		PARENT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance at the beginning of the year	16,396	16,396	-	-
Accumulated impairment losses	-	-	-	-
Closing balance of goodwill	16,396	16,396	-	-

14. PAYABLES

	CONSOLIDATED		PARENT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade creditors	85,010	70,472	70,645	75,889
Accrued expenses	72,137	95,171	18,109	33,935
Accrued interest payable	7,136	10,430	7,136	10,429
	164,283	176,073	95,890	120,253

15. INTEREST-BEARING LIABILITIES

		CONSOLIDATED		PARENT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	**Interest-bearing liabilities**				
	Current				
	Loans from Tascorp (i)	64,700	368,600	64,700	368,600
	Finance Lease Liability (ii)	703	685	703	685
		65,403	369,285	65,403	369,285
	Non-current				
	Loans from Tascorp (i)	785,000	490,000	785,000	490,000
	Finance Lease Liability (ii)	4,612	4,717	4,612	4,717
		789,612	494,717	789,612	494,717

(i) The loans from Tascorp are unsecured

(ii) The finance leases are secured by the leased assets

The State of Tasmania transferred $205m of debt from the Corporation to TasNetworks Pty Ltd on 29 January 2015.

		CONSOLIDATED		PARENT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(b)	**Loan facilities**				
	Master loan facility				
	Facility limit	1,055,000	1,001,000	1,055,000	1,001,000
	Facility used/committed	849,700	858,600	849,700	858,600
	Facility balance	205,300	142,400	205,300	142,400
	Standby revolving credit facility				
	Facility limit	30,000	30,000	30,000	30,000
	Facility used/committed	-	-	-	-
	Facility balance	30,000	30,000	30,000	30,000
	Bank overdraft				
	Facility limit	1,000	1,000	1,000	1,000
	Facility used/committed	-	-	-	-
	Facility balance	1,000	1,000	1,000	1,000
	Corporate purchasing card				
	Facility limit	7,500	7,500	7,500	7,500
	Facility used/committed	4,368	4,743	3,726	4,163
	Facility balance	3,132	2,757	3,774	3,337

Hydro Tasmania manages its debt portfolio under a Board approved Treasury Policy, in line with the requirement of the *GBE Act* and related *Treasurer's Instructions*. The policy requires a weighted average term to maturity of 4 years. The policy also places limits around maturity profile of the debt. The maturity profile of the Corporation's debt as at 30 June 2015 is included in note 20. The current interest bearing liabilities as at 30 June 2015 of $65.403m will be settled with budgeted cash inflows. In addition, Hydro Tasmania had unused loan facilities of $235.3m as at 30 June 2015.

15. INTEREST-BEARING LIABILITIES (CONTINUED)

	PARENT & CONSOLIDATED			
	2015 $'000	2015 $'000	2015 $'000	2015 $'000
	Less than one year	Between one and five years	Later than five years	Total
(c) Finance lease liabilities				
Future minimum lease payments	703	2,990	3,301	6,994
Interest	-	(510)	(1,169)	(1,679)
Present value of future minimum lease payments	703	2,480	2,132	5,315

	PARENT & CONSOLIDATED			
	2014 $'000	2014 $'000	2014 $'000	2014 $'000
	Less than one year	Between one and five years	Later than five years	Total
Future minimum lease payments	685	2,917	4,076	7,678
Interest	-	(568)	(1,707)	(2,275)
Present value of future minimum lease payments	685	2,349	2,369	5,403

(d) Fair value disclosures

Details of the fair value of the Corporation's interest-bearing liabilities are set out in note 17.

16. PROVISIONS

	NOTE	CONSOLIDATED		PARENT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a) Current provisions					
Employee entitlements		20,268	20,581	17,706	17,933
Retirement Benefits Fund provision	19	18,849	18,488	18,849	18,488
Other provisions		60,886	61,330	1,488	900
		100,003	100,399	38,043	37,321
(b) Non-current provisions					
Employee entitlements		5,128	6,536	4,660	6,086
Retirement Benefits Fund provision	19	292,388	336,220	292,388	336,220
Other provisions		104,188	115,935	6,838	3,360
		401,704	458,691	303,886	345,666

16. PROVISIONS CONTINUED

	CONSOLIDATED			
	Onerous contracts[(i)] $'000	Regulatory schemes $'000	Site rehabilitation[(ii)] $'000	Total $'000
Other provisions				
Balance at 1 July 2014	104,637	23,371	49,256	177,265
Additional provision recognised	-	55,597	-	55,597
Reductions arising from payments	(483)	-	(178)	(661)
Reductions from settlement	-	(64,190)	-	(64,190)
Unwinding of discount	(6,713)	-	3,776	(2,937)
Balance at 30 June 2015	97,441	14,778	52,854	165,074

	Parent			
	Onerous contracts[(i)] $'000	Regulatory schemes $'000	Site rehabilitation[(ii)] $'000	Total $'000
Other provisions				
Balance at 1 July 2014	4,260	-	-	4,260
Additional provision recognised	964	-	-	964
Reductions arising from payments	(483)	-	-	(483)
Unwinding of discount	3,585	-	-	3,585
Balance at 30 June 2015	8,326	-	-	8,326

(i) Onerous contracts include gas contracts, lease liabilities and the Corporation's obligation to remediate the Studland Bay wind farm foundations.

(ii) Site rehabilitation provision represents estimated future cost of demolishing the Bell Bay plant and the Tamar Valley plant at the end of its useful life and of rehabilitating the site.

17. OTHER FINANCIAL LIABILITIES

		CONSOLIDATED		PARENT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	**Current other financial liabilities**				
	Basslink Services Agreement	67,926	65,327	67,926	65,327
	Basslink Facility Fee Swap	16,927	12,057	16,927	12,057
	Interest rate swaps	7,735	12,881	7,735	11,816
	Energy price derivatives	49,622	67,350	49,622	67,350
		142,210	157,615	142,210	156,550
(b)	**Non-current other financial liabilities**				
	Basslink Services Agreement	453,449	515,657	453,449	515,657
	Basslink Facility Fee Swap	325,532	284,936	325,532	284,936
	Energy price derivatives	112,235	90,204	112,235	90,204
		891,216	890,797	891,216	890,797

17. OTHER FINANCIAL LIABILITIES (CONTINUED)

	NOTE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
Energy price derivatives movement reconciliation:					
Liability at the beginning of the year		33,355	85,962	33,355	85,962
Amount included in electricity revenue due to settlement during the year		102,692	133,181	59,009	120,765
Net cash (payments)/receipts on futures margin account		13,846	(4,565)	13,846	(4,565)
Fair value (gain)/loss on contracts outstanding as at 30 June		(52,985)	(181,223)	(9,302)	(168,807)
Liability at the end of the year		96,908	33,355	96,908	33,355
Represented by:					
Current energy price derivative liability	17(a)	49,622	67,350	49,622	67,350
Non-current energy price derivative liability	17(b)	112,235	90,204	112,235	90,204
		161,857	157,554	161,857	157,554
Current energy price derivative asset	11(a)	33,474	76,850	33,474	76,850
Non-current energy price derivative asset	11(b)	31,475	47,349	31,475	47,349
		64,949	124,199	64,949	124,199
Net energy price derivatives liability		96,908	33,355	96,908	33,355
Net Basslink financial liability movement reconciliation:					
Balance at the beginning of the year		421,193	526,213	421,193	526,213
Current year net (revenue) and operating expenses realised during the year and included in the operating valuation		(11,634)	(61,617)	(11,634)	(61,617)
Increase/(decrease) in present value of projected rights and obligations of later years as at the beginning of the year		(22,717)	153,115	(22,717)	153,115
(Gain)/loss arising on re-estimation of fair value of contract rights and obligations over the remaining contract term as at 30 June		74,082	(196,518)	74,082	(196,518)
Balance at the end of the year		460,924	421,193	460,924	421,193
Represented by:					
Current Basslink financial liabilitity		84,853	77,384	84,853	77,384
Non-current Basslink financial liability		778,981	800,593	778,981	800,593
		863,834	877,977	863,834	877,977
Current Basslink financial asset	11(a)	58,869	65,750	58,869	65,750
Non-current Basslink financial asset	11(b)	344,041	391,034	344,041	391,034
		402,910	456,784	402,910	456,784
Net Basslink financial liability		460,924	421,193	460,924	421,193

18. OTHER LIABILITIES

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000	PARENT 2015 $'000	PARENT 2014 $'000
(a) Current other liabilities				
Income received in advance	232	620	107	472
Loans from associates (i)	6,855	4,871	-	-
Loans from subsidiaries (i)	-	-	94,166	51,831
Other	1,251	934	1,233	931
	8,338	6,425	95,506	53,234

(i) Loans from associates and subsidiaries are interest-free and on-call and presented on a net basis.

19. RETIREMENT BENEFITS FUND PROVISION

Plan information

The Retirement Benefits Fund (RBF) is a defined benefit fund which pays lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The defined benefit 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*.

Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme 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%. However RBF is also a public sector superannuation scheme which means that employer contributions may not be subject to the 15% tax (if the RBF Board elects) up to the amount of "untaxed" benefits paid to members in the year.

The RBF Board (the Board) is responsible for the governance of the scheme. As trustee, the Board has a legal obligation to act solely in the best interests of scheme beneficiaries. The Board has the following roles:

- Administration of the scheme and payment to the beneficiaries when required in accordance with the scheme rules;
- Management and investment of the scheme assets; and
- Compliance with the Heads of Government Agreement referred to above.

There are a number of risks to which the scheme exposes the Corporation. The more 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 (on which future benefit amounts will be based) 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.

Benefits 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 will be lighter than expected, resulting in pensions being paid for a longer period.

Legislative risk - The risk that legislative changes could be made which increase the cost of providing the defined benefits.

There were no planned amendments, curtailments or settlements during the year.

Information in this note applies equally to the parent and consolidated entities.

Reconciliation of the net liability recognised in the Balance Sheet:

	NOTE	2015 $'000	2014 $'000
Defined benefit obligation		382,777	422,689
Fair value of plan assets		(71,540)	(67,981)
Net superannuation liability		311,237	354,708
Comprising:			
Current net liability	16	18,849	18,488
Non-current net liability	16	292,388	336,220
Net superannuation liability		311,237	354,708

19. RETIREMENT BENEFITS FUND PROVISION (CONTINUED)

Reconciliation of the present value of the defined benefit obligation:

	2015 $'000	2014 $'000
Present value of defined benefit obligations at the beginning of the year	422,689	425,159
Current service cost	4,961	4,814
Interest cost	16,828	17,534
Contributions by plan participants	1,363	1,311
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(4,143)
Actuarial losses/(gains) arising from changes in financial assumptions	(33,640)	8,937
Actuarial (gains)/losses arising from liability experience	(984)	(3,659)
Benefits paid	(27,865)	(26,651)
Taxes, premiums and expenses paid	(575)	(613)
Present value of defined benefit obligations at year end	382,777	422,689

Reconciliation of the fair value of scheme assets:

	2015 $'000	2014 $'000
Fair value of plan assets at beginning of the year	67,981	69,559
Interest income	2,680	2,841
Actual return on plan assets less interest income	6,940	1,367
Employer contributions	21,016	20,167
Contributions by plan participants	1,363	1,311
Benefits paid	(27,865)	(26,651)
Taxes, premiums and expenses paid	(575)	(613)
Fair value of plan assets at end of the year	71,540	67,981

Fair value of scheme assets:

	2015			
Asset category	Total $'000	Quoted prices in active markets – Level 1 $'000	Significant observable inputs – Level 2 $'000	Unobservable inputs Level 3 $'000
Cash and cash equivalents	12,417	12,417	-	-
Equity instruments	48,819	22,221	21,439	5,159
Debt instruments	9,590	2,603	3,937	3,050
Derivatives	132	-	132	-
Real estate	582	-	582	-
Total	71,540	37,241	26,090	8,209

The fair value of the scheme assets includes no amounts relating to any of the Corporation's own financial instruments or to any property occupied, or other assets used by the Corporation.

Assets are not held separately for each employer but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's funded liabilities, calculated using the assumptions outlined in this report, with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, a discount rate of 3.7% has been used, in order to be consistent with the allocation of assets reported to the Department of Treasury and Finance.

The Actuarial assumptions used in the calculations have been agreed with the Tasmanian Department of Treasury and Finance and have been specified in the preceding tables of this note.

19. RETIREMENT BENEFITS FUND PROVISION (CONTINUED)

Significant actuarial assumptions as at balance date:

	2015 %	2014 %
Assumptions to determine defined benefit cost and defined benefit obligation at the start of the year		
Discount rate (active members)	4.10	4.25
Discount rate (pensioners)	4.10	4.25
Expected rate of increase in compulsory preserved amounts	4.50	3.75
Expected salary increase rate	3.00	3.00
Expected pension increase rate	2.50	2.50

	2015 %	2014 %
Assumptions used to determine defined benefit obligation at the end of the year		
Discount rate (active members)	4.80	4.10
Discount rate (pensioners)	4.80	4.10
Expected salary increase rate	3.00	3.00
Expected rate of increase in compulsory preserved amounts	4.50	4.50
Expected pension increase rate	2.50	2.50

	2015 $'000	2014 $'000
Gain/(loss) recognised in Other Comprehensive Income		
Actuarial (gains)/losses	41,331	232

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.

