

Annual Report 2023-24



This report reviews the operations of Tasmanian Networks Pty Ltd and its subsidiaries. The subsidiaries of Tasmanian Networks Pty Ltd are TasNetworks Holdings Pty Ltd (non-trading subsidiary), Fortytwo24 Pty Ltd (42-24) and TasNet Connections Pty Ltd for the 2023-24 financial year.

TasNetworks acknowledges the palawa (Tasmanian Aboriginal community) as the original owners and custodians of lutruwita / Tasmania. TasNetworks acknowledges the palawa have maintained their spiritual and cultural connection to the land and water. We pay respect to Elders past and present and all Aboriginal and Torres Strait Islander peoples.

We are committed to providing accessible services to Tasmanian residents from all cultural and linguistic backgrounds. If you have difficulty understanding this Annual Report and require an interpreter, please contact the Translating and Interpreting Service (TIS National) by phoning 131 450.



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Photo opposite: TasNetworks telecommunications infrastructure enables communication over power lines, allowing devices to exchange information and access the internet through the power grid.

About us

TasNetworks is *Powering a Bright Future* to deliver safe and sustainable essential services while maximising value for all of Tasmania.

As Tasmania's provider of electricity transmission and distribution services, we are committed to providing our customers with affordable and reliable electricity, while helping Australia transition to cleaner energy sources.

We have 300,000 residential, business, commercial, and industrial customers, and are committed to working with our community to make a meaningful difference to the lives of Tasmanians – through and beyond the delivery of electricity and telecommunication services.

We own, operate, and maintain the electricity transmission and distribution networks in Tasmania. This involves, but is not limited to:

- keeping our people and our customers safe while operating the network on a day-to-day basis, including all power outage restoration
- maintaining and replacing network infrastructure to ensure a safe and reliable service for our customers
- serving as Tasmanian jurisdictional planner in the National Electricity Market (NEM)
- connecting new customers to the network, including small and large-scale generators
- investing in the network to support capacity growth
- providing telecommunications, data centre, and information technology services to customers, including those in the Tasmanian electricity supply industry.

Our subsidiaries

During 2023-24, the subsidiaries of Tasmanian Networks Pty Ltd included:

- TasNetworks Holdings Pty Ltd (non-trading subsidiary)
- Fortytwo24 Pty Ltd (42-24)
- TasNet Connections Pty Ltd (TNC)
- Marinus Link Pty Ltd (MLPL).

42-24 was established to leverage TasNetworks' digital, data centre and telecommunications assets and capabilities required to operate the Tasmanian power system. By on-selling latent capacity and associated services to Tasmanian customers, 42-24 helps TasNetworks reduce costs for Tasmanian electricity customers.

Formerly Large-Scale Renewables Pty Ltd, TNC was established to support the growth of TasNetworks' competitive transmission connection services business, facilitating generation and load connections to the network in Tasmania.

Marinus Link

MLPL was established as a subsidiary of Tasmanian Networks Pty Ltd to lead the proposed undersea and underground electricity and telecommunications interconnector, known as Marinus Link, between north-west Tasmania and the Latrobe Valley in Victoria.

When constructed, Marinus Link will connect Tasmania's renewable energy generation and storage resources to Victoria and the rest of the National Electricity Market.

In March 2024, MLPL was sold and is now jointly owned by the Australian, Tasmanian, and Victorian governments.

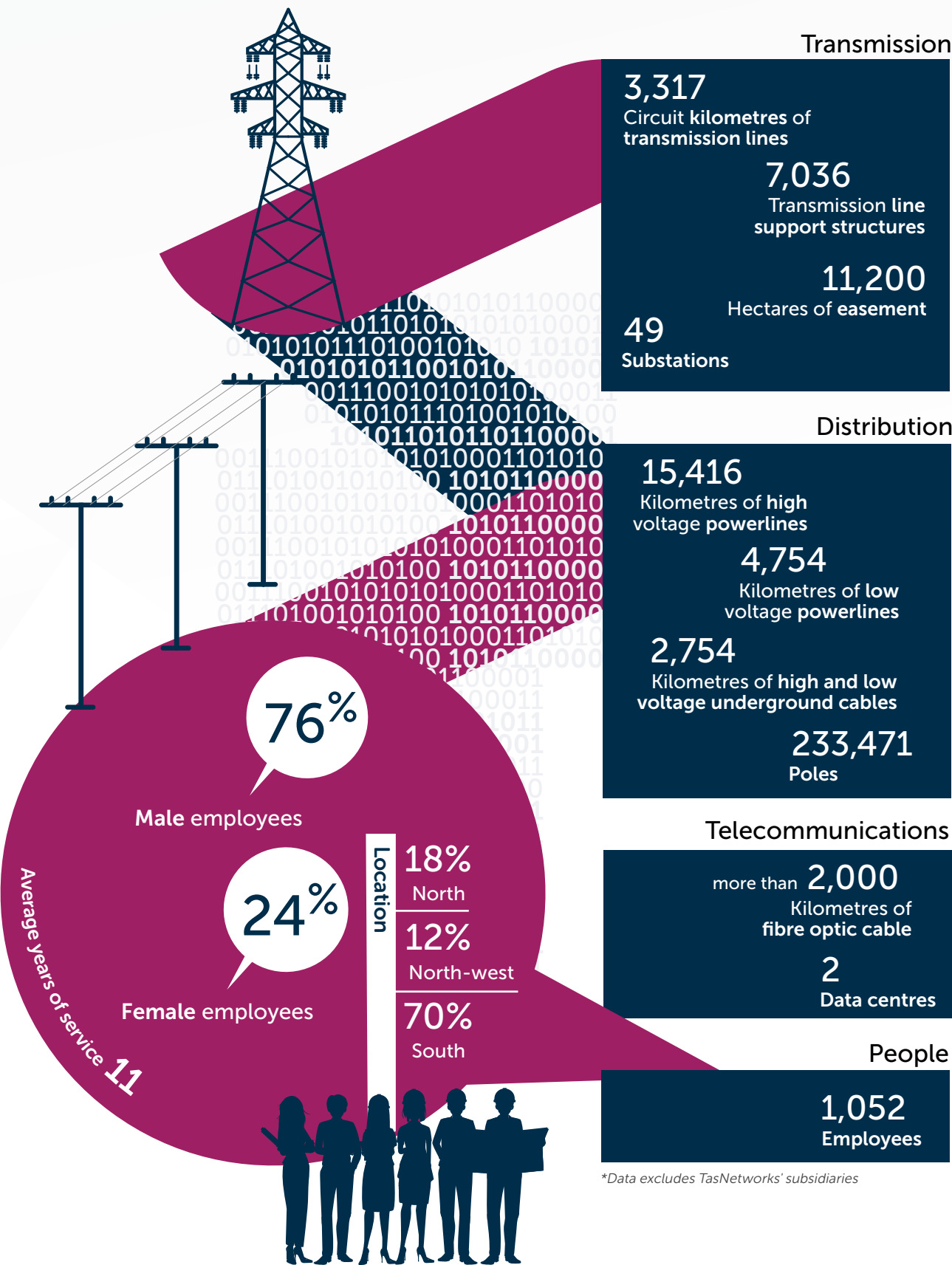
Our locations

Our field-based team members are located at four major resource centres in Cambridge, Rocherlea, Devonport, and Burnie, and at sub-stations and regional depots across the state. Our training centre is in Mornington, and we have administrative offices in Lenah Valley and Rocherlea.





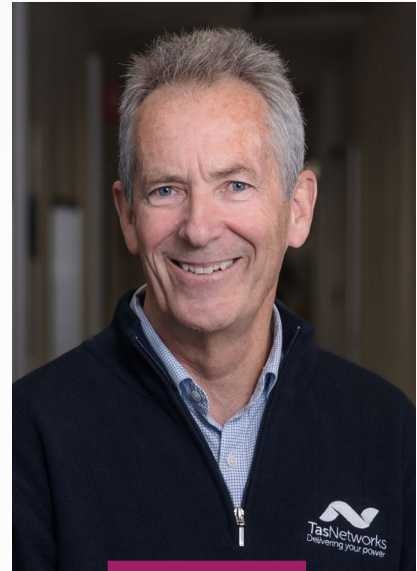
What it takes to deliver your power





From the Chair

The TasNetworks team know how important efficient, safe and reliable network services are to the people of Tasmania and its many business operators. We know how vital it is to have a stable and sustainable price path for power. We know the role we have to play to help grow the Tasmanian economy and attract investment. These are our enduring objectives.



Business efficiency and strengthening our customer delivery capability have continued to be a primary focus in 2023-24. We have already secured over \$41M in net benefits from our transformation program and expect gross benefits to accumulate to over \$200M in the next few years. We recognise there is more to do to improve our customer delivery outcomes and we are focused on process improvement and streamlining the way we work. The Board appreciates the dedication and hard work of our team to transform and improve the way we operate.

To provide reliable network services for Tasmanians, TasNetworks must be financially sustainable. This year, that meant announcing our first significant increase in network charges for many years. Such decisions are challenging but are made in the longer-term interests of Tasmanians who rely on a modern, reliable, well-maintained network. The increase came after many years of either reducing network charges or keeping any increases about or below the level of inflation. Tasmanians can trust that their economic wellbeing remains our priority.

These are times of great change – in clean energy, electric vehicles, climate mitigation and adaptation, and volatile markets. To support this changing energy landscape, TasNetworks has worked tirelessly to develop the Marinus Link project to release Tasmania's renewable energy potential. A key milestone in March was the successful divestment of Marinus Link Pty Ltd into new ownership, with the Commonwealth and Victoria as joint shareholders with Tasmania. TasNetworks is proud to have initiated and developed the Marinus Link project to this stage and within sight of a Final Investment Decision. TasNetworks will continue to lead the North West Transmission Development (NWTD) program that will strengthen the local grid, ensuring power can flow to and from the Marinus switching station at Heybridge.

It was an honour this year to have TasNetworks CEO, Seán Mc Goldrick, appointed as Chair of the Energy Charter's CEO Council for 2024. Seán is determined to make a difference in customers' lives and help lead the transition to cleaner energy, with all the investment and network adaptation that requires. He has regularly spoken of driving that transition in the fairest and most affordable way for the customers we serve.

In June we farewelled Director Miles Smith. Miles made a strong contribution as Chair of our Audit, Risk and Compliance Committee and we wish him well in his future endeavours.

As we strive to deliver great service to our customers, I want to acknowledge those on the TasNetworks' front-line who serve Tasmanians 24/7 in often extremely challenging conditions. I know Tasmanians appreciate and admire the service and dedication.

Together with the full TasNetworks' team we are committed to powering a brighter future for all.

Roger Gill
TasNetworks Chair

From the CEO

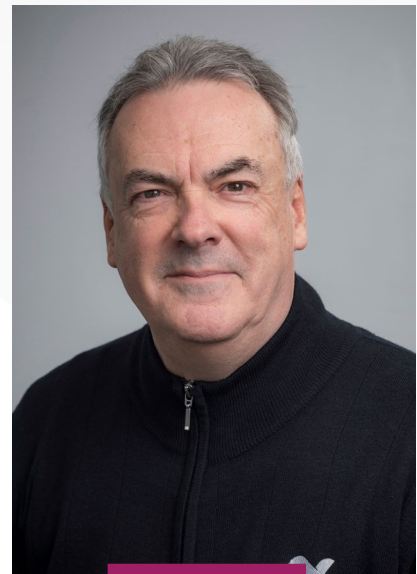
TasNetworks finishes the 2023-24 year as a more resilient, efficient, flexible and fit-for-purpose business than it started. We're working hard in tough times to keep Tasmanians' electricity supply as safe, clean, reliable and affordable as possible.