Scenario A: 0.5% pa lower discount rate assumption
Scenario B: 0.5% pa higher discount rate assumption
Scenario C: 0.5% pa lower expected pension increase rate assumption
Scenario D: 0.5% pa higher expected pension increase rate assumption

	Base Case	Scenario A -0.5% pa discount rate	Scenario B +0.5% pa discount rate	Scenario C -0.5% pa increase rate	Scenario D +0.5% pa increase rate
Discount rate (%)	4.80% pa	4.30% pa	5.30% pa	4.80% pa	4.80% pa
Pension increase rate (%)	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (A$'000s)	382,777	406,287	361,590	365,487	401,606

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

There were no asset and liability matching strategies adopted by the fund.

The Corporation contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the Minister on the advice of the Actuary.

The weighted average duration of the defined benefit obligation for the Corporation is 12.2 years.

	2016 $'000
Expected employer contributions	18,849

20. FINANCIAL INSTRUMENTS DISCLOSURES

The Corporation's primary purpose for holding financial instruments is to fund its operations and manage its financial risks.

The Corporation's principal financial instruments are derivatives and loans. The Corporation has other financial assets and liabilities such as a bank overdraft, cash and short-term investments, and trade receivables and payables which arise directly from its operations.

The main risks arising from the Corporation's operations which are managed through financial instruments are electricity price risk, interest rate risk, liquidity risk, foreign currency risk and credit risk.

(a) Financial instrument categories

The categories and fair value of financial instruments the Corporation holds are detailed in the following table:

	CONSOLIDATED				PARENT			
	Carrying amount 2015 $'000	Net fair value 2015 $'000	Carrying amount 2014 $'000	Net fair value 2014 $'000	Carrying amount 2015 $'000	Net fair value 2015 $'000	Carrying amount 2014 $'000	Net fair value 2014 $'000
Financial assets								
Cash	15,683	15,683	13,001	13,001	8,554	8,554	8,306	8,306
Loans and receivables								
Receivables	250,476	250,476	241,086	241,086	99,076	99,076	96,419	96,419
Held to maturity								
Investments	11	11	11	11	-	-	-	-
Fair value through profit or loss								
Forward foreign exchange contracts	168	168	104	104	168	168	104	104
Credit swaps	187,535	187,535	152,191	152,191	187,535	187,535	152,191	152,191
Basslink financial asset	402,910	402,910	456,784	456,784	402,910	402,910	456,784	456,784
Energy price derivatives	64,949	64,949	124,199	124,199	64,949	64,949	124,199	124,199
Other assets	9,547	9,547	21,443	21,443	8,603	8,603	8,250	8,250
	931,279	931,279	1,008,819	1,008,819	771,795	771,795	846,253	846,253
Financial liabilities								
Loans and receivables								
Accounts payable	157,147	157,147	165,644	165,644	88,754	88,754	109,824	109,824
Tascorp loans	856,836	832,305	869,029	857,781	856,836	877,067	869,029	677,761
Designated hedge accounting derivatives								
Interest rate swaps	7,735	7,735	12,881	12,881	7,735	7,735	11,816	11,816
Fair value through profit or loss								
Forward foreign exchange contracts	1,402	1,402	1,039	1,039	1,402	1,402	1,039	1,039
Credit swaps	187,535	187,535	152,191	152,191	187,535	187,535	152,191	152,191
Basslink Services Agreement	521,375	521,375	580,984	580,984	521,375	521,375	580,984	580,984
Basslink Facility Fee Swap	342,459	342,459	296,993	296,993	342,459	342,459	296,993	296,993
Energy price derivatives	161,257	161,257	153,254	153,254	161,257	161,257	153,254	153,254
Other liabilities	726	726	4,920	4,920	600	600	4,771	4,771
	2,236,472	2,211,941	2,236,935	2,225,687	2,167,953	2,188,184	2,179,901	1,988,633

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(b) Financial risk management objectives and policies

The Corporation enters into derivative contracts being principally energy price contracts, interest rate swaps and forward currency exchange contracts. The risk management objective is to manage exposure to market electricity prices, interest rates and foreign currency rates arising from operations and funding. The Corporation enters into these derivatives in accordance with the policies approved by the Board. All hedges are cash flow hedges (refer note 1.2(r)).

The Basslink contracts including the Basslink Services Agreement (BSA), Floating Facility Fee Instrument (FFFI) and Basslink Facility Fee Swap (BFFS) have been designated as derivatives.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect to each class of financial asset and financial liability are disclosed in notes 1.2(j) and (r).

The Corporation's objectives, policies and processes for managing its risk exposures are consistent with previous years.

(i) Capital risk management

The Corporation's policy is to maintain an appropriate capital structure to ensure it will continue as a going concern while maximising the return to stakeholders through an appropriate balance of debt and equity.

The capital structure of the Corporation includes loans disclosed in note 15, contributed equity and cash and cash equivalents disclosed in note 5.

The Corporation is subject to financial covenants on its borrowings and the Basslink Facility Fee Swap. The latter requires a minimum level of equity, sets a maximum level of debt, and requires a minimum of 50 per cent of debt to be held with the Tasmanian Government's central borrowing authority, Tascorp. The loan agreement with Tascorp sets a maximum financial leverage ratio and a minimum interest coverage ratio.

The Corporation reviews its capital risk and performance against these covenants on a monthly basis.

The Corporation has been compliant with all financial covenants.

(ii) Market risk management

The Corporation's activities primarily expose it to electricity price risk and interest rate risk. In addition, the Corporation operates consulting businesses in foreign countries and enters into foreign currency transactions which expose it to foreign currency risk.

(A) Energy prices

The Corporation's revenue is exposed to fluctuations in the market price of electricity in Tasmania. In addition, on 1 January 2014 wholesale regulation began in Tasmania. The wholesale pricing methodology links Tasmanian regulated contract prices to Victorian market prices. The Corporation's revenue is also exposed to fluctuations in the Victorian market price to the extent of electricity flows over Basslink, and through the variable portion of the Basslink facility fee. The Corporation is also exposed to fluctuations in electricity market prices in all NEM regions in relation to its retail operation in Victoria and other NEM regions. Exposure to these fluctuations in market price is managed through the use of derivative contracts executed in all regions of the NEM in accordance with Board approved policy. Contract volumes for many of the Corporation's current Tasmanian forward contracts are determined by the actual load consumed in the contract period.

Until December 2013 Board approved policies prescribe the management of electricity trading risk in line with an asset backed trading model. From December 2013 the Corporation has managed electricity trading risk using an earnings at risk approach combined with an asset backed trading model.

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

The Corporation assesses its electricity price risk exposure through sensitivity analysis. The following table shows the effect on the Income Statement of a feasible movement (10%) in forecast electricity prices.

	2015				2014			
	CONSOLIDATED		PARENT		CONSOLIDATED		PARENT	
	Income $'000	Equity $'000	Income $'000	Equity $'000	Income $'000	Equity $'000	Income $'000	Equity $'000
Increase/(decrease)								
Electricity forward price +10%								
Basslink net liability	(32,451)	-	(32,451)	-	(38,911)	-	(38,911)	-
Energy derivative net asset	(110,860)	-	(110,860)	-	(66,468)	-	(66,468)	-
Electricity forward price -10%								
Basslink net liability	35,661	-	35,661	-	40,140	-	40,140	-
Energy derivative net asset	110,944	-	110,944	-	66,521	-	66,521	-

The sensitivity of the fair value of the Basslink Services Agreement to energy price movements has been based on adjustments to forecast price differences between the Tasmanian and Victorian regions. The sensitivity of the fair value of energy price derivatives to energy price movements has been determined by adjusting the forecast prices for the Tasmanian and mainland regions.

The forecast price methodology is based on published three-year NEM electricity price curves. These prices are determined by market assessment of the many variables that may influence future prices including pending regulation and legislation. The price curves have been validated by comparison to other published price trend predictions in the National Electricity Market (NEM). Beyond the period when market prices are observable, the Corporation derives forecast prices from an internal model.

The fair value movements in the energy trading derivatives arising from variation in forecast prices are offset by movements in the fair value of the generation assets to the extent that they hedge generation revenue. An energy price derivative instrument may also expose the Corporation to commodity price risk.

(B) Interest rates

The Corporation's exposure to changes in market interest rates arises primarily from the Corporation's borrowings and the Basslink contracts.

Cash flow hedges

The Corporation has entered into interest rate swap contracts to achieve an interest rate risk exposure profile that is consistent with the long-term cash flow stability and the debt management strategy of the Corporation. Interest rate exposure on specific loans is managed using highly effective hedge derivatives. The Corporation applies hedge accounting treatment to hedges of the Tascorp debt as described in note 1.2(r).

In pursuit of these objectives, the Corporation manages its debt through setting and achieving benchmarks for the two key portfolio indicators of repricing profile and weighted average term to maturity.

At 30 June 2015 fixed rate loans varied from 3.01% to 6.92% (2014: 3.9% to 7.0%). Floating rates were based on bank bill rates and these varied from 2.7% to 3.2% (2014: 2.6% to 3.7%).

The Government Guarantee Fee rate varied from 0.5% to 1.8% for this financial year (2014: 0.5% to 1.8%).

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Basslink

The Basslink Services Agreement (BSA) and Floating Facility Fee Instrument (FFFI) between the Corporation and Basslink Pty Ltd (BPL) establish the rights and obligations of both parties with respect to the operation of Basslink including the monthly payment of the Basslink Facility Fee (BFF) by the Corporation to BPL. These agreements are financial assets and financial liabilities whereby the Corporation is committed to make payments to BPL over the term of the contract should BPL meet its obligations to keep Basslink available in exchange for the right to receive Inter Regional Revenues (IRRs). The latter has been recognised as a financial asset.

The BSA commenced upon successful commissioning of Basslink on 28 April 2006 and was for a term of 25 years, with an option for a further 15 years. Basslink effectively gives Tasmania, including Hydro Tasmania, physical access to the Victorian region of the NEM.

The Corporation entered into the Basslink Facility Fee Swap (BFFS) in 2002 for a 25 year term to eliminate the interest rate and foreign exchange risk arising from the Basslink construction and operational agreements. The BFFS hedged the interest rate and foreign exchange risk during construction and swapped the floating interest rate exposure in the BFF. The inherent fixed interest rate is 7.83%.

The Corporation assesses its interest rate risk exposure through sensitivity analysis. The following table shows the effect on the Income Statement of a movement of 1 basis point (bps) in forecast interest rates.

	2015				2014			
	CONSOLIDATED		PARENT		CONSOLIDATED		PARENT	
	Income $'000	Equity $'000	Income $'000	Equity $'000	Income $'000	Equity $'000	Income $'000	Equity $'000
Increase/(decrease)								
Forward interest rates +0.1 bps								
Financial assets	1,378	(3)	1,378	(3)	1,362	-	1,362	-
Financial liabilities	(1,521)	(34)	(1,521)	(34)	(1,515)	(59)	(1,515)	(59)
Forward interest rates -0.1 bps								
Financial assets	(1,378)	3	(1,378)	3	(1,362)	-	(1,362)	-
Financial liabilities	1,521	34	1,521	34	1,515	59	1,515	59

The sensitivity of the fair value of financial assets and liabilities to interest rates has been determined by adjusting closing published forward market rates. The impact on the fair value of financial instruments is calculated using standard Australian treasury valuation formulae.

The Weighted Average Cost of Debt (WACD) for 2015 for both the parent and consolidated entities is 6.67% (2014: 7.39%). This incorporates both loans and interest rate swaps as at the reporting date and also includes the average government guarantee fee of 1.09% (2014: 1.03%).

(C) Foreign currency rates

The Corporation owns and operates companies in India and South Africa and is exposed to foreign exchange rate risks upon translation into Australian dollars. This risk is considered to be insignificant relative to the Corporation as a whole.

The Corporation transacts in foreign currency for operational and capital requirements and enters into forward foreign exchange contracts to eliminate currency exposure in accordance with Board approved policy. Due to the relatively small size of the transactions the Corporation considers the risk exposure to be insignificant.

The Corporation ensures that the term of the hedge derivatives matches the term of the currency exposure in order to maximise hedge effectiveness and enable application of hedge accounting.

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

The settlement dates and principal amounts of the Corporation's outstanding foreign exchange hedge contracts were:

	CONSOLIDATED		PARENT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Receivables				
Not later than one year	6,308	925	6,308	925
Later than one year but not later than two years	148	8,135	148	8,135
Later than two years	58	5,523	58	5,523
Total	6,514	14,583	6,514	14,583
Payables				
Not later than one year	22,849	8,213	22,849	8,213
Later than one year but not later than two years	8,250	4,668	8,250	4,668
Later than two years	1,417	2,372	1,417	2,372
Total	32,516	15,253	32,516	15,253

(iii) Credit risk

Credit risk represents the loss that would be recognised at the reporting date if counterparties failed to meet their contractual obligations. The Corporation measures credit risk on non-derivative financial instruments as the carrying amount of any instruments that represent an asset to the Corporation.

Derivative financial instruments

The credit exposure on a derivative financial instrument is its positive market valuation at the reporting date. In addition a potential exposure, calculated broadly in accordance with Reserve Bank guidelines, is included for all interest rate swaps. These include the BFFS and the Basslink credit swaps.