A regulatory submission year is always among the busiest. Every five years, we need to seek the Australian Energy Regulator's (AER) approval on our revenue, investment and pricing levels for the following five-year period. In the year just gone, we delivered this critical piece of work through our 2024-29 Combined Proposal (known as R24).

In years to come, I firmly believe our recent revenue determination outcome will be viewed as a remarkable planning achievement, and a very good overall outcome for Tasmanian energy users. TasNetworks proposed level of both capital and operating expenditure was accepted at the time of the draft decision, this shows that our proposal was efficient and prudent and capable of acceptance by our customers, stakeholders and the AER. While cost pressures forced us to raise network charges by about 15 per cent (those charges account for about a third of a typical Tasmanian bill), the Office of the Tasmanian Economic Regulator (OTTER) determined that overall Tasmanian power prices in 2024-25 need only rise by 0.5 per cent. That's well below inflation, and thanks mainly to falling wholesale energy prices. While this represents an 'up' year for network charges, TasNetworks also has a strong record of reducing them, where possible, in recent years – most recently by 5.2 per cent in 2020-21.

There's never a 'good year' for any utility to raise its charges. However, the current and upcoming years pose a balancing opportunity that lets us keep investing and modernising our network, providing the reliability Tasmanians expect, and preparing for a doubling of Tasmania's clean energy capacity.

Those decisions, trade-offs and balancing acts happen deep in the heart of our business – requiring great skill, analysis and judgement. They have the potential for a massive impact on the lives and prosperity of Tasmanians. I've seen our people put in countless hours, crunch countless calculations, agonise over tough decisions, and consult earnestly with stakeholders to finalise our Regulatory Proposal. For those people, as well as our dedicated field teams who serve Tasmanians day-in night-out, I'm grateful and appreciative.



These are still difficult times. While inflation is cooling, both Tasmanians and TasNetworks are coping with the ongoing burden of higher costs and interest rates. As always, our priority is protecting Tasmanians' living standards and wellbeing. We will continue to focus on reducing our costs and streamlining our business through roles, process and systems, to help efficiently deliver what Tasmanians need and value, and nothing that they don't.

We're working hard to cut costs while protecting network safety and reliability. Unfortunately, we're facing significant cost increases for bushfire insurance and cyber security. And while our debt remains reasonable and responsible for a utility of our size, we're at the mercy of the same interest rate rises hurting Tasmanian loan holders. We're working hard to minimise the pain in hard times; and planning strongly for the better times.

Forward focused

Our business is much better strategically prepared than when 2023-24 started. Our new Company Strategy complements our regulatory outcome and provides certainty and focus for the years ahead. It's the crucial roadmap for guiding how we make Tasmania electric-vehicle-ready; how we use community batteries to boost reliability in regional communities; how we embrace the Virtual Tas mapping to work more safely and precisely in the field and how we build climate resilience and adaptability into our network.

We've put capable minds to work on the analysis, planning and innovation that'll simultaneously boost reliability, boost sustainability, and save Tasmanians money into the future. Many businesses risk being overwhelmed and caught wrong-footed by ever-advancing technology, Artificial Intelligence, the changing nature of 'work,' and the clean energy revolution in coming years. Through our new company strategy, we intend to be sure-footed and confident in our approach to the future.

We're at a critical stage of the North-West Transmission Developments (NWTD) that are crucial for supporting Marinus Link and doubling Tasmania's clean energy. We're about to conclude NWTD procurement, with major benefits for local Tasmanian businesses and jobs. We'll be making several regulatory submissions in the near future, and there's an amazing amount of work and commitment being invested into ensuring landowners can be with us on this journey and benefit strongly from it. Having divested Marinus Link from TasNetworks ownership in 2023-24, the playing field is clear for necessary focus on the transmission developments and augmentation at the core of our business.

Doubling Tasmania's clean energy will lower future power prices, create many good jobs, ensure energy security, and cut Australia's emissions by about 70 million tonnes, which is like taking 500,000 cars off the road. However, to achieve this, we need the Marinus Link and North-West Transmission projects. Despite inflation, the Australian Energy Market Operator (AEMO) has confirmed that Project Marinus is beneficial for Tasmanians' finances, living standards, job opportunities, and climate safety.

Streamlined and future-ready

Our TasNetworks transformation process is well-advanced with only four of the original 18 initiatives still active as we enter 2024-25. We've driven significant change across the business in 2023-24, including fundamentally redesigning our organisation, re-engineering processes drive efficiency and productivity across our value chain, and smart investment decisions on the systems we need to sustain our transformation outcomes. We farewelled many valued colleagues in 2023-24, with thanks and recognition for their service and expertise. The benefits of transformation in 2023-24 alone were more than \$41M. We're on-track for transformation to achieve gross benefits of more than \$200 million in the coming years. Transformation continues as we now become a right-sized and fit-for-purpose electricity transmission and distribution business that's ready for future opportunities and challenges. We've done much of the heavy lifting and can look forward to a more stable period than recent years, which is vitally important to our people. We have work to do in better protecting the psychosocial safety and wellbeing of our people, and work on better education and reporting processes is decisively underway.

Our guiding mission is saving Tasmanians money wherever possible, keeping the lights on, and serving Tasmanians 24/7. We'll keep our eye firmly on those priorities, as we work towards a bright future.

Seán Mc Goldrick
TasNetworks Chief Executive Officer



2023-24 highlights

Performance

Our customers

We genuinely care about our customers and how they perceive us. We strive to make their experience with us as seamless as possible.

Customer satisfaction

7.2/10

* Decrease of 140 from 22-23

** Over the course of the 3 year program

Ease of doing business

7.5/10

Customer complaint volume

649*

Engaged 844 customers and stakeholders for 2024-29 revenue reset**

Grade of service

85%
(incoming fault calls answered in under 30 sec)

Our people

We prioritise safety and aim to build trusting relationships to empower our people.

21
Graduates employed

40
Apprentices employed

2
Trainees employed

59
community and career events attended

93%
of our people completed Call it Out training

* Average gender pay gap in Australia is 21.7%, or 11% for Electricity, Gas, Water & Waste Services.

Gender pay gap

9.6%
(reduced from 11.2% in 2022-23) calculated from total remuneration*

Our business

We manage our assets to deliver safe and reliable services, while transforming our business.

Invested back into our network

\$276.5m

- North West Transmission Developments project re-scoped to align with the two stages of Marinus Link cables 1 and 2.
- Successfully transitioned MLPL to its new shareholders for ongoing implementation.

Bird mitigation installed on distribution lines this financial year
145km

Total bird mitigation on distribution lines to date: approximately
600km

Our owners

We operate our business to deliver sustainable shareholder outcomes.

Underlying profit after tax

\$15.4*m

Dividends

\$11.7m

Large scale connections revenue

\$9.8m

*underlying profit excluding impact of Marinus sale



Our business direction

Our key business objectives

We have defined four key business objectives that have our core product of safe, reliable, and affordable power at the heart of them, and puts our customers at the centre of our decision making. They also recognise the wider role that TasNetworks plays in the community.



Enhance the safety and wellbeing of our people

We do not compromise the safety and wellbeing of our people, our customers, our communities, or the environment. Our performance metrics are focused on the physical, psychological, and environmental wellbeing of these stakeholders.



Supply reliable essential services

We understand our services are critical and need to be reliable, and we recognise our role to serve and create value for Tasmania. We have an opportunity to proactively drive reliability and sustainability for the Tasmanian community.



Deliver value for our customers

We strive to deliver value for our customers and meet their expectations in every action we take. Our focus is on the quality of customers and other stakeholders' experiences with us and how we perform against their needs and expectations.



Provide a sustainable financial return

We seek to balance affordable prices for customers and provide sustainable profits to our shareholder, the Tasmanian Government. We are focused on the efficiency of our operations, so our profits can be reinvested to benefit the Tasmanian community.



Our strategic pillars

We have refreshed our company strategy to identify and focus on what is most important to our customers and the Tasmanian community. The overarching direction of the new company strategy is generally consistent with the previous strategy – to deliver safe, reliable, and affordable electricity services to Tasmania.

The new company strategy considers external market trends influencing our business and clearly identifies what we need to do to meet stakeholder expectations and deliver meaningful and sustainable change. It provides the framework to help us organise and track progress of the strategic pillars and priorities we need to focus on to continue *Powering a Bright Future* for Tasmania.



Understand and respond to our customers and communities

By better understanding what is important to our customers and the Tasmanian community, we can deliver the services they value. We have several strategic priorities that aim to deepen our relationships with them and be better positioned to tailor our services and build their trust in us.



Deliver operational excellence

Through our continued commitment to improving the way we do things, these strategic priorities on getting the foundations right – to keep our people, the community, and the environment safe, deliver reliable and affordable electricity services, and manage our operations efficiently to keep our cost as low as possible.



Innovate in a targeted way

These strategic priorities focus on our response to shifts in the energy industry and adapting to changing customer needs through innovation. We are targeting areas of our network and ways of working to improve our performance and keep prices affordable for customers.



Our customers

Optimising customer experience

As we strive towards an ever-stronger customer centric business, the 2023-24 period has been one of reaffirming and realigning our customer insight and understanding to create a strong foundation of optimisation initiatives as we move into the year/s to come.

At an industry level, TasNetworks are a full signatory to the Energy Charter – a CEO-led coalition of like-minded energy organisations with a shared purpose and passion for customers and communities. The collective purpose is to empower one another across the energy supply chain to deliver better energy outcomes for customers and communities. For us, the opportunity is to keep humans at the centre of the design and delivery of energy solutions, and to navigate the changing needs of customers and communities as we transform to a cleaner energy future. We hold ourselves accountable to this through annual public disclosures on our performance to the key customer principles and targets we set upon ourselves.

Beyond this, TasNetworks has and continues to monitor and track customer and community satisfaction in a number of ways – all in an effort to gauge performance hold ourselves accountable, and more importantly ensure we continue to learn and grow our response to the evolving consumer need, expectation and ultimately satisfaction demands. This monitoring consists of:

- Monthly customer satisfaction surveys (and reporting) that gauges satisfaction with customer's recent interactions with the business (across planned outages; unplanned outages; new connections; general enquiries; and complaints). We have been running this program of work for over 7 years, and we continue to evolve its insightfulness and rigour.
- Annual community sentiment survey – that gauges community views on TasNetworks and our broader social responsibilities and position in the community.
- Subscription to an ongoing Tasmanian Brand Sentiment study – that gauges how Tasmania's most prominent industries and companies deliver to community need – allowing us to benchmark and better understand what drives value, trust and social licence acceptance in our community.



Agfest 2024.



Customer Survey, Agfest 2024.

Alongside these ongoing trackers of performance and insight, we have conducted several key foundational studies that are helping us better understand the specific needs and situations of our customer base and how they interact with energy and TasNetworks services. This has included the development of customer and business segmentation models and customer journey mapping.

Customer segmentation

In December 2023, TasNetworks launched its first residential and business customer segmentation models, marking a significant step in creating a customer-centric culture. These models group customers into sub-categories based on similar characteristics, allowing us to better understand, target, and communicate with our diverse customer base more effectively.

Developed through thorough research analysing energy usage, billing data, behaviours, and attitudes across Tasmania's residential and business communities, these segmentation models empower us to tailor strategies and interactions to meet the specific needs of each customer segmentation enhances. Opposed to a one-size-fits-all approach, customer segmentation enhances our ability to deliver personalised solutions for our customers.

The customer segmentation profiles have become a foundation of insight and a sounding board for program review as we continue to unpack the granular needs of customers in the market.

The segments have further reframed how we interrogate and respond to customer needs and behaviour - through reframed customer satisfaction metrics and data interrogation, along with its utilisation in program reviews (e.g. community battery site locations, the evaluation of needs and/or how to communicate accordingly).

Customer journey mapping

To support the optimisation of customer experience when interacting with TasNetworks, an extensive investigation of customer needs and expectations is being completed. This unpacks and defines key pain points and moments of truth amongst our most impactful areas of customer interaction (e.g. outages, vegetation management, and connections). This foundational program of work is providing the platform of optimisation works that shall preserve, enhance or rectify blockers which impact customer experiences and ultimate satisfaction for our customers.

Mapping future value for our customers

2024-29 revenue reset

Every five years we need to prepare and submit revenue and regulatory proposals to the Australian Energy Regulator (AER), outlining our plans and forecast expenditure to plan, build, operate and maintain Tasmania's distribution and transmission networks for each regulatory control period. These proposals must also specify our prices for network services and public lighting, and the network charges (tariffs) we will use to recover revenue from customers to provide them with safe, reliable and secure energy for their homes and businesses. The AER assesses these proposals and releases a final decision that confirms our Maximum Allowed Revenue (MAR), or how much we can recover from our customers via our network charges in the new regulatory period.

The process to develop these proposals is known as a revenue reset, which is overseen and regulated by the AER under the National Electricity Law and Rules. It exists to protect customers by limiting the amount of revenue network service providers (NSPs) like TasNetworks can recover from them, using a combination of benchmarked performance standards and the rigorous, independent scrutiny of forecast expenditure.

The new regulatory period commenced on 1 July 2024 and will run until 30 June 2029 (2024-29). During the 2023-24 financial year, we finalised our 2024-29 revenue reset, concluding with the AER's final decision on 30 April 2024 - which confirmed the MAR we can recover from our customers during the 2024-29 regulatory period.

The development of TasNetworks' 2024-29 proposals was an iterative one, spanning over three years and involving over 100 staff, multiple rounds of consultation and refinement of key documents, and over 800 direct engagements with customers and stakeholders in the most comprehensive engagement program the business has ever completed.

The AER noted in its final decision that the engagement program genuinely informed customers and stakeholders and was a significant step-up in consultation from previous revenue resets. The AER also deemed our operating expenses proposal as efficient when compared to standard benchmarks. The AER encouraged TasNetworks to consider how it could engage at a deeper level on issues of affordability, contingent projects and operational expenditure (opex) going forward.



844*

people directly engaged



134

individual
TasNetworks customers



103

business
customers



338

industry partners
and representatives from
local government and the
energy supply chain



242

from one of TasNetworks'
representative voices groups,
including our dedicated Reset
Advisory Committee



160

hours of direct
engagement
were completed



81

separate engagement
processes were delivered in
a mix of face-to-face, online
and blended activities



67







distinct topics were engaged
on, with many covered multiple
times by key groups

*Some individuals engaged multiple times regarding separate topics over the length of the program

Customer outcomes for 2024-29

The AER sought to adopt a balanced approach when determining TasNetworks' MAR for the 2024-29 regulatory period, concluding that the majority of proposed expenditure is likely to deliver efficient customer outcomes – resulting in them only paying for what is necessary and in their long-term interests. Full details of the AER's final decisions are available from their website, with a summary of customer outcomes through key milestones of the process are outlined below.

Distribution customer outcomes (residential and small business customers)

	 Revenue - smoothed (\$m)	 Capital expenditure (\$m)	 Operating expenditure (\$m)	 Rate of return (%)	 Residential prices	 Small business prices
Original proposal	\$1,549.2m	\$729.4m	\$541.0m	5.71%	\$833 (2.4%)	\$2,960 (1.3%)
Draft decision	\$1,677.0m	\$729.3m	\$541.0m	5.80%	\$898 (4.5%)	\$3,167 (3.1%)
Revised proposal	\$1,676.7m	\$729.3m	\$541.0m	5.80%	\$897 (4.0%)	\$3,171 (2.7%)
Final decision	\$1,705.7	\$729.1m	\$541.0m	5.87%	\$933 (5.4%)	\$3,311 (4.2%)

Notes

- All figures are in \$m real, 2023-24
- Revenue and expenditure are for the full five-year regulatory control period
- Prices are the average over the 2024-2029 period. Price movements for individual distribution customers will vary depending on energy usage and location.

Transmission customer outcomes

	 Revenue - smoothed (\$m)	 Capital expenditure (\$m)	 Operating expenditure (\$m)	 Rate of return (%)	 Transmission prices \$/MWh
Original proposal	\$784.1m	\$287.8m	\$209.2m	5.68%	\$11.33/MWh (1.0%)
Draft decision	\$809.1m	\$287.8m	\$209.2m	5.77%	\$11.65/MWh (2.6%)
Revised proposal	\$801.2m	\$287.8m	\$209.2m	5.77%	\$11.63/MWh (2.6%)
Final decision	\$819.1m	\$287.8m	\$209.2m	5.84%	\$12.77/MWh (5.1%)

Notes

- All figures are in \$m real, 2023-24
- Revenue and expenditure are for the full five-year regulatory control period
- Prices reflect the weighted average price movements across the transmission network and are the average over the 2024-2029 period. Price movements for individual transmission customers will vary depending on energy usage and location.

Collaborative effort

TasNetworks would like to thank those outside our business who gave many hours of their time to contribute to the development of our proposals, and to champion the needs of our customers. For further information on the 2024-29 revenue reset, including all key documentation, please visit talkwith.tasnetworks.com.au/tasnetworks-r24

Our community

Power People Project

Research shows that many Tasmanian customers lack the energy literacy needed to make informed decisions about their energy usage, tariff selection, and spending. To address this, we have partnered with Aurora Energy and the Tasmanian Men's Sheds Association to deliver the Power People Project across Tasmania.

This project leverages the trusted network of Men's Shed members to provide training within their own Sheds and broader communities. Together, we have co-designed three training modules aimed at boosting energy literacy among our customers.

During the pilot stage, our partner Sheds have delivered over a dozen energy efficiency training sessions across the state. In 2024-25, we aim to expand the program to additional Men's Sheds, roll out the second and third training modules, and connect with other community groups to further extend the program's reach.

TasNetworks Community Grants

This year, we relaunched our Community Grants program, enabling local organisations to secure funding for projects that benefit the most vulnerable in our community.

Focusing on delivering funding to support programs which are alleviating cost-of-living pressures and enhancing community resilience, our grants program supports groups in bringing their impactful projects to life.

In the 2023 Community Grants program we received 88 applications from across the state and were able to support important initiatives reaching people from Smithton to the Huon Valley.



Caption L-R Bruce Weller, Secretary of Tasmanian Men's Sheds Association, Nigel Clark, CEO of Aurora Energy, Peter Norris, President of Channel Men's Shed and Power Person, Seán Mc Goldrick.



TasNetworks CEO Seán McGoldrick and RAW CEO Lee Whiteley.



Beyond the sidelines.

Rural Alive and Well

Tackling mental health in rural communities

TasNetworks has many touch-points with rural and remote communities throughout Tasmania and we see it as our duty to prioritise investment in the wellbeing of rural Tasmanians.

In 2022, TasNetworks established a community partnership with Rural Alive and Well (RAW), a solely Tasmanian, not-for-profit organisation, providing free counselling and support services to individuals and communities in regional Tasmania.

This year we continued our support of RAW to deliver the Beyond the Sidelines program: a multi-faceted initiative designed to tackle mental health in rural sporting communities.

Across Tasmania, sporting clubs play an important role in keeping communities connected, helping foster a sense of belonging and instilling pride in local areas. Delivered in the club environment, Beyond the Sidelines aims to equip players, members and officials with the knowledge to better understand mental health factors and manage their own wellbeing as well as the tools to support their mates in a practical, tangible way.



Club engagement

12 clubs
3 leagues statewide
2 RAW Rounds with Oatlands District Football Association



RAW conversations

191 people



One-on-one support

8 people connected with RAW for one-on-one support



The RAW Easter Egg Hunt at Bracknell Primary School.

North West Community Events

We understand the impact major projects like the North West Transmission Developments can have on communities. Recognising the significant activity occurring in North-West Tasmania we continue to partner with RAW to host several dedicated activities, specifically tailored toward supporting communities directly or indirectly impacted by the project.

These activities and events support rural communities by reducing barriers to people accessing counselling and mental health support, as well as facilitating opportunities for social connection. Events included RAW's 'Fast 5 Talks' and a family Easter Egg Hunt held in Bracknell.



Easter Egg Hunt

Bracknell Community Event

97 children + adults

17,421 people reached via social media for this event



"Being engaged as a local producer to supply the sweets for the event has not only had an important financial benefit but has given me back the motivation I needed to keep my business going."

Raylene, small business owner (sourced from RAW)



Fast Five Talks

15 sessions

277 participants



Bright Sparks Presenter Lewis Gibbs, delivers our safety program to students from Molesworth Primary.

A bright spark in safety education

TasNetworks' Bright Sparks program continues to focus on providing electrical safety education to primary school students throughout Tasmania. This year, the program extended its reach by hosting workshops for homeschool families in southern Tasmania, and aims to extend these workshops to other regions in the state.

To promote Electrical Safety Week (ESW), the program launched the first Bright Sparks Comic book, which features safety tales from years 3 to 6 students, paired with illustrations by students from Kindergarten to Year 2.



Bright Sparks

40 Schools visited

11,385* children reached
(2023-24)

*Including workshops for homeschooled children & their families.

Bright Sparks Comic book, featuring safety tales & illustrations from students across Tasmania.



All hands on deck cleaning out the aviary at Bonorong.

Community Benefit Sharing program



Throughout 2022-23, North West Transmission Development team co-designed a Community Benefit Sharing Program (CBSP) with a group of young people, who formed a Youth Panel, and other stakeholders from North West Tasmania to ultimately benefit the local communities impacted by the proposed NWT D. In March 2023, the TasNetworks' Board approved the Youth Panel's recommended CBSP eligibility requirements and stakeholders' preferred governance arrangements for the Program's implementation. A maximum \$10M funding, subject to project approval, was committed by TasNetworks to implement the CBSP during the construction stage of the NWT D project. The framework was released in July 2023.

In October 2023, TasNetworks together with our engagement partner RPS Group, achieved Highly Commended recognition for the co-designed CBSP at IAP2 Australasia's Core Value Awards ceremony held in Brisbane.

The Core Value Awards recognise excellence in public participation and community engagement and this achievement highlighted the development of TasNetworks youth-centred, co-designed Community Benefits Sharing Program. At the core of its success are 15 highly passionate and talented 18 to 25 years old North West Tasmanians who came together across a number of months to collaborate and design the program. Their commitment led to an outcome that best represents the interests of the community and will deliver a lasting positive legacy for the region.

Volunteering

Our team members are encouraged to take a day off work to volunteer for causes they are passionate about.

Both individuals and large teams have contributed their time to wildlife conservation organisations, homelessness services, community houses, and food relief services, among others.

Through their dedication, our team has volunteered hundreds of hours to not-for-profit organisations across the state, positively impacting the lives of thousands of community members.



TasNetworks volunteers at Small Steps.

TasNetworks' Innovate Reconciliation Action Plan (RAP)

Our journey towards reconciliation

We began our reconciliation journey in June 2021 when we proudly launched our first reconciliation action plan. TasNetworks' Reflect RAP included 14 actions and 47 deliverables designed to build respect, relationships and opportunities with Aboriginal and Torres Strait Islander peoples.

Over two years, we achieved positive momentum with Aboriginal engagement and reconciliation through implementing improvements to Aboriginal Heritage procedures, providing cultural awareness training to TasNetworks' leaders and team members, implementing a responsible Procurement Standard, building relationships with utilities to enhance First Nations engagement, implementing Acknowledgement of Country protocols, and developing community partnerships.