In the main, the Corporation reduces credit risk on derivative financial assets by only transacting with high credit quality counterparties up to a pre-determined counterparty limit or by limiting credit exposure to unrated counterparties. The Corporation also obtains credit support for counterparties of low credit quality. Interest rate swaps and energy contracts are subject to the industry recommended International Swap Dealers Association (ISDA) documentation. Where possible this documentation contains clauses enabling the netting of exposures.

Receivables

Receivables represent amounts due from AEMO, electricity, gas, treasury and environmental energy product counterparties, consulting service clients and retail energy customers.

The Corporation's credit exposure to AEMO is mitigated by the provisions of the National Electricity Rules (NER). The NER define the rules for conduct of the wholesale electricity market.

Consulting services clients are spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of debtors, and where necessary recovery action is undertaken and contract penalty clauses activated.

Appropriate credit management practices are adopted to protect against exposure to non-payment by retail customers.

Basslink credit swaps

While the BFFS transaction has been executed with a single counterparty, the Corporation has also entered into supplementary interest rate swap transactions with other counterparties to mitigate the potential credit risk associated with a single counterparty. These swaps are readily tradeable financial instruments.

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

	CONSOLIDATED			
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Credit risk exposure by instrument type				
Financial assets				
Investments and bank balances	15,694	13,012	8,554	8,306
Receivables	250,476	241,086	99,076	96,419
Basslink financial asset	350	1,784	350	1,784
Derivative financial instruments				
Interest rate swaps	9	27	9	27
Forward foreign exchange contracts	-	-	-	-
Basslink Facility Fee Swap	11,993	12,215	11,993	12,215
Energy price derivatives	20,303	24,280	20,303	24,280
Environmental product contracts	23,058	9,337	23,058	9,337
Total credit risk exposure	321,883	301,741	163,343	152,368
Credit risk exposure by institution ratings				
Australian-based institutions				
AA+ to AA- ratings	111,939	117,500	67,514	74,830
A+ to A- ratings	8,459	13,282	8,459	13,282
BBB+ to BBB- ratings	1,334	1,260	1,320	1,249
Unrated	172,172	142,626	58,071	35,934
	293,904	274,668	135,364	125,295
Overseas-based institutions				
AA+ to AA- ratings	9,941	11,258	9,941	11,258
A+ to A- ratings	17,799	10,358	17,799	10,358
BBB+ to BBB- ratings	239	-	239	-
Unrated	-	5,457	-	5,457
	27,979	27,073	27,979	27,073
Total credit risk exposure	321,883	301,741	163,343	152,368

(iv) Liquidity risk

Liquidity risk represents the possibility that the Corporation may be unable to settle an obligation on the due date.

To manage this risk, the Corporation maintains adequate stand-by funding facilities and other arrangements as detailed in note 15.

The Corporation's exposure at 30 June 2015 is detailed in the tables below. The tables are based on the undiscounted cash flows of the financial assets and liabilities based on the date on which the payments fall due. The tables include principal and interest cash flows.

The Corporation monitors its liquidity risk on a daily basis. The following table details the Corporation's liquidity exposure.

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

	2015 CONSOLIDATED				2015 PARENT			
	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000
Financial assets								
Loans and receivables								
Cash	15,683	-	-	-	8,554	-	-	-
Receivables	250,476	-	-	-	99,076	-	-	-
Held to maturity								
Investments	11	-	-	-	-	-	-	-
Fair value through profit or loss								
Credit swaps	13,962	13,870	90,477	116,348	13,962	13,870	90,477	116,348
Forward foreign exchange contracts	76	12	1	-	76	12	1	-
Energy price derivatives	24,992	5,165	36,516	4,864	24,992	5,165	36,516	4,864
Basslink financial asset	29,435	29,435	221,043	578,901	29,435	29,435	221,043	578,901
Other assets	20,757	-	-	-	8,603	-	-	-
	355,392	48,482	348,037	700,113	184,698	48,482	348,037	700,113
Financial liabilities								
Loans and receivables								
Accounts payable	157,147	-	-	-	88,754	-	-	-
Tascorp loans	61,051	36,232	501,457	419,024	61,051	36,232	501,457	419,024
Designated hedge accounting derivatives								
Interest rate swaps	949	987	5,113	1,527	949	987	5,113	1,527
Forward foreign exchange contracts	682	307	890	-	682	307	890	-
Fair value through profit or loss								
Credit swaps	13,962	13,907	90,444	116,344	13,962	13,907	90,444	116,344
Basslink Services Agreement	32,566	32,566	283,899	932,302	32,566	32,566	283,899	932,302
Basslink Facility Fee Swap	19,372	19,306	131,858	254,041	19,372	19,306	131,858	254,041
Energy price derivatives	25,128	25,917	99,645	63,707	25,128	25,917	99,645	63,707
Other liabilities	726	-	-	-	600	-	-	-
	311,583	129,222	1,113,306	1,786,945	243,064	129,222	1,113,306	1,786,945

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

	2014 CONSOLIDATED				2014 PARENT			
	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000	Less than 6 months $'000	6-12 months $'000	1-5 years $'000	Over 5 years $'000
Financial assets								
Loans and receivables								
Cash	13,001	-	-	-	8,306	-	-	-
Receivables	241,086	-	-	-	96,419	-	-	-
Held to maturity								
Investments	11	-	-	-	-	-	-	-
Fair value through profit or loss								
Credit swaps	12,830	12,569	78,953	91,094	12,830	12,569	78,953	91,094
Forward foreign exchange contracts	16	21	78	-	16	21	78	-
Energy price derivatives	47,328	30,133	48,153	17,668	47,328	30,133	48,153	17,668
Basslink financial asset	45,826	45,826	300,675	816,562	45,826	45,826	300,675	816,562
Other assets	21,443	-	-	-	4,771	-	-	-
	381,541	88,549	427,859	925,324	215,496	88,549	427,859	925,324
Financial liabilities								
Loans and receivables								
Accounts payable	165,644	-	-	-	109,824	-	-	-
Tascorp loans	103,225	112,852	300,526	249,943	103,225	112,852	300,526	249,943
Designated hedge accounting derivatives								
Interest rate swaps	2,960	3,025	7,594	1,174	2,960	3,025	7,594	1,174
Forward foreign exchange contracts	259	357	865	-	259	357	865	-
Fair value through profit or loss								
Credit swaps	12,843	14,060	89,816	95,480	12,843	14,060	89,816	95,480
Basslink Services Agreement	38,639	38,639	322,828	1,110,172	38,639	38,639	322,828	1,110,172
Basslink Facility Fee Swap	18,185	17,981	123,824	242,632	18,185	17,981	123,824	242,632
Energy price derivatives	30,834	23,246	90,711	21,066	30,834	23,246	90,711	21,066
Other liabilities	4,920	-	-	-	4,771	-	-	-
	377,509	210,160	936,164	1,720,467	321,540	210,160	936,164	1,720,467

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

(c) Fair values

AASB 139 requires recognition of some financial assets and financial liabilities at fair value on the Balance Sheet.

Where possible this fair value is determined from prices quoted for the financial instrument on an active market.

In the event of a lack of quoted market prices, the fair value of financial instruments has been calculated using valuation models that make maximum use of available market inputs to produce a reasonable estimate of the price that would be determined by the market. In many cases this entails projecting future cash flows that are then discounted to present value using the appropriate discount rate, including the credit risk of the out of the money party to the agreement. The calculation of projected future cash flows requires, among other things, a forecast electricity price. Beyond the period when market prices are observable, the Corporation derives forecast prices from an internal model.

The fair values of financial assets and liabilities carried at fair value through profit or loss are determined using the following valuation inputs:

	CONSOLIDATED							
	2015				2014			
	Level 1 Quoted market prices $'000	Level 2 Valuation technique – market observable inputs $'000	Level 3 Valuation technique – non market observable inputs $'000	Total $'000	Level 1 Quoted market prices $'000	Level 2 Valuation technique – market observable inputs $'000	Level 3 Valuation technique – non market observable inputs $'000	Total $'000
Financial assets								
Fair value through profit or loss								
Credit swaps	-	187,535	-	187,535	-	152,191	-	152,191
Forward foreign exchange contracts	-	168	-	168	-	104	-	104
Basslink financial asset	-	-	402,910	402,910	-	-	456,784	456,784
Energy price derivatives	12,328	20,816	31,804	64,948	34,650	48,841	40,708	124,199
	12,328	208,519	434,714	655,561	34,650	201,136	497,492	733,278
Financial liabilities								
Designated hedge accounting derivatives								
Interest rate swaps	-	7,735	-	7,735	-	12,881	-	12,881
Forward foreign exchange contracts	-	1,402	-	1,402	-	1,039	-	1,039
Fair value through profit or loss								
Credit swaps	-	187,535	-	187,535	-	152,191	-	152,191
Basslink Services Agreement	-	-	521,375	521,375	-	-	580,984	580,984
Basslink Facility Fee Swap	-	-	342,459	342,459	-	-	296,993	296,993
Energy price derivatives	2,146	12,946	146,165	161,257	18,653	27,414	107,187	153,254
	2,146	209,618	1,009,999	1,221,763	18,653	193,525	985,164	1,197,342

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

	PARENT							
	2015				2014			
	Level 1 Quoted market prices $'000	Level 2 Valuation technique – market observable inputs $'000	Level 3 Valuation technique – non market observable inputs $'000	Total $'000	Level 1 Quoted market prices $'000	Level 2 Valuation technique – market observable inputs $'000	Level 3 Valuation technique – non market observable inputs $'000	Total $'000
Financial assets								
Fair value through profit or loss								
Credit swaps	-	187,535	-	187,535	-	152,191	-	152,191
Forward foreign exchange contracts	-	168	-	168	-	104	-	104
Basslink financial asset	-	-	402,910	402,910	-	-	456,784	456,784
Energy price derivatives	12,328	20,816	31,804	64,948	34,650	48,841	40,708	124,199
	12,328	208,519	434,714	655,561	34,650	201,136	497,492	733,278
Financial liabilities								
Designated hedge accounting derivatives								
Interest rate swaps	-	7,735	-	7,735	-	11,816	-	11,816
Forward foreign exchange contracts	-	1,402	-	1,402	-	1,039	-	1,039
Fair value through profit or loss								
Credit swaps	-	187,535	-	187,535	-	152,191	-	152,191
Basslink Services Agreement	-	-	521,375	521,375	-	-	580,984	580,984
Basslink Facility Fee Swap	-	-	342,459	342,459	-	-	296,993	296,993
Energy price derivatives	2,146	12,946	146,165	161,257	18,653	27,414	107,187	153,254
	2,146	209,618	1,009,999	1,221,763	18,653	192,460	985,164	1,196,277

There were no transfers between Level 1, 2 and 3 during the year.

Basslink financial instruments

The Basslink financial instruments comprise the Basslink Services Agreement (BSA), Floating Facility Fee Instrument (FFFI) and Basslink Facility Fee Swap (BFFS). The fair value of the Basslink financial instruments has been calculated using a valuation model based on the present value of expected contractual cash flows. The fair value of expected receipts of inter-regional revenues (IRRs) under the BSA has been separately calculated based on experience to date and projected operating conditions and reported as a financial asset. The expected contractual payments under the BSA, FFFI and BFFS have been reported as financial liabilities. These represent the Basslink facility fees and interest rate swap settlements payable under these contracts.

The fair value of the BSA has been calculated using the pre-tax weighted average cost of capital as the nominal discount rate. The fair values of the FFFI and BFFS have been calculated using a 17 year forward market interest rate.

The BSA, FFFI and BFFS are not readily tradeable financial instruments.

20. FINANCIAL INSTRUMENTS DISCLOSURES (CONTINUED)

Tasmanian energy price derivatives

The Corporation has entered into energy contracts in the Tasmanian market to manage its exposure to market price risks and has developed a model to value these contracts. To the extent that each contract incorporates special term, load or other conditions, the price at commencement of the contract will be at a discount from the spot price at that time. Fair value at balance date has been calculated as the present value of the difference between the projected market price and each contract price, taking into account any discount provided on inception. Projected market price is based on an internally generated long term Tasmanian energy price curve.

The financial instruments above are valued using non-market unobservable inputs, the following table details the nature and sensitivities of those inputs. For a description of the valuation method relating to fair value and unobservable inputs refer to note 20(c).

The relationship of unobservable inputs to the fair value of energy price derivatives is as follows:

- The higher the electricity price, the smaller the fair value liability of energy price derivatives

The relationship of unobservable inputs to the fair value of the Basslink Services Agreement and Facility Fee Swap liability is as follows:

- The higher the weighted average cost of capital, the smaller the liability
- The higher the price spread the smaller the liability
- The higher the long term average generation forecast the smaller the liability
- The higher the counterparty credit margin the larger the liability
- The higher the long term interest rate the larger the liability

Description	Fair value at end of year $'000	Valuation technique	Significant unobservable input	Range (weighted average)	Valuation change $'000
Energy price derivatives	(25,400)	Discounted cash flow	Long term flat electricity price	-10% to +10%	52,446 to (52,457)
Basslink Services Agreement and Facilty Fee Swap	(455,906)	Discounted cash flow	Weighted average cost of capital	10% to 12% (11%)	(11,650) to 10,559
			Long term price benchmark	-10% to +10%	(35,661) to 32,451
			Long term water storage positions (GWh)	8,700 to 9,300 (9,000)	(47,543) to 47,543
			Counterparty credit margin	0.19% to 0.59% (0.39%)	547 to (539)
			Long term interest rate	2.94% to 3.34% (3.14%)	(2,862) to 2,846

21. COMMITMENTS FOR EXPENDITURE

		CONSOLIDATED		PARENT	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	**Capital expenditure commitments**				
	Not later than 1 year	31,784	17,639	31,784	17,639
	Over 1 year and up to 2 years	9,451	11,109	9,451	11,109
		41,235	28,748	41,235	28,748
(b)	**Operating lease commitments**				
	Future minimum lease payments				
	Not later than 1 year	4,911	4,022	3,670	3,094
	Over 1 year and up to 2 years	4,876	4,013	3,640	3,081
	Over 2 years and up to 5 years	12,093	11,612	9,828	8,703
	Later than 5 years	11,860	10,951	11,860	10,951
		33,740	30,598	28,998	25,829

The majority of the Corporation's leases are for office accommodation.