In April 2024, TasNetworks launched our Innovate Reconciliation Action Plan at Tiagarra Aboriginal Cultural Centre and Museum in Devonport. Noting the four stages of a RAP (Reflect, Innovate, Stretch and Elevate), our second RAP marks an important step on our path to genuine and lasting reconciliation. It is key to contributing to our vision for reconciliation and taking significant actions as a business, cognisant of how we can utilise our circle of influence to contribute to reconciliation and create meaningful change in Australia.

As Tasmania's electricity network provider, we own and manage Tasmanian land, bringing us into contact



Smoking ceremony at Tiagarra Aboriginal Cultural Centre.

with sacred Aboriginal cultural sites and heritage. This RAP ensure that all field crew will be trained in cultural awareness to embed meaning into practical processes and procedures, and ensures we work together with the Tasmanian Aboriginal community to respect and value Aboriginal heritage. Our potential to use traditional fire burning practices is another example of better cultural interaction – specifically explored in our Innovate RAP.

This plan includes 15 actions and 56 deliverables under the pillars of Relationships, Respect, Opportunities and Governance to further integrate reconciliation initiatives into TasNetworks' business-as-usual practices, ensuring we are proactively creating an inclusive and diverse workplace that is culturally safe and proud.



Passionate members of the Six Rivers Aboriginal Corporation.

Our energy future

North West Transmission Developments

The proposed North West Transmission Developments (NWTD) will support Tasmania's renewable energy future and strengthen the transmission network in North West Tasmania. The project includes 240km of new and upgraded transmission lines and other energy infrastructure. The developments will allow Tasmania's power system to remain strong and stable while providing the increased capacity needed to accommodate new and existing renewable energy developments in the region, including Marinus Link.

In September 2023, following announcement by the Australian Government that Marinus Link will, in the first instance, proceed with one cable, TasNetworks reviewed the scope of the NWTD.

This assessment prioritised the delivery of the NWTD across two stages, focusing on the delivery of Stage 1 until a final decision is taken on the second Marinus Link cable. This approach will see approximately 60 per cent of the proposed NWTD built in the first stage.

Stage 1 will see construction activities commence in 2025-26 on Palmerston-Sheffield-Heybridge and Stowport to Burnie. Stage 2 will deliver the balance of the NWTD scope, which includes the section between Staverton to Burnie via Hampshire Hills, to align with the second Marinus Link cable.

All stages of the project are subject to Development and Environmental Approvals and Final Investment Decisions.

NWTD intends to appoint a preferred Head Contractor in the second half of 2024. The Request for Proposal for design and construction of NWTD Stage 1 closed in late May 2024, followed by commencement of proposal evaluation and negotiations. Appointing the successful Head Contractor to undertake the 'Early Contractor Involvement' (ECI) phase is a prerequisite to a Final Investment Decision for the project.





Landholders engaging with one of our NWTN Project Engineers on tower placements.

NWTD Environment, Planning and Heritage

NWTD is preparing to submit a Development Application and an Environmental Impact Statement as part of the environment, planning and heritage approvals process for the project. These documents will form a single consolidated 'application' that will enable the Tasmanian Planning Commission to assess the environmental, social and economic aspects of the project against the project assessment criteria and determine whether approvals will be granted and what conditions will be applied to allow the project to proceed to the construction phase.

A team of technical and environmental specialists have undertaken comprehensive field surveys and technical studies since 2020 to understand the existing conditions along the route. The findings of the studies will be shared with landholders and communities as part of ongoing engagement for the project. As part of the assessment process the Development Application and Environmental Impact Statement will be publicly exhibited and anyone may make a submission. Public exhibition is currently scheduled to occur in 2025. The Tasmanian Planning Commission is required to consider all submissions when undertaking its assessment and determining whether to grant a permit.

TasNetworks is a member of the Infrastructure Sustainability Council, and the NWTD has formally registered to undertake Infrastructure Sustainability v2.1 ratings for both the Design and As Built phases of the project. These Infrastructure Sustainability ratings will be the first undertaken for electrical infrastructure assets within Tasmania.

The NWTD team have assessed project activities against Infrastructure Sustainability rating requirements and are targeting achievement of an ISv2.1 bronze rating (or better) for both Design and As Built phases.



The NWTD engagement team participating in a local community investment initiative.

NWTD Landholder Engagement

TasNetworks is committed to working closely with landholders, stakeholders and the community to achieve the best outcomes for landholders, community and the environment.

There are more than 300 landholders across the proposed route with each landholder assigned a dedicated NWTD Land Agent. Our objective is to work cooperatively with landholders to reach mutually acceptable negotiated outcomes as the project progresses land access and Easement Option Agreements.

During the year, feedback was sought from landholders regarding a proposed Strategic Benefit Payment (SBP). The SBP is intended to recognise the ongoing impact to landholders who host new major electricity infrastructure. The SBP is separate and in addition to compensation payable to landholders under the *Land Acquisition Act (1993)*.

In May 2024, TasNetworks was pleased to be one of the first partners to the TasFarmers' Farm Access Code. The Code sets out mutually agreed timelines, processes and courtesies to be followed by infrastructure proponents looking to consult with farmers about potential developments on their land. The new Code is a practical platform for building strong, respectful and more productive relationships between TasNetworks and Tasmanian farmers.

The Farm Access Code of Conduct is consistent with The Australian Energy Charter's Better Practice Social Licence Guidelines, and complements TasNetworks' existing work to strengthen relationships with landowners.



Nathan Calman, CEO of TasFarmers.



NWTD at the Burnie Show 2023.

NWTD Community Engagement

The NWTD team continued to undertake engagement activities to raise awareness about the project. Activities throughout the year included:

- Holding a series of landholder drop-ins and regular community information sessions at key locations along the proposed route.
- Attending community events including Agfest, EcoFest, Taste of the North West, Cradle Coast Business, Tourism and Travel Expo and the Burnie Show. Team members spoke to approximately 500 attendees across these events.
- Continuing meetings with the NWTD Stakeholder Liaison Group (SLG).
- Presenting at key industry events such as the 21st World Wind Energy Conference and conducting a range of stakeholder briefings.
- Continuing our partnership and schedule of community events with Rural Alive and Well.

NWTD proudly supports community projects and initiatives that have a positive impact on the overall health and wellbeing of people living in North West Tasmania. These include:

- Burnie Community House: 'Fakeaway' takeaway community cooking initiative.
- Burnie Lions Club: 'Sew Basic' community sewing sessions.
- Burnie Works' BIG Science Fair prizes years 7 and 8.
- Cradle Coast MTB Club Gold sponsorship for 2024-25.
- Kentish Men's Shed purchase of essential tools.
- Rural Health Tasmania: 'Seven up' program aimed at helping disengaged young people make a positive difference.
- Shorewell Community Twilight Market: free family event.
- Whitmore Tennis Club: upgrades to the safety and accessibility of the facility.

Our people



Contributing and learning at Call it Out workshops.

Psychosocial Risk Assessment and Response

TasNetworks have been early adopters of the new code of practice for managing psychosocial hazards in Tasmania. A key component of managing these hazards is forming an understanding of the impact that these hazards have on our people, and hence the risk. We achieved this through a bespoke survey delivered to our people in August 2023.

Planning for this risk assessment began more than two years before the survey was executed. A strategy was presented to the TasNetworks Board in mid-2021 that outlined the activities that would precede any risk assessment activity, recognising that a level of mental health literacy and readiness is required for our people to meaningfully engage with the process. This pre-work included broad training and awareness activities across the workforce, as well as:

- establishing a new EAP provider
- standing up a new best practice peer-support model
- Diversity & Inclusion and Call it Out Training
- rebuilding the Aggressive Customer training
- introducing a best-practice response to trauma model for our people exposed to traumatic events
- a Family Wellbeing Webinar Series.

The risk assessment survey was built by Professor Angela Martin and Dr Sarah Dawkins of the local consultancy firm Pracademia. The report provided by Professor Martin and Dr. Dawkins provided TasNetworks with some insight into our people's experience that was shocking and uncomfortable. The hazards determined to be the highest risk to our organisation were:

- job demands
- poor Organisational Change Management
- violence and aggression
- bullying.

TasNetworks was deeply concerned about the few reports of physical violence and aggression reported in the survey and these elements were responded to with the utmost rigour and priority. An action plan was developed to guide and coordinate this immediate response, and lay the foundations for tackling some of the broad organisational level changes that have been identified to improve the psychological safety of our people over time.

Our approach is built on an understanding that safety performance is best measured not by the absence of incidents, but the presence of capacity. Psychosocial safety is no different. We are focused on building the capacity of our systems, leadership and people to effectively deal with psychosocial hazards. We are building the confidence that when an incident occurs, there is the early recognition, intervention, support and care to ensure the impact on our people does not cause significant harm.

Despite what we found to be a confronting risk assessment result, as noted by Pracademia in their report, the issues identified are not unique to our organisation, industry or the communities in which we operate. We will continue to work with our own people, our Regulators, our Unions and our broader community to manage these behaviours and the impact on our people.



Joining forces with The Pinnacle Foundation for Pride March 2024.



Wear it Purple Day, Cambridge team.

Diversity, Equity and Inclusion

We want to build and maintain a workplace environment that enables a diverse workforce to feel safe, included and supported to be and do their best - where everyone feels empowered to bring their true selves to work and contribute their unique talents, experiences, and perspectives respectfully.

A range of activities have been undertaken over the past year, continuing the implementation of our Diversity, Equity and Inclusion (DEI) Action Framework which provides the foundations to lift the development and experience of everyone at TasNetworks.

The DEI Action Framework is informed by a TasNetworks DEI Working Group consisting of representatives from across the business and has focused on three key elements:

- Building a solid foundation for team members to better understand what DEI is and its importance in the workplace.
- Shifting mindsets to create and sustain a safe and inclusive workplace.
- Focusing on ensuring TasNetworks plays its part in developing the Tasmanian community to embrace and celebrate diversity and to create equitable and inclusive environments.

We acknowledge and raise awareness of globally and locally celebrated dates of significance with TasNetworks participating in events such as Tas Pride Walk and Pride Month (in partnership with the Pinnacle Foundation), Neurodiversity Week, International Women's Day, NAIDOC Week, and many more.

Part of our Respectful Workplace Program (which is also a key aspect of our psychosocial risk response), saw the successful roll-out of our 'Call it Out' workshops to 93 per cent of our workforce across the state.

Building on this success in the latter part of 2024, we started delving more deeply into the precursor 'Negative Behaviours,' via 'Call it Out – Part 2' workshops delivered to 38 per cent of our workforce so far and growing. The Call it Out workshops continue to be facilitated by trained TasNetworks team members from across the organisation.

Several other development programs were delivered including topics such as gendered language, writing in plain English, neurodiversity awareness, and unconscious bias.

TasNetworks Policies and Procedures have been under continuous review including consideration of impacts on DEI and ensuring greater accessibility and use of inclusive language. Similarly, all e-learning is being updated to include audio and subtitle options for greater accessibility over time.

An intersection with TasNetworks' Reconciliation Action Plan (RAP), includes the ongoing provision of Cultural Heritage and Cultural Safety Awareness sessions with a focus on ensuring that all of our workers interacting with the Tasmanian community undertake this training.

We are committed to continuing the evolution of our DEI Action Framework to create a more targeted approach to education, understanding and embedding meaningful change in key focus areas.

We look forward to continuing to work together to make TasNetworks a great place to work for all.



Career Revive summer student group.

Workforce of the future

Early Careers Programs

Our Early Careers programs are focused on learning and growth, ensuring we are developing the right skills for our business now and into the future. Over the last year our program participants have been exposed to a wide range of business functions hosted by dedicated leaders, supported by mentors and coaches with a focus on individual development. The hands-on learning approach provides a saturated learning experience.