Payments made under operating leases are expensed as incurred over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(c)	**Other commitments**				
	Not later than 1 year	6,099	19,500	6,099	19,500
	Over 1 year and up to 2 years	5,282	602	5,282	602
	Over 2 years and up to 5 years	1,460	-	1,460	-
	Later than 5 years	-	-	-	-
		12,841	20,102	12,841	20,102

The other commitments relate to pass-through costs for consulting work, energy transmission charges, contracted maintenance services and supply of general goods and services.

22. CONTINGENT ASSETS AND LIABILITIES

Under the terms of ASIC Instruments [15-0576] and [15-0577], AETV Pty Ltd and Momentum Energy Pty Ltd have been granted relief from the requirement to prepare audited financial statements. The Corporation has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities. The parties to the deed are the Hydro-Electric Corporation, AETV Pty Ltd and Momentum Energy Pty Ltd.

A consolidated statement of comprehensive income and retained profits, and a consolidated statement of financial position, comprising the company and controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2015, are set out in note 30.

23. AUDITOR'S REMUNERATION

	CONSOLIDATED		PARENT	
	2015 $	2014 $	2015 $	2014 $
Amounts received, or due and receivable, by the Auditor-General from the Corporation for auditing the financial statements of the Corporation	383,400	443,495	383,400	343,495
Amounts received, or due and receivable, for compliance audits	9,150	17,825	9,150	17,825
Amounts received, or due and receivable to Deloitte Touche Tohmatsu, for local and international tax matters	64,635	-	64,635	-
	457,185	461,320	457,185	361,320

24. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Remuneration policy

Remuneration levels for key management personnel of the Corporation are competitively set to attract and retain appropriately qualified and experienced executives. The Human Resources and Remuneration Committee, a Committee of the Board, obtains independent advice on the appropriateness of remuneration packages given trends in comparative entities both locally and interstate and the objectives of the Corporation's remuneration policy.

The remuneration structures take into account:

- the capability and experience of key management personnel
- the key management personnel's ability to control the relevant segments' performance
- achievement of the Corporation's strategic initiatives
- government wages and salaries expectations.

Remuneration packages include contribution to post-employment superannuation plans.

The Corporation has complied with Treasury guidelines in the presentation of the executive remuneration in 2015.

Non-executive directors' remuneration

Non-executive directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed.

The level of fees paid to non-executive directors is administered by the Department of Premier and Cabinet.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation.

No other leave or retirement benefits are accrued or paid to directors.

Directors are entitled to reimbursement of expenses incurred while attending to Board business.

Non-executive directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer and Portfolio Minister.

Senior executives

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave and salary sacrifice provisions.

The CEO is appointed by the Premier and Portfolio Minister following selection and recommendation by the Board. The Board consults with the Government Business Executive Remuneration Advisory Panel when determining the CEO's remuneration package.

The CEO and executive level employees are also eligible for a short-term incentive payment subject to meeting agreed key performance indicators. The CEO and Executive Remuneration Policy is aligned to Hydro Tasmania's strategic objectives and business performance results across a mix of corporate, team and individual measures. The CEO and Executive Remuneration Policy is also aligned with Guidelines issued by the Treasurer.

Short-term incentive payments are those that are dependent on achieving specified performance goals within specified timeframes. These payments are non-recurrent and are capped at a percentage of base salary.

The performance of each senior executive, including the CEO, is reviewed annually, including a review of the remuneration package.

The terms of employment of each senior executive, including the CEO, contain a termination clause that requires the senior executive or the CEO to provide a minimum notice period of up to 6 months prior to termination of the contract.

The aggregate compensation to key management personnel of the Corporation is:

	2015 $'000	2014 $'000
Short-term employee benefits	3,779	4,034
Post-employment benefits	335	285
Other long-term benefits	-	-
Termination benefits	378	-
	4,492	4,319

24. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

(b) Director remuneration

The following tables disclose the remuneration details for each person that acted as a non-executive director during the current and previous financial years:

Director	2015 Directors' fees $'000	Committee fees $'000	Superannuation $'000	Total 2014/15 $'000
Dr D Crean - Chairman to 13/10/14*	70	6	7	83
Mr S Eslake	45	12	6	63
Mr G Every-Burns - Chairman from 13/10/14	83	8	10	101
Ms J Healey	45	16	6	67
Ms T Jakszewicz	46	6	5	57
Mr S Kalinko	45	8	6	59
Total	334	56	40	430

*Dr Crean received payment of normal remuneration in lieu of notice up until 31 January 2015.

Director	2014 Directors' fees $'000	Committee fees $'000	Superannuation $'000	Total 2013/14 $'000
Dr D Crean - Chairman	98	18	12	128
Mr S Eslake	45	8	6	59
Mr G Every-Burns	46	4	5	55
Ms J Healey	45	17	6	68
Ms T Jakszewicz	46	6	5	57
Mr S Kalinko	45	10	6	61
Total	325	63	40	428

24. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

(c) Executive remuneration

The following table discloses the remuneration details of senior executives during the current financial year:

	2015							
Executive	Base salaries $'000	Short-term incentive payments $'000	Termination payments $'000	Superannuation $'000	Vehicles $'000	Other benefits $'000	Other non-monetary benefits $'000	Total 2014/15 $'000
Mr E Albertini Chief Operating Officer	375	60	-	19	6	-	11	471
Mr A Catchpole Director, Strategy & Market Development	325	44	-	19	9	4	10	411
Ms T Chu Managing Director Entura	256	26	-	19	6	2	8	317
Mr N Clark Managing Director Momentum (to 12/12/14)	161	62	378	33	11	1	4	650
Mr S Davy Chief Executive Officer	466	84	-	19	10	-	14	593
Mr A Evans Corporate Secretary	248	34	-	19	9	2	8	320
Mr G Flack Director, Wholesale Markets	282	40	-	32	10	1	8	373
Mr P Geason Managing Director Momentum (from 05/01/15)	153	24	-	15	-	-	-	192
Mr M Smith Chief Financial Officer	325	44	-	19	2	-	10	400
Mr L Stow Chief Information Officer (from 18/07/14)	266	40	-	25	-	1	3	335
Total	2,857	458	378	219	63	11	76	4,062

24. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

(c) Executive remuneration

The following table discloses the remuneration details of senior executives during the previous financial year:

	2014							
Executive	Base salaries $'000	Short-term incentive payments $'000	Termination payments $'000	Superannuation $'000	Vehicles $'000	Other benefits $'000	Other non-monetary benefits $'000	Total 2013/14 $'000
Mr E Albertini Chief Operating Officer	374	115	-	18	6	-	10	523
Mr L Balcombe Chief Financial Officer (to 11/10/13)	94	-	-	5	7	1	2	109
Mr R Burridge Chief Financial Officer (from 11/10/13 to 28/03/14)	128	31	-	12	9	2	4	186
Mr A Catchpole Director Corporate Services (to 26/06/14), Director, Strategy & Market Development (from 27/06/14)	302	89	-	18	6	2	8	425
Ms T Chu Managing Director Entura	247	-	-	18	7	-	7	279
Mr N Clark Managing Director Momentum	343	108	-	31	11	2	9	504
Mr S Davy Chief Executive Officer (acting from 01/07/13), appointed from 5/10/13)	446	72	-	18	12	1	11	560
Mr A Evans[a] Corporate Secretary	469	53	-	18	7	1	7	555
Mr G Flack Director, Wholesale Markets (acting from 01/07/13, appointed from 01/04/14)	256	58	-	19	5	-	5	343
Mr M Smith Chief Financial Officer Director Business Development (to 30/03/14), Chief Financial Officer (from 31/03/14)	292	86	-	17	2	2	8	407
Total	2,951	612	-	174	72	11	71	3,891

[a]During the year, additional remuneration was paid for Acting GM of Business Development in previous years

The Directors of the Corporation as at 30 June 2015 were:

Dr D M Crean, resigned as a Director and Chairman on 13 October 2014
Mr S Davy, appointed as a Director on 16 December 2014
Mr S R Eslake
Mr G Every-Burns, appointed Chairman on 13 October 2014
Ms J M Healey
Ms T C Jakszewicz
Mr S S Kalinko

During the year no non-executive Directors of the Corporation undertook any overseas trips.

Employees undertook overseas travel on 214 occasions during the year at a cost of $1,010,431. Of these, 121 overseas trips were made while undertaking work for clients, at a cost of $403,184. The cost of Entura travel on client business was recovered from clients.

25. RELATED PARTY INFORMATION

	Sales to related parties		Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
CONSOLIDATED								
Woolnorth Wind Farm Holding Pty Ltd	17,966	11,497	4,653	25,747	272	832	-	-
Cathedral Rocks Construction and Management Pty Ltd	-	-	-	-	-	135	-	-
Kakamas Hydro Electric Power (Pty) Ltd	-	-	-	-	-	-	-	-
PARENT								
HT Wind Operations Pty Ltd	-	-	-	-	-	-	147,498	144,981
Cathedral Rocks Construction and Management Pty Ltd	-	-	-	-	-	135	-	-
Bell Bay Power Pty Ltd	35	320	-	-	362	134		-
Bell Bay Three Pty Ltd	-	-	-	-	-	-	1,424	1,424
Lofty Ranges Power Pty Ltd	-	-	-	-	481	511	-	-
Hydro Tasmania Consulting (Holding) Pty Ltd	-	-	-	-	4,035	4,035	-	-
Hydro Tasmania Consulting India Pty Ltd	-	-	-	-		-	-	-
Hydro Tasmania Wind Developments Pty Ltd	-	-		-		-	221	114
RE Storage Project Holding Pty Ltd	-	-	-	-	893	936	-	-
Heemskirk Wind Farm Pty Ltd	-	-	-	-	95	95	-	-
Studland Bay Holdings Pty Ltd	-	-	-	-	11,370	11,370	-	-
Bluff Point Holdings Pty Ltd	-	-	-	-	18,666	18,666	-	-
Momentum Energy Pty Ltd	53,957	69,629	253	-	21,667	49,091	-	-
AETV Pty Ltd	-	-	7,213	-	296,034	245,158	-	-
Hydro Tasmania South Africa (Pty) Ltd	-	-	-	-	42	4,612	-	-
Hydro Tasmania Neusberg (Pty) Ltd	-	-	-	-	-	665	-	-

Transactions with related parties are made at arm's length at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured and interest free. Settlement with related parties not wholly owned occurs in cash. Cash settlement does not occur between wholly-owned subsidiaries and the parent.

There were no transactions with director related entities during the year.

Amounts owed by AETV to the parent are fully provided for.

26. EVENTS SUBSEQUENT TO BALANCE DATE

On 11 August 2015, the Tasmanian Government announced its approval for Hydro Tasmania to sell the combined-cycle gas turbine at the Tamar Valley Power Station subject to certain conditions being satisfied.

After due enquiry, there have not been any other matters or circumstances since the end of the financial year that have significantly affected or may have significantly affected the operations of the Corporation, the results of those operations or the state of affairs of the Corporation in subsequent financial years.

27. GOVERNMENT GRANTS

The Corporation has recognised $9.7m of grant revenue during the year (2014: $15m) as detailed below:

Community Service Obligations

On 1 June 1999, the Tasmanian Government agreed to formally recognise the cost of concessions to eligible customers living on the Bass Strait islands as a Community Service Obligation (CSO), as defined under the *Government Business Enterprises Act 1995.*

During the year ended 30 June 2015, the State paid the Corporation $9.6m (2014: $9.2m) as reimbursement of the cost of providing CSO.

Department of Resources, Energy and Tourism – Flinders Hub

During the year the Commonwealth Government entered into a $5.5m funding agreement through the Australian Renewable Energy Agency (ARENA) for the development of a modular hybrid energy solution on Flinders Island to displace more than 60% of the island's diesel generated electricity. The total project value is $12.8m, of which ARENA will fund up to $5.5m.

During the year the corporation received the first draw down of $0.14m (2014: Nil) for the Flinders Island Hybrid Energy Hub project.

ARENA have committed to providing a further $4.86m in funding up to 31 December 2016, with an additional $0.5m contingency grant available.

Department of Resources, Energy and Tourism – King Island Renewable Energy Integration Project

As at 30 June 2011, the Commonwealth Government entered into a $15.28m funding agreement with the Corporation under the auspices of the Renewable Energy Demonstration Program.

This grant has been administered by the Australian Renewable Energy Agency (ARENA) from 1 July 2012 since ARENA's creation.

Under the agreement the Corporation received 33.3% funding for the integration of multiple renewable energy sources into an existing small scale diesel generation system. As the project progressed the scope was significantly reduced and the $15.28m was reduced to $6.08m, representing 33.3% of the revised budget.

During the year ended 30 June 2015 the Corporation did not recognise any grant income (2014: $4.584m) as reimbursement of costs relating to the grant. All payments for the King Island Project (KIREIP) have been received.

28. CONTROLLED ENTITIES

	Footnote	Country of incorporation	Percentage of share held by Hydro-Electric Corporation 2015 %	2014 %
Parent entity				
Hydro-Electric Corporation				
Controlled entities				
Bell Bay Power Pty Ltd	1	Australia	100	100
Lofty Ranges Power Pty Ltd	2	Australia	100	100
Bell Bay Three Pty Ltd	3	Australia	100	100
RE Storage Project Holding Pty Ltd	4	Australia	100	100
Hydro Tasmania Consulting (Holding) Pty Ltd	5	Australia	100	100
Momentum Energy Pty Ltd	6	Australia	100	100
HT Wind Operations Pty Ltd	7	Australia	100	100
Hydro Tasmania South Africa (Pty) Ltd	8	South Africa	100	100
AETV Pty Ltd	9	Australia	100	100

Footnotes

1. Bell Bay Power Pty Ltd was incorporated on 20 December 2001.
2. Lofty Ranges Power Pty Ltd was incorporated on 26 April 2002.
3. Bell Bay Three Pty Ltd was incorporated on 7 December 2005.
4. RE Storage Project Holding Pty Ltd was incorporated on 11 April 2006.
5. Hydro Tasmania Consulting (Holding) Pty Ltd was incorporated on 20 October 2006. It holds a 99.9% interest (9,999 shares) in Hydro Tasmania Consulting India Private Limited with Hydro-Electric Corporation holding 1 share.
6. Hydro Tasmania acquired 51% of the issued capital of Momentum Energy Pty Ltd on 31 August 2008. The remaining 49% of the issued capital was acquired on 30 September 2009. Momentum was incorporated on 8 July 2002.
7. Hydro Tasmania acquired 100% of the issued capital of HT Wind Operations Pty Ltd on 30 June 2011. HT Wind Operations Pty Ltd owns 100% of Woolnorth Bluff Point Holdings Pty Ltd, Woolnorth Studland Bay Holdings Pty Ltd, Heemskirk Holdings Pty Ltd, HT Wind Developments Pty Ltd and HT Wind New Zealand Pty Ltd. HT Wind Operations Pty Ltd was registered on 29 November 2004.
8. Hydro Tasmania acquired 100% ownership of Hydro Tasmania South Africa (Pty) Ltd on 23 January 2012. Hydro Tasmania South Africa (Pty) Ltd holds a 92% ownership interest in Hydro Tasmania Neusberg (Pty) Ltd.
9. AETV Pty Ltd was transferred to Hydro Tasmania by Ministerial direction on midnight 1 June 2013.

29. INTEREST IN JOINT VENTURES

			CONSOLIDATED				PARENT			
			Ordinary share ownership interest		Joint venture agreement voting rights		Ordinary share ownership interest		Joint venture agreement voting rights	
	Principal activity	Joint venture balance date	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Cathedral Rocks Construction and Management Pty Ltd	Wind farm construction and operation	30 June	50	50	50	50	50	50	50	50
SA Water Corporation & Lofty Ranges Power Pty Ltd Joint Venture	Mini-hydro operation	30 June	50	50	50	50	-	-	-	-
RE Storage Pty Ltd	Investigation of renewable energy commercial opportunities	30 June	50	50	50	50	50	50	50	50
Integrated Energy Solutions Pty Ltd	Implementation of renewable energy project	30 June	50	50	50	50	-	-	-	-
Woolnorth Wind Farm Holding Pty Ltd	Wind farm operation	30 June	25	25	25	25	-	-	-	-
Kakamas Hydro Electric Power (Pty) Ltd	Mini-hydro operation	30 June	25	25	25	25	-	-	-	-

The Corporation holds a 50% interest in a dormant joint venture (Cathedral Rocks Construction and Management Pty Ltd) with Acciona Energy Oceania Pty Ltd. The joint venture was previously engaged in managing the construction and operation of a wind farm at Cathedral Rocks, South Australia (note 31).

A subsidiary of the Corporation, Lofty Ranges Power Pty Ltd, holds a 50% interest in an unincorporated joint venture operation named SA Water Corporation & Lofty Ranges Power Pty Ltd Joint Venture. The principal activity of the joint venture is the operation of hydro facilities.

The Corporation holds a 50% interest in an incorporated joint venture operation with CBD Energy Limited, named RE Storage Pty Ltd. The principal activity of the joint venture is the investigation of renewable energy commercial opportunities. This joint venture was de-registered on 16 March 2015.

A subsidiary of the Corporation, RE Storage Project Holding Pty Ltd holds a 50% interest in an incorporated joint venture with CBD Project Holdings Pty Ltd, a 100% owned subsidiary of CBD Energy Limited, named Integrated Energy Solutions Pty Ltd. The principal activity of the joint venture is the implementation of a renewable energy project on King Island. This joint venture was de-registered on 16 March 2015.

A subsidiary of the Corporation, Hydro Tasmania South Africa (Pty) Ltd became a joint venture partner in the Kakamas Hydro Electric Power (Pty) Ltd joint venture during 2013 and holds a 25% interest in the joint venture. The principal activity of the joint venture is to develop and operate a hydro scheme in Neusberg South Africa.

30. DEED OF CROSS GUARANTEE

The following consolidated statement of comprehensive income and retained profits, and the statement of financial position comprises the Corporation and its controlled entities which are party to the Deed of Cross Guarantee (refer note 22), after eliminating all transactions between parties to the Deed.

	CONSOLIDATED 2015 $'000
Consolidated statement of comprehensive income and retained profits	
Revenue	1,483,629
Expenses	1,301,258
Profit before income tax equivalent expense	182,371
Income tax equivalent expense	55,218
Profit for the period	127,153
Other comprehensive income	32,516
Total comprehensive income for the period	159,669
Retained earnings at the beginning of the period	1,248,873
Dividends paid	(118,576)
Net profit	127,153
Other movements	(37,659)
Retained earnings at the end of the period	1,219,791

30. DEED OF CROSS GUARANTEE (CONTINUED)

	CONSOLIDATED 2015 $'000
Current assets	
Cash and cash equivalents	8,712
Receivables	250,151
Investments	11
Inventories	2,577
Other financial assets	134,091
Current tax asset	25,876
Other	15,060
Total current assets	436,478
Non-current assets	
Investments	184,410
Property plant and equipment	4,106,184
Other financial assets	425,516
Intangible assets	88,400
Goodwill	16,396
Other	32,874
Total non-current assets	4,853,780
TOTAL ASSETS	5,290,258
Current liabilities	
Payables	167,399
Interest-bearing liabilities	65,403
Provisions	78,771
Other financial liabilities	142,228
Other	413,111
Total current liabilities	866,912
Non-current liabilities	
Interest-bearing liabilities	789,612
Deferred tax liability	570,552
Provisions	401,704
Other financial liabilities	891,216
Total non-current liabilities	2,653,084
TOTAL LIABILITIES	3,519,996
NET ASSETS	1,770,262
EQUITY	
Contributed equity	558,206
Reserves	(7,735)
Retained earnings	1,219,791
TOTAL EQUITY	1,770,262

31. INCORPORATED JOINT VENTURES

The income statements and balance sheets of the following incorporated joint ventures are not consolidated but are instead accounted for under the equity method.

	CONSOLIDATED			
	Woolnorth Wind Farm Joint Venture 25% 2015 $'000	Cathedral Rocks Construction and Management Pty Ltd 50% 2015 $'000	Kakamas Hydro Electric Power Pty Ltd 25% 2015 $'000	Total 2015 $'000
Income statement				
Revenue	85,987	2	3,407	89,396
Expenses	78,238	-	1,033	79,271
Profit/(loss) before income tax expense	7,749	2	2,374	10,125
Income tax expense	(3,032)	-	-	(3,032)
Net profit/(loss) after tax	4,717	2	2,374	7,093
Balance Sheet				
Current assets	67,257	52	5,695	73,004
Non-current assets	595,457	-	19,061	614,518
Total assets	662,714	52	24,756	687,522
Current liabilities	26,079	-	2,312	28,391
Non-current liabilities	427,372	-	20,082	447,454
Total liabilities	453,451	-	22,394	475,845
Net assets	209,263	52	2,362	211,677
Share of accumulated profits/(losses)				
Share of accumulated profit/(losses) at the beginning of the year	11,368	(23)	(727)	10,618
Share of profit/(loss) before income tax expense	1,179	1	593	1,773
Share of accumulated profits/(losses) at the end of the year	12,547	(22)	(134)	12,391
Movements in carrying amount of investment in joint ventures				
Carrying amount at the beginning of the year	65,325	15	3,599	68,939
Dividends received	(2,156)	-	-	(2,156)
Share of profit/(loss) before income tax for the year	1,179	1	593	1,773
Carrying amount at the end of the year	64,348	16	4,192	68,556

31. INCORPORATED JOINT VENTURES (CONTINUED)

	CONSOLIDATED			
	Woolnorth Wind Farm Joint Venture 25% 2014 $'000	Cathedral Rocks Construction and Management Pty Ltd 50% 2014 $'000	Kakamas Hydro Electric Power Pty Ltd 25% 2014 $'000	Total 2014 $'000
Income statement				
Revenue	91,363	8	3	91,374
Expenses	76,189	1	2,911	79,101
Profit/(loss) before income tax expense	15,174	7	(2,908)	12,273
Income tax expense	(4,783)	(2)	-	(4,785)
Net profit/(loss) after tax	10,391	5	(2,908)	7,488
Balance Sheet				
Current assets	70,678	411	1,785	72,874
Non-current assets	622,743	-	37,085	659,828
Total assets	693,421	411	38,870	732,702
Current liabilities	48,318	272	108	48,698
Non-current liabilities	425,860	-	28,598	454,458
Total liabilities	474,178	272	28,706	503,156
Net assets	219,243	139	10,164	229,546
Share of accumulated profits/(losses)				
Share of accumulated profit/(losses) at the beginning of the year	8,770	(26)	-	8,744
Share of profit before income tax expense	2,598	3	(727)	1,874
Share of accumulated profit/(losses) at the end of the year	11,368	(23)	(727)	10,618
Movements in carrying amount of investment in joint ventures				
Carrying amount at the beginning of the year	63,627	12	4,326	67,965
Dividends received	(900)	-	-	(900)
Share of profit before income tax for the year	2,598	3	(727)	1,874
Carrying amount at the end of the year	65,325	15	3,599	68,939

The fair value of the Corporation's investment in joint ventures is equivalent to its carrying value in the absence of a quoted market price for investment shares in joint venture.

The Woolnorth Wind Farm joint venture has finance agreements in place which impose conditions on it making distributions in the form of dividends or loan repayments.

32. DIVIDEND

	CONSOLIDATED		PARENT	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Declared and Paid during the year				
Statutory dividend	118,576	116,058	118,576	116,058

At the date of signing the Annual Report the Board had not yet declared a dividend, similarly no declaration was made in the previous year prior to the signing of the Annual Report.

33. SEGMENT INFORMATION

Identification of reportable segments

The Corporation has identified its material operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (CEO) as chief operating decision maker in assessing the performance and determining the allocation of resources. Three material segments have been identified as Hydro Tasmania, AETV and Momentum Energy.

Types of products and services by segment

(i) Hydro Tasmania

Hydro Tasmania generates and sells wholesale energy into the National Electricity Market from hydro generation assets and provides consulting services.

(ii) AETV

AETV Pty Ltd generates and sells wholesale energy into the National Electricity Market from gas fired generation assets and sells gas to wholesale customers in Tasmania.

(iii) Momentum Energy

Momentum Energy sells energy to retail customers in the Victorian, New South Wales, South Australian and Queensland regions of the National Electricity Market.

Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all financial information reported to the CEO with respect to individual segments is determined in accordance with the accounting policies adopted in the financial statements as detailed in note 1.2.

Inter-segment revenues are eliminated on consolidation.

33. SEGMENT INFORMATION (CONTINUED)

	YEAR ENDED 30 JUNE 2015					
	Hydro Tasmania $'000	AETV $'000	Momentum Energy $'000	Total Segments $'000	Adjustments & eliminations $'000	Consolidated $'000
Revenue						
External customers	588,321	49,767	900,872	1,538,960	(71,799)	1,467,161
Share of joint venture	1,773	-	-	1,773	-	1,773
Other revenue	19,594	-	-	19,594	(4,305)	15,289
Total revenue	609,688	49,767	900,872	1,560,327	(76,104)	1,484,223
Segment results						
Depreciation and amortisation	88,088	3,882	948	92,918	-	92,918
Finance expenses	71,927	5,988	-	77,915	(5,988)	71,927
Net fair value movement	117,449	(6,522)	-	110,927	-	110,927
Net revaluation and impairment	(197,442)	17,344	-	(180,098)	(51,968)	(232,066)
Other expense	382,504	81,796	862,842	1,327,142	(70,116)	1,257,026
Total expense	462,526	102,488	863,790	1,428,804	(128,072)	1,300,732
Profit/(loss) before income tax equivalent expense	147,162	(52,721)	37,082	131,523	51,968	183,491
Comprising:						
Result before fair value movements and revaluation	67,169	(41,899)	37,082	62,352	-	62,352
Net fair value gains/(losses)	(117,449)	6,522	-	(110,927)	-	(110,927)
Revaluation and impairment (expenses)/ gains	197,442	(17,344)	-	180,098	51,968	232,066
Profit/(loss) before income tax equivalent expense	147,162	(52,721)	37,082	131,523	51,968	183,491
Income tax equivalent expense	67,425	(15,816)	14,602	66,211	(11,395)	54,816
Segment profit/(loss) after tax	79,737	(36,905)	22,480	65,312	63,363	128,675
Total assets	5,036,194	198,331	165,070	5,399,595	(203,827)	5,195,768
Total liabilities	2,977,462	427,834	102,101	3,507,397	(374,950)	3,132,447
Other disclosures						
Investment in joint venture	68,556	-	-	68,556	-	68,556
Capital expenditure	96,125	-	4,573	100,698	-	100,698

Inter-segment revenues are eliminated on consolidation.