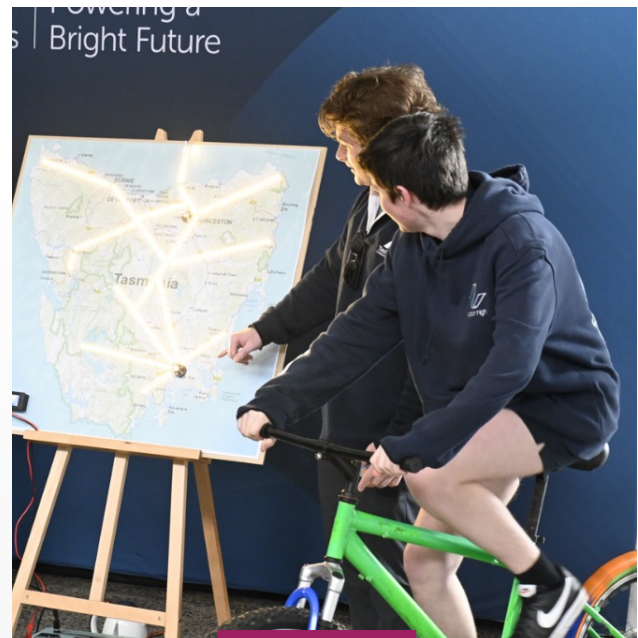
To ensure a continued pipeline of talent into these programs we offer bespoke scholarships and bursaries, host honours students, work experience students and run a 12 week summer students program. This year alongside our summer program, we piloted Career Revive program which aims to break down our employment barriers for individuals looking to return to the workforce after a career break. This program offers a professional opportunity to jump-start re-entry into the workforce in a supportive environment.

During the 12-week program participants gained a strong understanding of the energy sector, developed new skills in a large complex business, and through talent donation, earned a micro-credential in Project Management to assist in re-entering the workforce. The pilot program boasts seven alumni - three who remain in our business to date.

Attracting the best talent

Our attraction strategy continues a focus on skills of the future for our business needs, diversity of thought and the inclusion of minority groups. We continue to attract a wide range of talent through targeted recruitment strategies including bespoke campaigns for Engineers and Line Workers, dedicated roles for Aboriginal and Torres Straight Islanders people and community partnerships. One such partnership is with Women's Rugby Union Tasmania. The synergy between woman in non-traditional sports and non-traditional trades tells a powerful story. This partnership will help us raise the profile of field opportunities for woman at TasNetworks and assist brand storytelling and targeted attraction.

Careers events and STEAM (Science, Technology, Engineering, Arts & Maths) education in schools play a crucial role in shaping the next generation of energy industry workers by providing students with insights into the diverse opportunities within the sector. These events facilitate early exposure to industry trends, technological advancements, and potential career paths, inspiring students to pursue relevant education and skills. By connecting students with industry professionals, careers events help bridge the gap between education and employment, ensuring a well-prepared and motivated future workforce.



The STEAM Watts on Wheels is always a hit at Agfest.

Our commitment to sustainability

TasNetworks continues to increase awareness of our role in the clean energy transition. We have had stalls at key events such as Agfest and the Sustainable Living Festival. We continue to collaborate across governments, government owned businesses, industry and the community on electrification challenges.

Supporting clean energy growth

TasNetworks continues to play a central role supporting the clean energy economy transition. We facilitate the connection of both large and small-scale renewable energy sources to the grid. Additionally, we have proposed extensions to the electricity grid to meet new demands and accommodate emerging industries like hydrogen production and electric vehicle expansion.

Critical projects such as Marinus Link and TasNetworks' North West Transmission Developments will help facilitate the expected growth in renewable energy connections and allow Tasmania to export and sell more renewable energy power.

TasNetworks supports the Tasmanian Government legislated targets to double the amount of renewable energy generation in Tasmania from 10,500 GWh in 2022 to 21,000 GWh in 2040, with an interim 150 per cent increase target to 15,750 GWh by 2030. For example, doubling electricity generation will require approximately 3,000 MW in new wind capacity installed by 2040, with 1,500 MW installed by 2030 for the interim target. Tasmania currently has 568 MW large scale wind installed.

A 5 MW solar plant connected in late 2023 to the distribution network.

Over 4,895 small scale rooftop solar systems connected to the grid in 2023-24, the largest total commercial and residential connections than the previous five years. In addition, rooftop solar continued to break records contributing more electricity than ever before across the network.

In addition, during the year TasNetworks received grant funding from the Federal Government to deliver two community batteries in Tasmania. These will be delivered in the coming years and will support realising better value from rooftop solar and reducing peak demand on the grid. TasNetworks also supports the smart meter rollout, with 79 per cent coverage across Tasmania and an additional 4,635 meters on average switched out every month.



Birds eye view of solar panels at TasNetworks Maria Street, Lenah Valley.

Leading by example across our operations

TasNetworks reported 93,883 tonnes of carbon dioxide equivalent (tCO₂-e) annual greenhouse gas emissions under the National Greenhouse Emissions Reporting Scheme (NGERS):

- scope 1 onsite emissions (fleet, fuel use, sulphur hexafluoride leakage and gas use) were 7,610 tCO₂-e
- scope 2 emissions (electricity line losses) were 86,272 tCO₂-e, based on 2022-23 levels.

As well as supporting renewable energy expansion across Tasmania and the electric vehicle industry via electricity connections, our climate action in the short term focuses on least cost, high financial return, energy efficiency and renewable energy investments.



Installation of office LED's.

Over 30 actions to reduce emissions across our operations have been implemented to date, including:

- 52 charging stations across Tasmania
- 14 full electric and 3 hybrid vehicles, superseding our target of 25 per cent electric options in the light vehicle fleet by 2024
- lighting across main offices switched to LEDs
- 198 kW solar systems installed.

TasNetworks is committed to ensuring Modern Slavery is not present in our business or supply chains. This financial year, we refreshed all Supply Chain policies and introduced a new Responsible Procurement Policy addressing Environmental, Social, and Governance expectations, including Modern Slavery. A Responsible Procurement training module was also developed, now an annual renewal requirement. Our Responsible Procurement Policy and previous Modern Slavery Statements are available on our website, with the 2023-24 Statement to be submitted by the end of 2024.

Maintaining a sustainable and resilient network

We invested in the resilience of the electricity network, as outlined in the Network Climate Change Resilience and Adaptation Strategy. We have installed 1021, fire-resistant fibre-reinforced concrete poles. We have also introduced fibre-reinforced polymer crossarms as the standard replacement for both low voltage and high voltage crossarms. The benefits include increasing fire resistance and longevity.

Our commitment to innovation is shown through our support for two community batteries rated at 120kW/240kWh each, installed in Burnie and Howrah. These projects support TasNetworks in learning and innovating on how new technologies can support the network to operate in a smarter way for the future.

Protecting our environment



TasNetworks Oil Spill Response crews training at Rocherlea.



Vehicle wash down upgrades help meet our duty under the Tasmanian Biosecurity act.

Stepping up maturity in our environmental management

Managing the way we work in our environment takes many forms, from empowering our people to make the right choices, to ensuring we have a system that enables good business wide environmental risk management. In June 2023, TasNetworks Environmental Management System received ISO14001 accreditation, demonstrating that TasNetworks is meeting the international standard for environmental management systems. In May 2024, Ernst and Young conducted a 'pulse check' of our current environmental maturity. We have continued to improve our environmental performance in all areas, particularly our strategies, procedures, training and reporting.

Managing oil spills

TasNetworks has a responsibility to clean up pollution from our assets and operations. This includes oil spills from transformers, ash from burnt timber treated poles and other oil-filled assets.

We have increased the number of Spill Crew members, with practical training rolled out in November 2023. We've also upgraded three spill trailers, with one located at each major depot so our crews are supported and ready to respond.

Investing in biosecurity

TasNetworks acknowledges it has responsibility to help protect Tasmania's unique environment and our primary industries against biosecurity threats. In acknowledgement of this, we have made a significant investment in upgrading our vehicle washdowns at key depots across the state over the last 12 months. These new, \$3 million wash-down upgrades will help our crews to 'arrive clean and leave clean' and meet their General Biosecurity Duty under the *Tasmanian Biosecurity Act 2019*. TasNetworks Strategic Weed Management Program continued to reduce the spread of weeds and protect native species.

Over \$250,000 has been invested in partnerships across four organisations to help reduce the impacts of threatened species incidents across TasNetworks assets.



Fonz taking a break from the action.
Image credit: Derwent Catchment Project.

Derwent Catchment Project

As part of TasNetworks Strategic Weed Management Program, TasNetworks has been supporting the Derwent Catchment Project to manage high-priority weeds in power line easements throughout the Derwent Catchment Area including the Tasmanian Wilderness World Heritage Area. This collaborative project includes mapping and detection of orange hawkweed using 'Fonz' the orange hawkweed detector dog (pictured).



An endangered grey goshawk pictured with a retrofitted insulated pole top. Credit H. Bird.

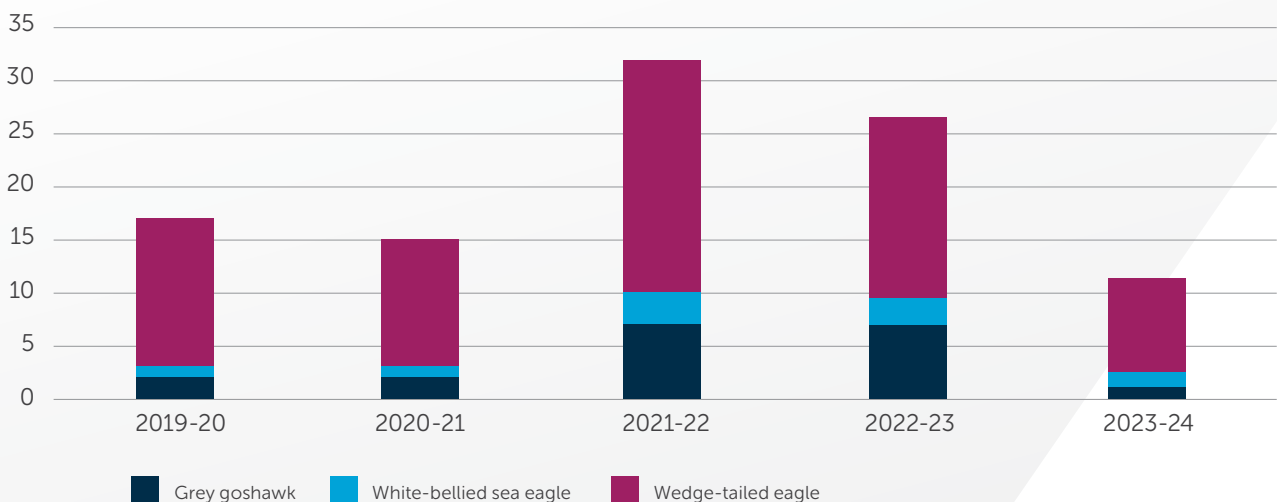
Protecting threatened birds

TasNetworks recorded eleven threatened bird incidents* in 2023-24 (eight wedge-tailed eagles, two grey goshawks and one white-bellied sea eagle).

This lower number of annual incidents is a hopeful indication of a reduction in our impact on threatened species. However, historically these figures have shifted year on year and further data is required to show a clear trend. We have continued our community awareness campaigns, including radio and newspaper ads to encourage a consistent level of incident reporting across our network.

*All incidents were recorded on the distribution network.

TasNetworks Reportable Threatened Bird Incidents – Last five years





Drone footage of bird flight diverters in the Midlands. Credit: TazDrone Solutions.

Targeted bird mitigation

TasNetworks is committed to investing in protecting Tasmania's threatened birdlife. This year's \$1m spend included targeted installations of bird flight diverters, perches and TasNetworks bird-safe designs using fibreglass cross arms and increased conductor spacing in high eagle strike risk areas.