33. SEGMENT INFORMATION (CONTINUED)

	YEAR ENDED 30 JUNE 2014					
	Hydro Tasmania $'000	AETV $'000	Momentum Energy $'000	Total Segments $'000	Adjustments & eliminations $'000	Consolidated $'000
Revenue						
External customers	886,809	85,107	1,033,232	2,005,148	(27,136)	1,978,012
Share of joint venture	2,073	-	-	2,073	-	2,073
Other revenue	27,910	-	305	28,215	(15,163)	13,052
Total revenue	916,792	85,107	1,033,537	2,035,436	(42,299)	1,993,137
Segment results						
Depreciation and amortisation	83,804	3,941	485	88,230	-	88,230
Finance expenses	79,840	15,163	-	95,003	(15,163)	79,840
Net fair value movement	(153,621)	(8,489)	-	(162,110)	-	(162,110)
Net revaluation and impairment	265,657	(1,202)	-	264,455	(43,963)	220,492
Other expense	458,158	141,028	1,011,904	1,611,090	(27,136)	1,583,954
Total expense	733,838	150,441	1,012,389	1,896,668	(86,262)	1,810,406
Profit/(loss) before income tax equivalent expense	182,954	(65,334)	21,148	138,768	43,963	182,731
Comprising:						
Result before fair value movements and revaluation	294,990	(75,025)	21,148	241,113	-	241,113
Net fair value gains/(losses)	153,621	8,489	-	162,110	-	162,110
Revaluation and impairment (expenses)/ gains	(265,657)	1,202	-	(264,455)	43,963	(220,492)
Profit/(loss) before income tax equivalent expense	182,954	(65,334)	21,148	138,768	43,963	182,731
Income tax equivalent expense	54,512	(19,598)	4,268	39,182	-	39,182
Segment profit/(loss) after tax	128,442	(45,736)	16,880	99,586	43,963	143,549
Total assets	4,860,194	192,734	175,703	5,228,631	(203,827)	5,024,804
Total liabilities	2,996,102	386,077	135,213	3,517,392	(308,303)	3,209,089
Other disclosures						
Investment in joint venture	68,939	-	-	68,939	-	68,939
Capital expenditure	115,346	36	3,315	118,697	-	118,697

33. SEGMENT INFORMATION (CONTINUED)

	YEAR ENDED	
	2015 $'000	2014 $'000
Reconciliation of profit		
Segment profit	65,312	99,586
Energy sales	71,799	27,136
Purchased energy	(71,799)	(27,136)
Other income	5,988	15,163
Interest expense	(5,988)	(15,163)
Intercompany loan impairment	51,968	43,963
Income tax	11,395	-
Consolidated profit	128,675	143,549
Reconciliation of assets		
Segment total assets	5,399,595	5,228,631
Elimination of investment in subsidiary	(203,827)	(203,827)
Corporation total assets	5,195,768	5,024,804
Reconciliation of liabilities		
Segment total liabilities	3,507,397	3,517,392
Elimination of intercompany revaluation and balances	(374,950)	(308,303)
Corporation total liabilities	3,132,447	3,209,089

Superannuation declaration

I, Stephen Davy, hereby certify that the Hydro-Electric Corporation has met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of any employee who is a member of a complying superannuation scheme to which the Hydro-Electric Corporation contributes.

S Davy
Chief Executive Officer
13 August 2015

Statement of certification

In the opinion of the directors of the Hydro-Electric Corporation:

a) the financial statements and notes of the Corporation and of the consolidated entity are in accordance with the *Government Business Enterprises Act 1995*, including:

   (i) giving a true and fair view of the results and cash flows for the year ended 30 June 2015 and the financial position at 30 June 2015 of the Corporation and its subsidiaries;

   (ii) complying with the Australian Accounting Standards and Interpretations, and with the Treasurer's instructions.

b) there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.

c) there are reasonable grounds to believe that the Corporation, AETV Pty Ltd and Momentum Energy Pty Ltd will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between those entities pursuant to ASIC Instruments [15-0576] and [15-0577].

This declaration has been made after receiving the following declaration from the Chief Executive Officer and Chief Financial Officer of the Corporation:

a) the financial records of the Corporation for the year ended 30 June 2015 have been properly maintained in accordance with Section 51 of the *Government Business Enterprises Act 1995;*

b) the financial statements and notes for the year ended 30 June 2015 have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and

c) the financial statements and notes for the year ended 30 June 2015 give a true and fair view.

Signed in accordance with a resolution of the directors:

G Every-Burns
Chairman
13 August 2015

S Eslake
Director
13 August 2015

Auditor's independence declaration

Tasmanian Audit Office

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

10 August 2015

The Board of Directors
Hydro-Electric Corporation
4 Elizabeth Street
HOBART TAS 7000

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial report of the Hydro-Electric Corporation 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 Australian Auditing Standards in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

As agreed with the Audit Committee, a copy of this declaration must be included in the annual report.

Yours sincerely

H M Blake
Auditor-General

1 of 1

Independent audit report

Tasmanian Audit Office

Independent Auditor's Report

To Members of the Tasmanian Parliament

Hydro-Electric Corporation

Consolidated Financial Report for the Year Ended 30 June 2015

Report on the Consolidated Financial Report

I have audited the accompanying consolidated financial report (the financial report) of the Hydro-Electric Corporation (the Corporation), which comprises the balance sheet as at 30 June 2015 and the income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification statement by the Directors on the financial report on the consolidated entity comprising the Corporation and the entities it controlled at the year's end or from time to time during the financial year

Auditor's Opinion

In my opinion:

(a) the Corporation's financial report:

  (i) presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2015, and its financial performance, cash flows and changes in equity for the year then ended

  (ii) is in accordance with the *Government Business Enterprises Act 1995* and Australian Accounting Standards

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.2(b).

The Responsibility of the Directors for the Financial Report

The Directors of the Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 52 (1) of the *Government Business Enterprises Act 1995*. 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 1.2(b), the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Independent audit report (continued)

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 Corporation'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 this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. 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 provided to the Directors dated 10 August 2015 and included in the annual 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
13 August 2015

Statistical summaries

Generation summary

As at June 30		2011	2012	2013	2014	2015
Mainland Tasmania						
Power stations						
Hydro	Number	30	**30**	**30**[1]	**30**	**30**
Thermal (gas)	Number	0	**0**	**1**[2]	**1**	**1**
Wind	Number	2[3]	0[4]	0[5]	0	0
Total number of power stations	**Number**	**32**	**30**	**31**	**31**	**31**
Installed capacity						
Hydro	MW	2 281	2 281	2 281	2 281	2 281
Thermal (gas)	MW	0	0	372[6]	372	372
Wind	MW	140	0	0	0	0
Total installed capacity	**MW**	**2 421**	**2 281**	**2 653**	**2 653**	**2 653**
Energy generated[7]						
Hydro	GWh	9 276	8 334	10 627	11 932	8 176
Thermal (gas)	GWh	0	0	140[8]	886	4
Wind[9]	GWh	0	313[9]	0	0	0
Total energy generated	**GWh**	**9 273**	**8 647**	**10 767**	**12 798**	**8 180**
Generation peak	MW	2 093	2 042	2 222	2 168	2 187
Generation load factor [10]	%	51	48	55	67	43
Bass Strait islands						
King Island						
Diesel	MWh	11 232	11 635	7 968	7 220	**7 430**
Wind	MWh	5 139	4 830	4 133	4 974	**4 144**[11]
Flinders Island diesel	MWh	4 232	4 123	3 569	3 734	**3 536**
Total Bass Strait islands	**MWh**	**20 603**	**20 588**	**15 670**	**15 928**	**15 110**

Notes:

1) The number of power stations differs from the number in the Statement of Corporate Intent as this table includes power stations additional to the main undertakings, being Parangana, Nieterana (Butlers Gorge mini-hydro) and Lower Lake Margaret.
2) Tamar Valley Power Station transferred to Hydro Tasmania on 1 June 2013.
3) Woolnorth Bluff Point Wind Farm and Woolnorth Studland Bay Wind Farm transferred to Hydro Tasmania on 30 June 2011.
4) Woolnorth Bluff Point Wind Farm and Woolnorth Studland Bay Wind Farm transferred from Hydro Tasmania in February 2012.
5) Musselroe Wind Farm transferred from Hydro Tasmania on 5 February 2013 before operational production commenced.
6) Tamar Valley Power Station registered capacity.
7) Mainland Tasmania energy generated is calculated as the net energy measured at the market and distribution connection points.
8) Tamar Valley Power Station energy generated for the month of June 2013.
9) Wind energy generation is from 1 July 2011 to 27 February 2012.
10) Calculated as average MW divided by peak MW. Average MW calculated from total energy divided by hours in the year.
11) King Island generation is calculated as the Net Wind output for the year.

Financial statistical summary

Five Year Profile - Statement of Comprehensive Income

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
Income					
Sales of goods and services	804,181	1,039,693	1,541,617	1,978,012	1,467,161
Other income	8,591	11,438	13,616	15,125	17,062
TOTAL INCOME	**812,772**	**1,051,131**	**1,555,233**	**1,993,137**	**1,484,223**
Expenses					
Labour	104,660	104,802	123,242	149,941	126,060
Direct operating expenses	374,930	590,001	960,782	1,319,456	1,034,271
Depreciation and amortisation of non-current assets	79,873	82,273	91,373	88,230	92,918
Impairment of non-current assets	-	-	484,315	220,492	(232,066)
Finance costs	80,481	86,687	67,501	79,840	71,927
Fair value movements	(116,389)	85,571	1,923	(162,110)	110,927
Other operating expenses	72,812	83,928	82,074	114,557	96,695
TOTAL EXPENSES	**596,367**	**1,033,262**	**1,811,210**	**1,810,406**	**1,300,732**
NET PROFIT/(LOSS) BEFORE TAX	**216,405**	**17,869**	**(255,977)**	**182,731**	**183,491**

Five Year Profile - Balance Sheet

	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
Assets					
Cash and cash equivalents	13,199	7,061	39,806	13,012	15,683
Investments	-	34,557	66,696	68,939	68,556
Receivables	114,253	142,062	220,828	241,086	250,476
Property, plant and equipment	4,414,220	4,484,569	4,188,436	3,969,795	4,208,087
Financial and other assets	964,922	1,137,587	613,592	731,972	652,966
TOTAL ASSETS	**5,506,594**	**5,805,836**	**5,129,358**	**5,024,804**	**5,195,768**
Liabilities					
Payables	81,260	124,700	142,732	176,073	164,283
Provisions	371,154	467,247	551,369	559,090	501,707
Interest bearing liabilities	983,366	856,806	905,795	864,003	855,015
Tax liabilities	804,684	801,713	621,103	555,087	569,678
Financial liabilities	1,252,677	1,423,323	1,119,204	1,054,837	1,041,764
TOTAL LIABILITIES	**3,493,141**	**3,673,789**	**3,340,203**	**3,209,090**	**3,132,447**
NET ASSETS	**2,013,453**	**2,132,047**	**1,789,155**	**1,815,714**	**2,063,321**
EQUITY	**2,013,453**	**2,132,047**	**1,789,155**	**1,815,714**	**2,063,321**

Five Year Profile - Capital Works

	2011 $'000's	2012 $'000's	2013 $'000's	2014 $'000's	2015 $'000's
Expenditure					
Generation assets	48,049	147,310	85,732	71,034	73,182
Bass Strait islands	1,144	6,389	1,828	1,164	1,461
Communications		-	-	-	-
Land and buildings	823	956	1,286	686	624
Fleet	1,938	2,159	2,887	3,646	3,905
Information systems	9,279	20,617	57,047	36,329	20,811
Renewable developments	-	3,584	8,654	412	334
Other assets	3,105	5,120	6,604	5,426	381
TOTAL CAPITAL EXPENDITURE	**64,338**	**186,135**	**164,038**	**118,697**	**100,698**