While these new designs are being rolled out as our network is replaced, we also identified particularly problematic areas of the distribution network to focus on. All TasNetworks threatened bird incidents also trigger mitigation works.

Our threatened bird strategy includes collaboration with researchers working on wedge-tailed eagle flight behaviour and landscape use, allowing us to direct our efforts to sections of our network where we hope to make the most difference.

Specialised drones in use

As part of our targeted mitigation program, we have been using drones to install more bird flight diverters, more quickly. Specially designed drones have fitted 30km of mitigation this year in Cranbrook, Conara, Jericho, Lileah and Nile. We'll continue this proactive work next year.



Pictured left to right, TasNetworks CEO Seán Mc Goldrick and Bonorong Director Greg Irons.



Pictured left to right, Tasmania Wildlife Hospital Founders Rebecca Drake, Dr Joh Robertson, Dr Kath Adrianse and Josh Gordon.

Environmental partnerships

This year we launched two new environmental partnerships. These strategic partnerships are pivotal components of TasNetworks' Threatened Bird Strategy, an initiative aimed at bolstering statewide raptor care and rehabilitation capabilities

Bonorong

We have partnered with Bonorong, funding Critical Care services for one day a week for the next three years. Bonorong operates Tasmania's largest 24/7 Wildlife rescue service and provides informed, compassionate diagnosis and wildlife care.

Bonorong is providing critical veterinarian assessments when animals first reach them. The primary goal is to ensure that injured Tasmanian wildlife receives enhanced rehabilitation opportunities, ultimately contributing to the conservation of the region's unique fauna.

Tasmania Wildlife Hospital

This year we partnered with Tasmania Wildlife Hospital in Forth, marking the commencement of a state-of-the-art facility dedicated to the care of Tasmania's endangered birds and iconic wildlife. This three-year partnership is funding the Tasmania Wildlife Hospitals' Raptor Recovery Program. This includes the construction of several essential aviaries, helping the organisation to uphold best practices in wildlife treatment and care for the region.

The partnership enables the Tasmania Wildlife Hospital to establish a unified program to support sick or injured raptor species within one centralised facility – from veterinary treatment and critical care to rehabilitation and research.

42-24

Our purpose is to deliver safe and sustainable essential services while maximising value for all of Tasmania.

Our strategy has evolved from prior years. In the 2023-24 financial year, a TasNetworks group-level strategic review of its growth resulted in a change in our strategy. It oriented our strategy on several core services, with a deep focus on sustainable profitability. As a result, we exited multiple products and services, such as cyber and managed IT services, and refocused growth around a core set of products and services that are aligned to our role and capabilities.

Our strategy is to grow in markets that complement TasNetworks' asset base and capabilities. We target areas that can provide a profitable return and deliver value to Tasmanians. Our products are centred around leveraging the latent Telecommunications, IT and co-location capacity and capabilities from TasNetworks, and delivering wraparound services that support these.

Regional connectivity

42-24 has continued to have a strong focus on social and economic development through collaboration with customers and infrastructure partners. By utilising latent capacity within TasNetworks optic fibre networks,

42-24 demonstrates its commitment to enhancing regional connectivity and improving digital access to regional Tasmanians. Evidence of this can be seen in our successful Regional Connectivity Program applications for Tullah and Zeehan on Tasmania's remote west coast, where significant funding has been secured to extend the TasNetworks optic fibre to areas currently served by low-capacity wireless backhaul services. This initiative ensures that these regions can now access modern digital services, fostering growth and development and bridging the digital divide. We are aiming to have the network extensions completed in 2025.

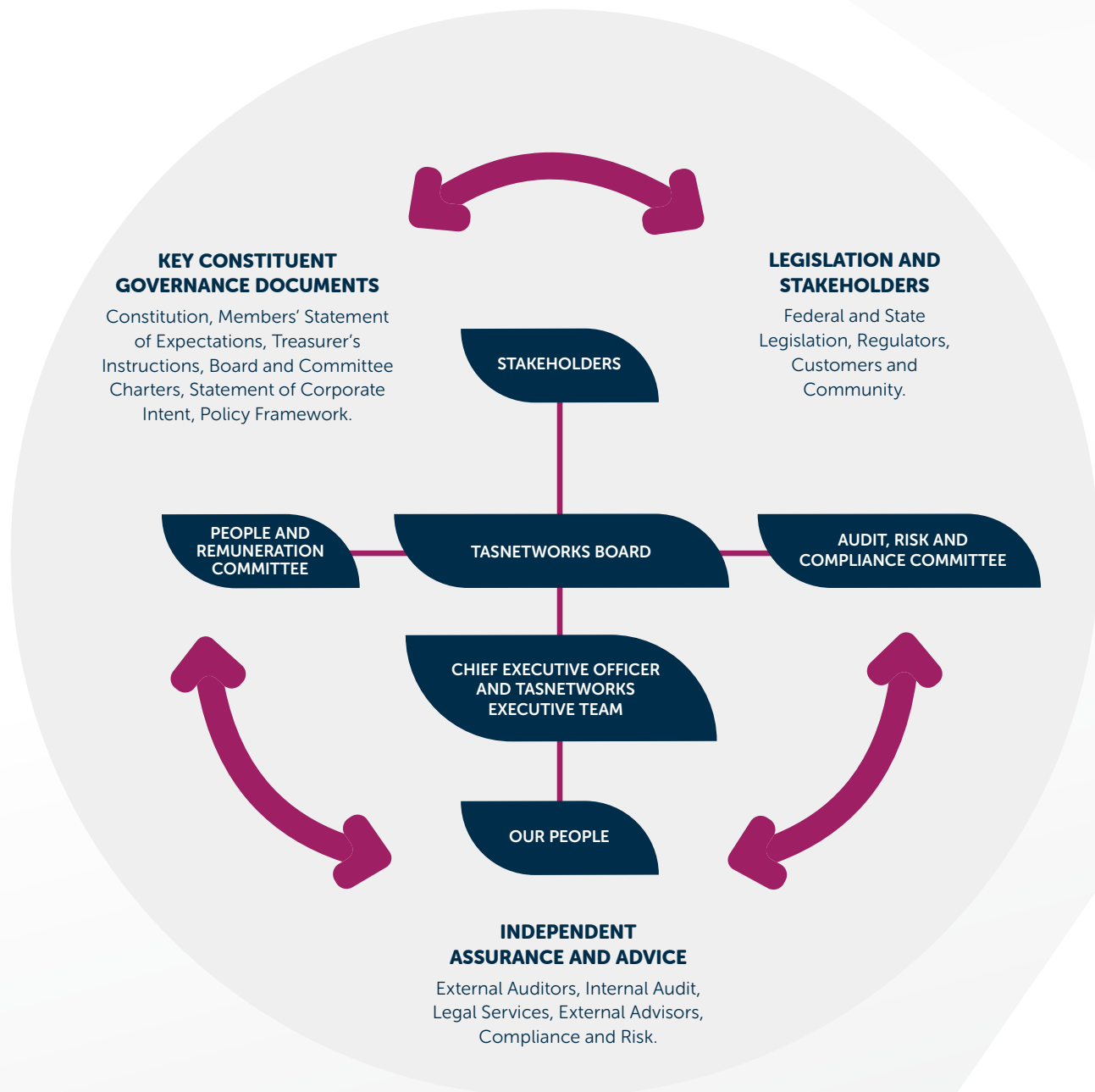
Our people

We have undergone a significant amount of organisational change in the past 12 months. Our people have shown outstanding resilience through this change and have remained committed to serving our customers. We achieved a 89 per cent staff engagement score from our latest CultureAmp survey which is an excellent result and is demonstration of how well the change has been managed.



Corporate governance

Our governance structure





L-R Miles Smith, Julie Beeby, Cheryl Hopkins, Kevin Kehl, Roger Gill, Katherine Schaefer PSM.

Board of directors

Role and responsibilities of the Board

The TasNetworks Board is responsible for the strategic guidance and oversight of the company.

TasNetworks' Board Charter provides the framework for TasNetworks' corporate governance structure and practices. The Charter describes the responsibilities of the TasNetworks Board of Directors and the TasNetworks Executive Team.

The Board is responsible for:

OVERARCHING/PRINCIPAL GOVERNANCE:

leadership to and oversight of TasNetworks, including its control, accountability systems, setting strategic direction (including approval of corporate strategy and performance objectives) and risk appetite (including reviewing and monitoring systems of risk management and internal compliance and control);

WORKFORCE OVERSIGHT: monitoring organisational culture and the implementation of strategy, appointing and removing the CEO and Company Secretary, monitoring and assessing CEO and Executive Team performance and remuneration and ensuring succession planning for the Board, the CEO and Executive Team;

DELEGATIONS AND APPROVALS: approval of regulatory strategy, approving and monitoring the progress of major capital expenditure and capital management, and acquisitions and divestitures, approving and monitoring regular financial and other reporting and approving annual financial statements and reports; and

SHAREHOLDER RELATIONS: Communication with Members about any relevant matters, including TasNetworks' ability to achieve its objectives, purpose or financial targets, reputational risks and emerging risks.

Board composition

The TasNetworks Board comprises six non-executive directors.

At the Annual General Meeting on 29 November 2023, Dr Julie Beeby and Katherine Schaefer PSM were re-appointed to the Board as non-executive directors, for further periods of one and three years' respectively.

Roger Gill

BE, GAICD, F.IHA

Appointed 27 November 2017

Re-appointed 13 November 2020

Appointed as Chairman 23 November 2021

Current term expires November 2024

(eligible for re-appointment)

Roger has extensive experience in the electricity, water, and associated infrastructure construction sectors. He is an experienced company Chair and Director and consults globally providing renewable energy advice.

He is Chair of the Technical Review Panel for Queensland Hydro, and a non-executive director of Pacific Hydro, Upper Hunter Hydro Pty Ltd, and UHE São Simão Energia S.A. (Brazil).

His former corporate governance roles have included President of the International Hydropower Association (UK), Chair of Marinus Link Pty Ltd, Non-Executive Director of Tasmanian Railway (TasRail), and Tasmanian Irrigation.

Dr Julie Beeby

BSc (Hons 1), PhD, MBA, FAICD, FTSE

Appointed 20 November 2018

Re-appointed 13 November 2020 and 29 November 2023

Resignation effective from 26 July 2024

Julie has more than 30 years' experience in the energy and resources sector. She has technical, operations and strategy expertise and has held senior and executive positions in coal mining, mining services and coal seam gas, after commencing her career in coal, mineral processing and environmental research.

She is currently an Independent Chair of ElectraNet Pty Ltd, and a member of the Queensland Financial Provisioning Scheme Advisory Panel.

Julie has previously held non-executive director positions including the Boards Powerlink Queensland (as Chair for

the last four years of her tenure), Zerogen, Gloucester Coal, Forge Group, CRC Mining, Australian Coal Association Low Emissions Technology, Australian Coal Research and Whitehaven Coal Ltd.

Her qualifications include Bachelor of Science (Hons), PhD in Physical Chemistry and Master of Business Administration. Julie is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Academy of Technology and Engineering.

Kevin Kehl

BE (Hons), GAICD

Appointed 23 November 2021

Re-appointed 25 November 2022

Current term expires November 2025

Previously an executive leader, Kevin has more than 40 years' experience in the energy industry across the distribution and transmission networks sector. He is currently a non-executive Director of Marinus Link Pty Ltd and Energy Queensland Limited, and has held senior leadership roles in the energy sector, including twelve years in chief and senior executive management positions across business and market development, change, policy, strategic, regulatory, finance, customer and stakeholder relations, operations and governance functions.

Kevin holds a BE (Hons) in electrical engineering and a Graduate Certificate in Electricity Supply Engineering.

Katherine Schaefer PSM

BEd, MBA, GAICD, ANZSOG

Appointed 22 February 2022

Reappointed 29 November 2023

Current term expires November 2026

Kathy is an experienced non-executive director and former senior government executive with over 30 years' experience working across three government jurisdictions.

Kathy is currently a non-executive Director on the Sustainable Timber Tasmania Board and the Tasmanian Football Club, AFL LTD, a Commissioner on the Tasmanian State Grants Commission, and a Divisional Council Member for AICD Tasmania.

Her previous roles include Chair of the Audit and Risk Committee for the Department of Treasury and Finance Tasmania.

In 2016, Kathy was awarded the Public Service Medal in the Australia Honours and Awards System.

Cheryl Hopkins

MBA GradCert(Man) GAICD
Appointed 28 April 2023
Current term expires November 2024

Cheryl has accumulated more than 35 years' experience in the Australian energy industry, working in executive positions across the supply chain in retail, wholesale, upstream gas, networks, and strategic risk and governance. Cheryl's diverse experience includes leading transformational change within large private businesses and government-owned corporations who operate in highly competitive energy markets.

Cheryl is currently Deputy Chair of Jacana Energy and Chair of the Jacana Energy Audit and Risk Committee. Cheryl holds a Graduate Certificate (Management), Master of Business Administration through Macquarie Graduate School of Management and is a Graduate of the Australian Institute of Company Directors.

Miles Smith

BCom. BSc(Hons) GradDipEnvMan GAICD FCPA
Appointed 25 November 2022
Resignation effective from 21 June 2024

Miles is an experienced executive who has worked internationally in the energy and mining sectors. He has had a diverse commercial career spanning strategy, analysis, finance, business-development and information technology. This included a stint with Transend Networks in 1999 and at Hydro Tasmania from 2003-2017 in a number of roles including Chief Financial Officer.

Miles is currently a Director of the Hobart City Mission Foundation and a member of the Tasmanian Council of the Australian Institute of Company Directors. Miles was previously the Chair of UTAS Nexus Aquasciences Pty Ltd, Chief Investment Officer and Chief Executive Officer of UTAS Innovation Ventures and is an active volunteer in the State Emergency Service.

Miles holds a Bachelor of Commerce, honours in Science and a Graduate Diploma of Environmental Management. Miles is also a Fellow of CPA Australia, a Graduate of the Australian Institute of Company Directors and is on the AICD national reporting committee.

TasNetworks' statement of compliance with the Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration, along with remuneration details for the Board and Senior Executive, can be found on pages 53 and 54.

Board committees

The Board has two standing committees:

- the People and Remuneration Committee (comprised of three non-executive directors); and
- the Audit, Risk and Compliance Committee (previously the Audit and Compliance Committee) (comprised of three non-executive directors).

Other committees are established by the Board as and when required.

People and Remuneration Committee	Audit, Risk and Compliance Committee
Dr Julie Beeby (Chair)	Miles Smith (Chair)
Roger Gill	Kevin Kehl
Katherine Schaefer PSM	Cheryl Hopkins

The responsibilities of the Audit, Risk and Compliance Committee are documented in the Audit, Risk and Compliance Committee Charter. The Committee oversees and monitors TasNetworks' financial and corporate reporting, audit and compliance obligations, risk management, fraud, compliance culture, the approach for Transmission revenue and Distribution regulatory resets and oversees the company's internal control activities.

The Audit, Risk and Compliance Committee met seven times during the 2023-24 financial year and provided the Board with minutes from each meeting.

The responsibilities of the People and Remuneration Committee are documented in the People and Remuneration Committee Charter. The Committee assists the Board in the oversight of TasNetworks' remuneration for the Chief Executive Officer and employees, director recruitment and wider strategic workplace policy matters.

The People and Remuneration Committee met five times during the 2023-24 financial year and provided the Board with minutes from each meeting.

Subsidiary companies

TasNetworks has three wholly-owned subsidiary companies. As of 30 June 2024, the composition for these companies were as follows:

- **TasNetworks Holdings Pty Ltd**, which is a non-trading subsidiary created to hold all shares in and oversee the subsidiary companies of TasNetworks.

The directors of TasNetworks Holdings Pty Ltd are Roger Gill (Chairman and TasNetworks' Chairman), Dr Seán Mc Goldrick (TasNetworks' Chief Executive Officer) and Ross BurrIDGE (Executive, Operations), and the Company Secretary is Madeline Sheehan (TasNetworks' Lead Counsel, Company and Compliance).

- **Fortytwo24 Pty Ltd**, which provides telecommunications, information technology and data centre services to customers. It holds a telecommunications carrier licence and has in place a Nominated Carrier Declaration with TasNetworks.

The directors of Fortytwo24 Pty Ltd are Dr Seán Mc Goldrick (Chair and TasNetworks' Chief Executive Officer), Renee Anderson (TasNetworks' Executive People and Transformation), Ross BurrIDGE (TasNetworks' Executive Operations), Michael Westenberg (TasNetworks' Executive Finance and Regulation), Peter Stuckey (TasNetworks' Executive Governance), Andrew Davis (TasNetworks' Executive Digital, Strategy and Customer) and the Company Secretary is Madeline Sheehan (TasNetworks' Lead Counsel, Company and Compliance). During 2023-24 Michael Ash was a director for Fortytwo24 Pty Ltd until his resignation on 14 July 2023.

- **TasNet Connections Pty Ltd**, which was incorporated to hold unregulated transmission connection assets.

The directors of TasNet Connections Pty Ltd are Dr Seán Mc Goldrick (Chair and TasNetworks' Chief Executive Officer), Ross BurrIDGE (TasNetworks' Executive, Operations), Michael Westenberg (TasNetworks' Executive, Finance and Regulation), Renee Anderson (TasNetworks' Executive People and Transformation), Peter Stuckey (TasNetworks' Executive Governance), Andrew Davis (TasNetworks' Executive Digital, Strategy and Customer), and the Company Secretary is Madeline Sheehan (TasNetworks' Corporate Counsel).

- **Marinus Link Pty Ltd** was formally a wholly owned subsidiary of TasNetworks, and it was sold to the Australian Government, Victorian Government and Tasmanian Government on 22 March 2024.

Diversity

Background

TasNetworks recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the business into the future.

Policy and procedures

TasNetworks has a formal diversity and inclusion policy, which was launched to all TasNetworks team members in September 2019. The policy details TasNetworks' commitment to diversity and promotes diversity in every part of TasNetworks' business in conjunction with:

- our Code of Conduct
- our Workplace Behaviour Policy (covering workplace harassment, discrimination, bullying, equity and equal opportunity)
- our Zero Harm Policy
- grievance resolution procedures
- the Employee Assistance Program
- formal inductions
- flexible work arrangements
- email and internet usage policies.

Under this policy, the TasNetworks Board and Executive Team are responsible for:

- endorsing and approving the policy
- supporting the development of strategies and initiatives that support the policy
- leading and championing the implementation of the policy and related initiatives
- modelling behaviours that promote inclusivity and diversity.

Legislative compliance

TasNetworks is committed to complying with all relevant legislative and regulatory obligations. To achieve this commitment, TasNetworks adheres to the Australian/New Zealand Standard of Compliance Program and has instituted a Compliance Policy and Framework, incorporating:

- active and visible engagement in compliance by the Board, CEO and the TasNetworks Executive Team
- the alignment of compliance policy and business strategy
- appropriate compliance resourcing.

Further details in relation to some of TasNetworks' compliance obligations are set out below.

Right to Information

TasNetworks is subject to the *Right to Information Act 2009* (Tas) (RTI Act). TasNetworks' Right to Information Policy was first approved by the Chief Executive Officer in June 2014 and was reviewed in 2019; with a further review anticipated within the 2024-2025 reporting period.

During the 2023-24 financial year, seven formal applications for Assessed Disclosure were received. In three out of the seven applications received, all the information sought was provided to the applicant. In the three applications where exemptions were claimed, s35, 36, 37, and 38 of the Act were invoked. There is one application that is yet to be accepted, with the applicant having been asked to refine the scope of the request in accordance with the RTI Act.

Of the seven applicants one was a politician (2 requests), one was from a newspaper reporter, two were from private individuals and two on behalf of government agencies, which themselves had received RTI requests. One related to the North West Transmission Project, one to the annual Scrutiny Brief and one to the TasNetworks psychosocial risk survey. None of the six decisions made to date had been appealed.

TasNetworks' continues to regularly monitor its separate email inbox for the lodgement of any RTI applications.

Public Interest Disclosures

TasNetworks is subject to the *Public Interest Disclosures (PID) Act 2002* (Tas) (PID Act).

TasNetworks has a Whistleblower Policy covering both the PID Act and the *Corporations Act 2001* (Cth), which was last reviewed in December 2023. In April 2021, TasNetworks also adopted the Tasmanian Ombudsman's new Model Procedures with minor modifications approved by the Ombudsman. A copy of these procedures is available on TasNetworks' website.

Five disclosures were received during the year. None of these were determined to be public interest disclosures. As at 30 June 2024, one previous disclosure remains open, with the related investigation reaching conclusion. There were no other matters arising during the year that are reportable under s86 of the PID Act.

Privacy and Personal Information Protection

TasNetworks is subject to the *Privacy Act 1988* (Cth), the Australian Privacy Principles and the PIP Act. TasNetworks' Privacy Policy, which was originally approved by the CEO in June 2014 and last updated in July 2021, sets out how it collects, uses, discloses and otherwise manages personal information it holds. TasNetworks has appointed KPMG to undertake a Privacy and Data Audit, following the completion of which TasNetworks will undertake a review of its privacy policies and procedures, update where necessary and review its privacy training requirements.

TasNetworks received one enquiry from a customer in relation to the PIP Act this financial year. The investigation concluded there had been no improper use of personal information.

Corporate Governance principles

TasNetworks' board Charter is based on the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as adjusted to apply to an unlisted, state-owned company in line with the Tasmanian Government Businesses Corporate Governance Principles.

The company's corporate governance practices relating to each of these principles are summarised below.

Principle 1: Lay solid foundations for management and oversight

During the 2023-24 financial year, the TasNetworks Board was made up of six independent, non-executive directors.

The Board's responsibilities are summarised on page 39 of this report.

The responsibilities of individual directors and the company's expectations of them are set out in their letters of appointment and communicated to them at their induction. The role statements and contracts of employment for the positions of Chief Executive Officer, Company Secretary and other TasNetworks Executive Team members set out the terms of their appointment.

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The Board performance evaluation process is detailed below in Principle 2: Structure the Board to be effective and add value.

The executive performance evaluation process is detailed on page 46 of this report.

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

All TasNetworks directors are independent of management; no directors hold shares in the company. More information about individual directors and their length of service is set out at pages 40 and 41 of this report. Directors have an ongoing requirement to notify the Board of any material personal interest in any matter relating to the affairs of TasNetworks, which is managed in accordance with a Conflict of Interest Protocol. The Chairman is an independent director and is not an executive of the company. There is a clear division of responsibilities between the Board's Chairman and the CEO.

Directors are selected and appointed by the Government Minister Members on the basis of their skills and experience and the needs of the business. The appointment process involves the creation of a Director Selection Advisory Panel. Candidates are required to undergo probity checks prior to appointment. An executive search firm is appointed to assist the panel in identifying potential candidates. TasNetworks maintains a Board Skills Matrix, setting out the mix of skills and diversity that the Board has.

The Company Secretary has a documented procedure for inducting new directors. All directors have access to the advice and services of the Company Secretary and, in consultation with the Chairman, may take independent professional advice in connection with their duties at the company's expense.

The People and Remuneration Committee advises and assists the Board with reviewing the performance of the CEO and setting key performance indicators for the CEO.