Procurement summary

Consultancies valued at more than $50,000 (ex GST), 2014–15

Name of consultant	Location	Description	Period of engagement	Total paid (AUD)
Pitt & Sherry (Operations) Pty Ltd	Launceston, TAS	Engineering consultants	1 Jul 2014–30 Jun 2015	736,290.03
Ernst & Young	Sydney, NSW	Financial consultants	1 Jul 2014–30 Jun 2015	490,722.24
Capgemini Australia Pty Ltd	Sydney, NSW	Information technology consultants	23 Sep 2014 –30 Jun 2015	453,019.95
Corrs Chambers Westgarth	Melbourne, VIC	Legal advisors	1 Jul 2014–30 Jun 2015	361,471.71
GHD	Hobart, TAS	Engineering consultants	1 Jul 2014–30 Jun 2015	361,171.23
Damwatch Engineering Ltd	Wellington, NZ	Engineering consultants	1 Jul 2014–30 Jun 2015	375,903.50
Page Seager	Hobart, TAS	Legal advisors	1 Jul 2014–30 Jun 2015	325,344.05
Clayton Utz	Sydney, NSW	Legal advisors	1 Jul 2014–30 Jun 2015	283,436.47
Pitcher Partners	Melbourne, VIC	Information technology consultants	1 Oct 2014–30 Jun 2015	279,814.00
Pitt & Sherry Consulting Engineers	Hobart, TAS	Engineering consultants	1 Jul 2014–30 Jun 2015	243,922.58
Partners in Performance International	Sydney, NSW	Financial consultants	15 Dec 2014–30 Mar 2015	226,744.17
SICC Services	Devonport, TAS	Engineering consultants	1 Jul 2014–30 Jun 2015	194,904.00
KPMG	Melbourne, VIC	Financial consultants	10 Dec 2014–30 Jun 2015	192,264.98
Marsden Jacob Associates	Camberwell, VIC	Financial consultants	1 Jul 2014–30 Jun 2015	191,405.00
Howarth Fisher and Associates	Sandy Bay, TAS	Engineering consultants	1 Jul 2014–30 Jun 2015	177,794.55
URS Australia Pty Ltd	Southbank, VIC	Engineering consultants	1 Jul 2014–30 Jun 2015	177,253.35
Clutch Consulting Pty Ltd	Forestville, SA	Engineering consultants	1 Jul 2014–30 Jun 2015	139,468.02
Celsius Graphic Design	Collingwood, VIC	Marketing consultants	28 Jan 2015–30 Jun 2015	127,849.39
E3 International Pty Ltd	Surfers Paradise, QLD	Strategic advisory services	1 Jul 2014–30 Jun 2015	118,579.66
Mark G Jackson Consulting	East Launceston, TAS	Engineering consultants	1 Jul 2014–30 Jun 2015	118,411.70
Worley Parsons Services Pty Ltd	Melbourne, VIC	Engineering consultants	1 Jul 2014–30 Jun 2015	118,230.68
Herbert Smith Freehills	Melbourne, VIC	Legal advisors	1 Jul 2014–30 Jun 2015	114,840.47
Profile Consulting (Aust) Pty Ltd	Sydney, NSW	Strategic advisory services	1 Jul 2014–30 Jun 2015	109,527.17
Biosis Pty Ltd	Port Melbourne, VIC South Hobart, TAS	Environmental consultant	1 Jul 2014–30 Jun 2015	108,934.08
Johnstone McGee & Gandy P/L	Hobart, TAS	Engineering consultants	1 Jul 2014–30 Jun 2015	108,455.00
Frontier Economics	Melbourne, VIC	Financial consultants	1 Jul 2014–30 Jun 2015	100,382.89
Jurutera Jasa (Sarawak) Sdn Bhd	Kuching, Sarawak	Engineering consultants	1 Jul 2014–30 Oct 2014	109,206.00
Parsons Brinckerhoff	Newcastle upon Tyne, UK	Engineering consultants	1 Jul 2014–30 Jun 2015	108,101.64
Sheldon Harris	Melbourne, VIC	Strategic advisory services	1 Jul 2014–30 Jun 2015	93,889.72
Aquasia Pty Limited	Sydney, NSW	Strategic advisory services	12 Dec 2014–28 Feb 2015	86,428.92
Aurecon Australasia Pty Ltd	Brisbane, QLD	Engineering consultants	1 Jul 2014–28 Feb 2015	82,627.19
Wise Lord & Ferguson	Hobart, TAS	Financial consultants	1 Jul 2014–19 Feb 2015	78,580.00
Ernst & Young	Melbourne, VIC	Financial consultants	1 Jul 2014–30 Jun 2015	75,670.00
White Legal Pty Ltd	Brisbane, QLD	Legal advisors	1 Jul 2014–30 Jun 2015	65,831.29
Acurus Pty Ltd	Melbourne, VIC	Information technology consultants	1 Jul 2014–30 Jun 2015	62,565.44
Gruzza Associates Ltd	Porirua, NZ	Engineering consultants	1 Jul 2014–30 Jun 2015	61,881.88
Gondwana Heritage Solutions	Oatlands, TAS	Heritage consultants	5 Aug 2014–30 Jun 2015	61,355.97
Joule Logic	Battery Point, TAS	Environmental consultant	13 Oct 2014–29 Apr 2015	60,250.02
K & L Gates	Melbourne, VIC	Legal advisors	1 Jul 2014–30 Jun 2015	59,830.11
GeoPacific Consultants	Port Moresby, PNG	Engineering consultants	8 Feb 2015–30 Jun 2015	57,784.76
KPMG	Hobart, TAS	Financial consultants	10 Nov 2014–31 Mar 2015	54,600.00
Deloitte Growth Solutions Pty Ltd	Hobart, TAS	Financial consultants	1 Jul 2014–30 Jun 2015	53,965.00
Total				7,408,708.80
Total expenditure on 233 other consultants engaged for $50 000 or less				3,017,957.60
Total payments to consultants				**10,426,666.40**

Payment of accounts summary

Accounts due or paid within each year – Hydro Tasmania and subsidiary companies

Measure	
Creditor days: 1895 accounts with the following payment terms:	
7 days	299
14 days	225
21 days	5
28 days	7
30 days	1354
45 days[a]	5
Total number of invoices due for payment	27,123
Number of invoices paid on time[a]	16,927
Amount due for payment	$230,211,853.30
Amount paid on time	$147,795,309.40
Number of payments for interest on overdue invoices	1
Interest paid on overdue invoices	$2,252.92

[a] 45 days payment term was in place prior to the Payment of Accounts guideline and has since been moved to 30 days payment terms

[b] Reasons for late payments include system implementation issues and delayed development of reporting functions. Details of action taken to improve performance:

- Staff training, for skills improvement and KPI's for Accounts Payable team members
- System implementation issues addressed
- Improved scanning features introduced and system support brought in-house
- Automated reporting developed for faster information management

Workforce summary

Employees by employment type and gender[a]

	Male	Female	Total
Permanent	656	300	**956**
Fixed-Term	67	19	**86**
Casual	16	4	**20**
Total	**739**	**323**	**1062**

[a] KPMG has assured this data

Permanent employees by employment type and gender[a]

	Male	Female	Total
Full-time	631	231	862
Part-time	25	69	94
Total	**656**	**300**	**956**

[a] KPMG has assured this data

Employees and supervised workers by gender[a]

	Male	Female	Total
Employee	739	323	1062
Contractor[b]	202	56	258
Total	**941**	**379**	**1320**

[a] KPMG has assured this data

[b] The business employs external contractors to fulfil short-term and specific project requirements and there is no distinction between self-employed contractors or contractors employed by a third party. On 1 July 2015, the business had employed 258 external contractors. Of the total workforce including non-employees, this represents 19.5% classified as external contractors. We are currently unable to report on hours worked by external contractors (G4-EU17).

Workforce by location and gender[a]

	Male	Female	Total
Tasmania	526	163	689
Other states	186	156	342
Overseas	27	4	31
Total	**739**	**323**	**1062**

[a] KPMG has assured this data

Social labour practices and decent work employment

New employee hires, terminations and employee turnover

	Hire		Termination	
	Male	Female	Male	Female
Tasmania	45	13	106	46
Other states	47	45	51	50
Overseas	8	3	8	3
	100	**61**	**165**	**99**
	161		**264**	
New hire turnover	**23.6%**			
Overall turnover	**25.2%**			

Percentage of employees eligible to retire in the next five or ten years by job category and region

	Eligible	5 yrs	10 yrs
Board	**0.1%**	**0.1%**	**0.1%**
Tasmania	0.1%	0.1%	0.1%
Executive	**0.4%**	**0.5%**	**0.9%**
Tasmania	0.4%	0.4%	0.9%
Other states		0.1%	
Overseas			
Enterprise Agreement	**0.6%**	**2.7%**	**2.0%**
Tasmania	0.6%	2.7%	1.8%
Other states			0.2%
Individual Agreement	**0.1%**	**0.7%**	**1%**
Tasmania	0.1%		0.2%
Other states		0.7%	0.6%
Overseas			0.2%
Total	**1.1%**	**4.0%**	**4.0%**

Acronyms and glossary

Basslink	An undersea high-voltage direct current cable carrying electricity between Tasmania and Victoria
Carbon emissions intensity	Carbon emissions per unit of energy generated. Measured in tonnes of carbon dioxide equivalent per megawatt-hour (tCO_2e/MWhr)
CEO	Chief Executive Officer
Churn	Customer turnover
CSO	Community service obligation
Dissruptive technologies	New technologies that displace existing technologies and dramatically change exisiting markets and industries
Embedded network	An embedded network is established where an embedded network operator (ENO) purchases electricity in bulk as a Market Customer (at a 'gate meter'), then resells/ retails this electricity to multiple electricity customers within that electrical network. The consumers supplied within the embedded network choose to purchase electricity from the ENO rather than the NEM, and are generally strata-title owners and/ or occupiers of the premises. Benefit to the ENO is derived from the differential in the purchase price of electricity at the gate meter as compared to that provided to consumers
FTE	Full-time equivalent
GBE Act	Tasmanian *Government Business Enterprises Act 1995*
GRI	Global Reporting Initiative
HSE	Health, safety and environment
Hybrid off-grid solutions	An autonomous electricity supply system that relies on one or more energy sources usually in conjunction with a battery and power conditioning equipment. Although hybrid off-grid solutions can provide a reliable and cost-effective renewable focussed source of power in remote regions, they are not limited to remote areas
Kaplan turbine	A propeller-type water turbine which has adjustable blades
KIREIP	King Island Renewable Energy Integration Project
Large-scale Generation Certificates	Accredited renewable energy power stations are entitled to create certificates based on the amount of eligible renewable electricity they produce above their baseline. LGCs are usually sold to liable entities, who are required to surrender a set number of certificates to the Clean Energy Regulator each year
LTI	Lost time injuries — see page 44 for definition
MTI	Medical treatment injury — see page 44 for definition
NEM	National Electricity Market
NPS	Net promoter score, a customer loyalty metric. A positive score is considered good. A score of over 50 is considered excellent
OHS	Occupational health and safety
RET	Renewable energy target
SRI	Safety reporting index — see page 44 for definition

Measuring water storage levels

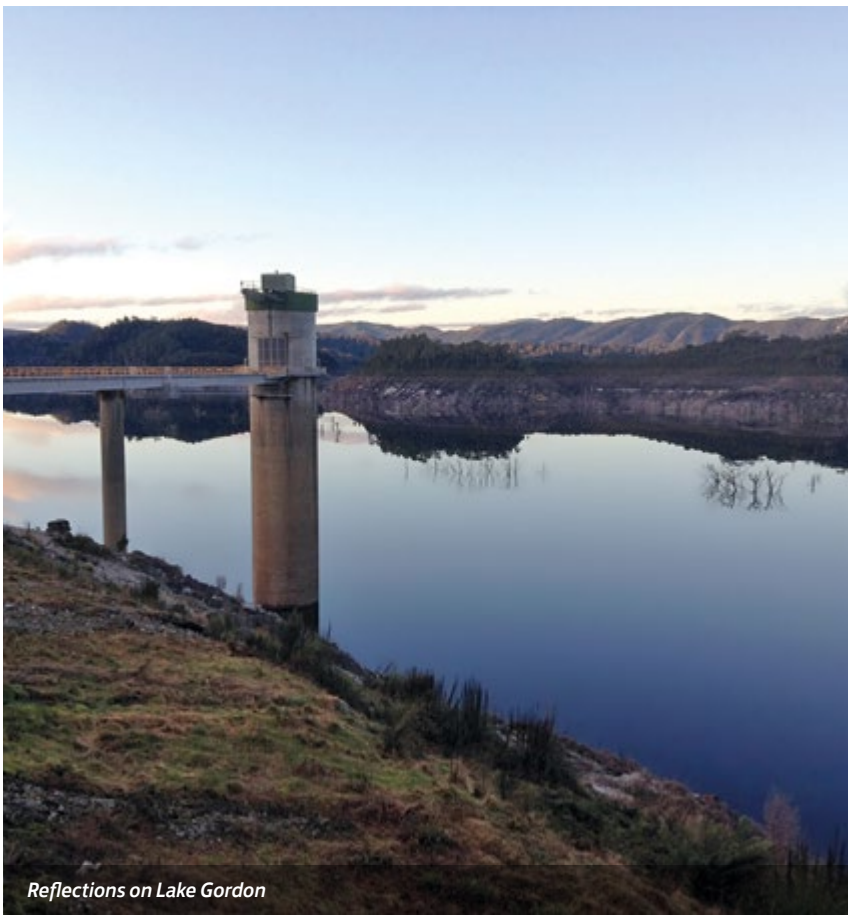
Hydro Tasmania publishes water storage data in two ways: 'energy in storage', and 'lake levels'.

Lake levels are reported as metres below full and are a measure of the level of the lake relative to its full supply level.

Energy in storage is the amount of electricity that could be generated from the water stored in a lake. Storage levels are described as 'x per cent full in energy terms' or 'per cent full of energy' or 'gigawatt-hours'. The figure is not the same as the level of water in the storage. Energy in storage can be reported for the system as a whole or for individual lakes.

The preferred operating minimum level forms part of our obligation to prudently manage our water storages, and is a seasonal energy in storage level for the system as a whole. We aim to keep above this level under median inflows.

Economic Operating Levels are seasonal lake level targets that ensure a reasonable balance between risk of spill and risk of energy shortfall.



Reflections on Lake Gordon

Terms of energy measurement

kW – kilowatt	One kW = 1000 watts. A watt is the rate at which electrical energy is produced or used.
MW – megawatt	One MW = 1000 kilowatts or one million watts.
kWh – kilowatt hour	The standard unit of energy, equivalent to production or consumption at the rate of one kilowatt for one hour.
MWh – megawatt-hour	One MWh = 1000 kilowatt hours.
GW – gigawatt	One GW = 1000 megawatts or one million kilowatts.
GWh – gigawatt hour	One GWh = 1 million kilowatt hours, or 1000 megawatt hours.
TW – terawatt	One TW = 1000 gigawatts or one million megawatts.
TWh – terawatt hour	One TWh = 1000 gigawatt-hours, or one million megawatt hours.
kV – kilovolt	One kV = 1000 volts. A volt is the unit of potential or electrical pressure.

Index

N

O

P

R

S

T

W

Global Reporting Index

How to use this index

This index refers to the Global Report Initiative (GRI) indicators on which Hydro Tasmania reports. We report using the fourth edition of the GRI indicators, and have adopted an 'in accordance' 'core' level of reporting. For more information see https://www.globalreporting.org/Pages/default.aspx

In addition to the standard suite of GRI indicators we have also applied the sector supplement indicators that are most relevant. The EU code denotes an Electricity Utility specific indicator.

Our disclosures on management approaches (DMA), are typically discussed at http://www.hydro.com.au/about-us/governance/management-approaches

Format

The references to the indicators below adopt the format below, similar to Oxford note citation referencing style.

Code, Indicator, notes (if any) and reference location (e.g. EN1, Materials used by weight or volume, page 37).

General standard disclosures

G4 - 1, CEO/Chairman statement on sustainability strategy and performance, page 13

G4 - 3, Name of the organisation, page 9

G4 - 4, The primary brands, products and services, page 10

G4 - 5, The location of the organisation's headquarters, inside back cover

G4 - 6, Number and names of countries where either the organisation has significant operations or that are relevant to sustainability topics covered in the report, page 10

G4 - 7, The nature of ownership and legal form of the organisation, page 9

G4 - 8, Report the markets served, page 10

G4 - 9, Report the scale of the organisation, pages 9, 10, 15

G4 - 10, Workforce reporting, page 115

G4 - 11, Percentage of total employees covered by collective bargaining agreements, page 44

G4 - 12, Describe the organisation's supply chain, page 10 and web, www.hydro.com.au/about-us/supply-chain

G4 - 13, Changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain, page 11-15 and 43

G4 - 14, Report whether and how the precautionary approach or principle is addressed by the organisation, page 21

G4 - 15, List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses, http://www.hydro.com.au/about-us/governance/codes-and-policies

G4 - 16, List memberships of associations (such as industry associations) and national or international advocacy organisations to which the organisation belongs, web: www.hydro.com.au/about-us/our-associations

EU1, Installed capacity, broken down by primary energy source and by regulatory regime, page 112

EU2, Net energy output broken down by primary energy source and by regulatory regime, page 112

EU3, Number of residential, industrial, institutional and commercial customer accounts, page 29

EU4, Length of above and underground transmission and distribution lines by regulatory regime, page 33

Plant decommissioning

G4 - DMA, Plant decommissioning - nuclear power sites, not relevant to our operations

EU5, Allocation of co2e emissions allowances or equivalent, broken down by carbon trading framework, not relevant

G4 - 17, Entities included in the organisation's consolidated financial statements, page 45

G4 - 18, Explain the process for defining the report content and the aspect boundaries. Explain how the organisation has implemented the reporting principles for defining report content, page 4 and web: www.hydro.com.au/about-us/sustainability

G4 - 19, List all the material aspects identified in the process for defining report content, page 5

G4 - 20, For each material aspect, report the Aspect Boundary within the organisation, page 4-5

G4 - 21, For each material aspect, report the aspect boundary outside the organisation, web: www.hydro.com.au/about-us/sustainability

G4 - 22, Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements, not applicable

G4 - 23, Report significant changes from previous reporting periods in the scope and aspect boundaries, no changes

G4 - 24, Provide a list of stakeholder groups engaged by the organisation, page 40

G4 - 25, Report the basis for identification and selection of stakeholders with whom to engage, web: www.hydro.com.au/about-us/governance/management-approaches

G4 - 26, Report the organisation's approach to stakeholder engagement, web: www.hydro.com.au/about-us/governance/management-approaches

G4 - 27, Report key topics and concerns that have been raised through stakeholder engagement, page 5 and 35

G4 - 28, Reporting period (such as fiscal or calendar year) for information provided, page 4

G4 - 29, Date of most recent previous report (if any), 2013-14

G4 - 30, Reporting cycle , annual

G4 - 31, Provide the contact point for questions regarding the report or its contents, inside back cover

G4 - 32, Report the 'in accordance' option the organisation has chosen, page 4

G4 - 33, Report the organisation's policy and current practice with regard to seeking external assurance for the report, page 4

G4 - 34, Report the governance structure of the organisation, page 9

G4 - 56, Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics, web: www.hydro.com.au/about-us

Economic

G4 - DMA, How Hydro Tasmania manages its economic performance, web: www.hydro.com.au/about-us/governance/management-approaches

EC1, Direct economic value generated and distributed, pages 18, 45 and 113

EC4, Financial assistance received from government, page 18

Procurement practices

G4 - DMA, Our approach to procurement, with particular reference to local suppliers, web: www.hydro.com.au/about-us/governance/management-approaches

EC9, Proportion of spending on local suppliers at significant locations of operation, page 41

Availability and reliability

G4 - DMA, Management approach to ensure short and long-term electricity availability and reliability, web: www.hydro.com.au/about-us/governance/management-approaches

EU10, Planned capacity against projected electricity demand over the long term, not reported – this information is proprietary due to market arrangements

Demand-side management

G4 - DMA, Demand-side management programs including residential, commercial, institutional and industrial programs, web: www.hydro.com.au/about-us/governance/management-approaches

Research and development

G4 - DMA, Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development, web: www.hydro.com.au/about-us/innovation-and-research

EU11, Average generation efficiency of thermal plants by energy source and by regulatory regime, page 33

EU12, Transmission and distribution losses as a percentage of total energy, page 33

Environmental

G4 - DMA, Why and how we manage the resources used in our products and services, web: www.hydro.com.au/about-us/governance/management-approaches

EN1, Materials used by weight or volume, page 37

Water

G4 - DMA, Why and how we manage water as a resource, web: www.hydro.com.au/about-us/governance/management-approaches

EN8, Total water withdrawal by source, page 31

Biodiversity

G4 - DMA, Why and how we manage our impacts upon biodiversity, web: www.hydro.com.au/about-us/governance/management-approaches

EN12, Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas, page 31

EU13, Biodiversity of offset habitats compared to the biodiversity of the affected areas, not applicable

Emissions

G4 - DMA, Why and how we manage our environmental emissions, web: www.hydro.com.au/about-us/governance/management-approaches

EN15, Direct greenhouse gas emissions (scope 1), page 36

EN16, Energy indirect greenhouse gas emissions (scope 2), page 36

EN18, Greenhouse gas emissions intensity, page 36

EN 21, NOx, SOx, and other significant air emissions, page 36

Effluents and waste

G4 - DMA, Why and how we manage the effluents and waste associated with our operations, web: www.hydro.com.au/about-us/governance/management-approaches

EN22, Effluents and waste - Total water discharge by quality and destination, page 37

EN23, Total weight of waste by type and disposal method, page 37

Supplier environmental assessment

G4 - DMA, Describe the systems used to screen new suppliers using environmental criteria, web: www.hydro.com.au/about-us/governance/management-approaches

EN33, Significant actual and potential negative environmental impacts in the supply chain and actions taken, web: www.hydro.com.au/about-us/supply-chain

Social

Employment

G4 - DMA, Describe actions taken to determine and address situations, where work undertaken within the organisation's supply chain does not take place within appropriate institutional and legal frameworks, web: www.hydro.com.au/about-us/supply-chain

LA1, Total number and rates of new employee hires and employee turnover by age group, gender, and region, page 116

EU15, Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region, page 116

EU17, Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities, page 44

EU18, Percentage of contractor and subcontractor employees that have undergone relevant health and safety training, page 44

Labour/management relations

G4 - DMA, Freedom of Association and Collective Bargaining, web: www.hydro.com.au/about-us/governance/management-approaches

Occupational health and safety

G4 - DMA, How Hydro Tasmania manages occupational health and safety, web: www.hydro.com.au/about-us/governance/management-approaches

LA6, Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender, page 44

Society

Customer health and safety

G4 - DMA, Stakeholder participation in decision making processes related to energy planning and infrastructure development (former EU19), approach to managing the impacts of displacement (former EU20), web: www.hydro.com.au/about-us/governance/management-approaches

EU22, Number of people physically or economically displaced and compensation, broken down by type of project, page 29

Disaster /emergency planning and response

G4 - DMA, Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans (former EU21), page 21 and web: www.hydro.com.au/about-us/governance/management-approaches

Product responsibility

Customer health and safety

G4 - DMA, Why and how Hydro Tasmania manages customer health and safety, web: www.hydro.com.au/about-us/governance/management-approaches

EU25, Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases, page 44

Product and service labelling

G4 - DMA, Why and how Hydro Tasmania manages its product and service labelling, web: www.hydro.com.au/about-us/governance/management-approaches

PR4, Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes, page 29

Compliance

G4 - DMA, Why and how Hydro Tasmania manages compliance obligations, web: www.hydro.com.au/about-us/governance/management-approaches

PR9, Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services, page 29

Access

G4 - DMA, Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services (former EU23), page 18 and web: www.hydro.com.au/about-us/governance/management-approaches

EU26, Percentage of population unserved in licensed distribution or service areas, page 33

EU27, Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime, page 29

EU28, Power outage frequency, page 33

EU29, Average power outage duration, page 33

EU30, Average plant availability factor by energy source and by regulatory regime, page 33

Provision of information

G4 - DMA, Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services (former EU24), web: www.hydro.com.au/about-us/governance/management-approaches

Hydro Tasmania

www.hydro.com.au

4 Elizabeth Street
Hobart Tasmania 7000
Postal Address: GPO Box 355
Hobart Tasmania 7001 Australia

Phone within Australia: 1300 360 441
Phone international: +61 3 6230 5111
Fax: +61 3 6230 5855
Email: contactus@hydro.com.au

Entura

www.entura.com.au

Hobart

89 Cambridge Park Drive
Cambridge Tasmania 7170
Phone: +61 3 6245 4500
Fax: +61 3 6245 4550
Email: info@entura.com.au

Brisbane

Level 1, 25 Buchanan Road
Banyo Queensland 4014
Phone: +61 7 3877 9300
Fax: +61 7 3877 9301
Email: info@entura.com.au

Melbourne

Level 25, 500 Collins Street
Melbourne Victoria 3000
Phone: +61 3 8628 9700
Fax: +61 3 8628 9764
Email: info@entura.com.au

Darwin

GPO Box 2139, Darwin
Northern Territory 0801
Phone: +61 437 102 756
Email: info@entura.com.au

New Delhi, India

Unit 3A, 3rd Floor
Plot No. FC-24, Film CitySector-16A,
Noida, District Gautam Budh Nagar,
Uttar Pradesh-201301 India
Phone: +91 120 403 3100
Fax: +91 120 403 3130
Email: info@entura.com.au

Cape Town, South Africa

Third Floor, ExecuJet Business Centre
Cape Town International Airport 7525
South Africa
Phone: +27 21 934 5501/3
Email: info@entura.com.au

Momentum Energy

www.momentum.com.au

Postal Address:
PO Box 353 Flinders Lane
Melbourne Victoria 8009
Phone: 1300 662 778
Fax: +61 3 9620 1228
Email: info@momentum.com.au

Contact

We welcome feedback, comments and any queries regarding this report or its contents so that we can continue to improve its value to our readers. Contact us by phone on 1300 360 441 or email contactus@hydro.com.au or write to GPO Box 355, Hobart, Tasmania, Australia 7001

facebook.com/HydroTasmania

twitter.com/HydroTasmania

youtube.com/HydroTasmania

linkedin.com/company/hydro-tasmania

Splendorgel is an FSC Mix Certified paper, which ensures that all pulp is derived from well-managed forests and controlled sources. It is elemental chlorine free and is manufactured by an ISO 14001 certified mill.

EMS ENVIRONMENTAL MANAGEMENT SYSTEMS
ECF ELEMENTAL CHLORINE FREE
ISO CERTIFICATION
FSC www.fsc.org MIX Paper from responsible sources FSC® C031962

Hydro Tasmania

The power of natural thinking