TasNetworks has a process for annually evaluating the performance of the Board, its committees and individual directors. Evaluations have been conducted for the 2023-24 financial year internally, with the Board undertaking questionnaires and participating in discussions to assess and provide feedback on the performance of individual directors, Committees and the Board. All identified opportunities for development from the process will be implemented with oversight by the People and Remuneration Committee.

Internal reviews for assessing the performance of each subsidiary Board has also been undertaken.

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

TasNetworks is committed to not only complying with its legal obligations, but also to operating with the highest level of ethical and responsible behaviour.

TasNetworks' Code of Conduct applies to all our people: Board members, leaders, team members, contractors and subcontractors. The Code is published on our website at <http://www.tasnetworks.com.au/about-us/policies/code-of-conduct>. Under the Code, all people working at TasNetworks commit to:

1. work safely and in accordance with the law
2. treat customers, the public and fellow workers with honesty, courtesy and respect
3. perform our duties with professionalism, integrity and efficiency
4. ensure our personal business and financial interests do not conflict with our duty to TasNetworks
5. ensure the security and privacy of all confidential information received in the course of our work
6. ensure we do not misuse our position
7. ensure that TasNetworks' assets and resources are only used for proper business purposes
8. recognise, value and effectively utilise the diversity among our people
9. demonstrate our care for the environment in the way we work.

TasNetworks also has a number of more specific policies that relate to our commitment to comply with our legal obligations and act ethically and responsibly. These include the Directors' Travel and Expense Policy, Directors' Conflict of Interest Protocol, Compliance Policy, Fraud and Corruption Control Policy, Whistleblower Policy, Workplace Behaviour Policy, Gifts and Benefits Policy, Quality Policy, Environment and Sustainability Policy, and Health and Safety Policy.

A director who has a material personal interest in a matter relating to the affairs of TasNetworks must disclose that interest to the Board. The Company Secretary maintains a register of interests disclosed. To the extent that there is a conflict, this is managed appropriately in accordance with the Director's Conflict of Interest Protocol.

Principle 4: Safeguard the integrity in corporate reporting

The Board has a process for review and authorisation to ensure the truthful and factual representation of the company's financial position and to independently verify and safeguard the integrity of TasNetworks' financial reporting. This process includes:

- external audit
- internal audit
- review of the company's annual financial statements by the Audit, Risk and Compliance Committee.

The Board has established an Audit, Risk and Compliance Committee to assist the Board in exercising due care, diligence and skill in relation to financial management and reporting, audit processes, business policy, practice and compliance with applicable laws, regulations, standards and best practice guidelines. More information about the Audit, Risk and Compliance Committee is included on page 41 of this report.

The TasNetworks constitution provides that the Auditor-General for Tasmania must report on and audit the accounts of the company.

TasNetworks' annual reports are tabled in each House of Parliament and are therefore subject to the scrutiny of all members of the Parliament and the community.

Principle 5: Make timely and balanced disclosure

Because TasNetworks is not a listed company, it is not required to comply with the ASX Listing Rule disclosure requirements. However, as a state-owned business, TasNetworks ensures that the members are kept informed of all matters that may have a material impact (financial or otherwise) on the business or potential adverse implications for the state.

TasNetworks has a process for ensuring that Members are promptly advised of matters as required by the TasNetworks constitution and the Members' statement of Expectations.

TasNetworks complies with the public disclosure obligations it has under the National Electricity Law, National Electricity Rules, TasNetworks' distribution and transmission licences and other applicable instruments.

Details about disclosures made under the *Right to Information Act 2009* (Tas) are set out on page 43.

Principle 6: Respect the rights of shareholders

The Board has procedures for communication with members to ensure that they have timely access to information about the company, including its financial situation, performance, governance and any sensitive matters about which members should be aware.

Principle 7: Recognise and manage risk

The Board has approved and oversees the TasNetworks Risk Management Policy and Risk Management Framework to ensure that Management has developed and implemented a robust system of risk management and control. This includes review of material incidents and oversight of TasNetworks' insurance program.

In accordance with the Risk Management Policy, TasNetworks:

- prepared and delivered a plan for managing risk in accordance with TasNetworks' risk appetite, the expectations of its stakeholders and the law
- integrated effective and appropriate risk management into business and management activities and TasNetworks policies
- made available the necessary resources for effectively managing risk
- provided regular reports to the Board detailing material business risks and the effectiveness of associated risk management strategies
- reported key business risks and risk management strategies to key stakeholders.

TasNetworks' fundamental, underlying risk management principles are consistent with AS/NZS ISO31000:2009. TasNetworks' Business Governance Group performs regular audits of mitigating actions on internal controls identified. This group has a direct line of reporting to the Audit, Risk and Compliance Committee.

Principle 8: Remunerate fairly and responsibly

In accordance with the TasNetworks Constitution, directors are paid remuneration as is resolved by the Members from time to time. That remuneration is based on the Government Board and Committee Remuneration Framework administered by the Department of Premier and Cabinet, which incorporates a scale of fees.

Directors may also be reimbursed for travel and other expenses properly incurred by them, in accordance with TasNetworks' Directors Travel and Expense Policy.

Information in relation to the indemnity arrangements provided by TasNetworks to Board members can be found on page 57 of this annual report.

The employment terms and conditions of the TasNetworks Executive Team are contained in individual employment contracts.

The TasNetworks People and Remuneration Committee provides advice to the Board and assists it to fulfil its governance responsibilities in relation to remuneration strategies and policies for the CEO, members of the TasNetworks Executive Team and Leaders contained within the scope of the TasNetworks Leaders Remuneration Policy and Enterprise Agreement employees. During 2023-24 the Remuneration Committee considered the performance and remuneration reviews of the TasNetworks Executive Team undertaken by the CEO and referenced against the Mercer Tasmanian General Market, for subsequent Board approval.



L-R Peter Stuckey, Andrew Davis, Sean Mc Goldrick, Kevin McGrath, Renee Anderson, Michael Westenberg.

TasNetworks Executive team

TasNetworks' executive management team comprises a chief executive officer and five executive managers.

Dr Seán Mc Goldrick

BA, BAI, Ph. D, EngExec and CPEng
Chief Executive Officer

Michael Westenberg

GAICD, GCertCorpMgt
Executive, Finance and Regulation

Renee Anderson

B(Bus), GAICD
Executive, People and Transformation

Andrew Davis

BA, MA (Marketing), MAICD
Executive, Strategy, Transformation and Digital

Peter Stuckey

BA, LLB
Executive Governance

Kevin McGrath

Executive Operations (from 12 May 2024)

Not pictured:

Wayne Tucker

Grad Dip Eng. Maint, Ass Dip Elect Eng., MBA, GAICD
Executive, Growth (until 14 July 2023)

Michael Ash

Executive, Stakeholders (until 14 July 2023)

Ross Burrridge

AM BCom, FCPA, FAICD, FFTP
Executive, Operations (retired 1 July 2024)

Organisational structure



Note: Number of Executive positions reduced from 7 to 5 during the financial year 2023-2024.

Governance

The Governance Group comprises Legal Services, Company Secretariat, Business Governance and Commercial teams. The group is responsible for legal, governance, audit, risk and compliance support and advice to the Board, Chief Executive Officer and the business, as well as managing TasNetworks' information assets and providing guidance to all areas of the business relating to information management. The Commercial group identifies, negotiates and implements commercial opportunities to grow regulated income, capitalise on unutilised regulated assets and actively manage existing commercial agreements and customer relationships. The Governance Group aims to provide trusted advice to the business to support the achievement of the business' strategic objectives.

Digital, Strategy and Customer

This group is responsible for delivering a broad range of services that support the business to meet its objectives, including leading the development of strategic plans, providing digital solutions and meeting the needs of our customers.

Operations

The Operations Group provides the full end-to-end value chain for the delivery of TasNetworks services. This includes engineering, asset management, planning and design, works delivery, field operations and network operations and planning. In addition, major transmission projects are part of the Executive Operations' remit.

People and Transformation

The People and Transformation Group is responsible for overseeing the safety, engagement and overall experience of everyone working at TasNetworks. The Group includes teams and specialists who are responsible for creating a healthy and productive workplace that attracts, retains, supports, engages and develops our people with a focus on the talent, systems and structures that we'll need to meet the dynamic energy future that lies ahead.

Finance and Regulation

Finance's role is to enable TasNetworks' sustained financial performance by delivering independent financial advice, and governance and analysis; and by directing financial strategies, capital structure development and debt portfolio management.

Integrated supply chain functions include category management, procurement, and material management to support delivery of key commercial objectives across the value chain.

Finance is also responsible for the effective management of transactional business services and TasNetworks fleet vehicles and facilities.

Remuneration report

Remuneration levels for key management personnel are set in accordance with the Tasmanian Government's Director and Executive Remuneration Guidelines (the Guidelines), dated June 2021.

Under these Guidelines, remuneration bands for Chief Executive Officers (CEO) are determined by the Treasurer and reflect the principles outlined in the Guidelines broadly and align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary.

The CEO is appointed by the Board. The Board consults with the Treasurer when determining the CEO's remuneration package. The employment terms and conditions of senior executives are contained in individual employment contracts, which prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, TasNetworks also provides non-monetary benefits and contributes to post employment superannuation plans on their behalf.

The performance of each senior executive, including the CEO, is reviewed annually and includes a review of their remuneration package. Remuneration levels for key management personnel of TasNetworks are competitively set to attract and retain appropriately qualified and experienced Executives. The remuneration and salary review structure takes into account the capability and experience of the relevant Executive and the achievement of measurable organisational and individual goals as per the TasNetworks Balanced Business Plan. Details of payments made to Executives are described on pages 126.

TasNetworks has complied with the Government's Director and Executive Remuneration Guidelines, applicable at the time, for the year ended 30 June 2024 with the exception of two variations. These are the confidentiality and termination provisions contained in executive contracts. For details of payments made to senior executives, refer to note F3 of the Financial Statements.

With exception to TasNetworks' subsidiaries, TasNetworks does not pay bonuses or any other short term incentive payments to any member of key management personnel.

I, Chief Executive Officer, Dr Sean Mc Goldrick certify that TasNetworks has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* (Cth) in respect of any employee who is a member of a complying superannuation scheme to which TasNetworks contribute.

Performance against our Statement of Corporate Intent

	Performance measure	2023-24 target	2023-24 result	
Enhance the safety and wellbeing of our people	Significant incidents	≤ 4	10	×
	Reportable incidents	≤ 42	25	
	Total recordable injury frequency rate (TRIFR)	≤ 2	6.4	×
	Employee engagement	≥ 67 %	N/A	×
	Safety and wellbeing plan	Advanced	Established	×
Deliver value for our customers	Customer satisfaction	≥ 7.6	7.2	×
	Ease of doing business	≥ 7.8	7.5	×
	North West Transmission Development (NWTd) connections milestones	Achieved milestones ¹	Target not met	×
Supply reliable essential services	Distribution: Unplanned minutes off supply per customer	≤ 160.0	181.6	×
	Transmission: Loss of supply events > 0.1 system minutes	≤ 4	4	✓
Provide a sustainable financial return	Underlying net profit after tax (\$ million)	≥ 19.5	15.4 ²	×
	Operating expenditure for regulated services (\$ million)	≤ 149.2	174.9 ³	×
	Transformation Program benefits (\$ million)	≥ 17.5	20.8 ³	✓
	Capital expenditure (\$ million)	≤ 247.0	262.6 ³	×
	Return on assets (%)	≥ 2.9	2.6 ³	×
	Dividend to shareholders (\$ million)	≥ 11.7	11.7 ³	✓
	Large scale connections – Gross Revenue (\$ million)	≥ 11.5	9.8 ³	×
	Large scale connections – EBITDA (\$ million)	≥ 7.5	4.7 ³	×
	Fortytwo24 Pty Ltd – Revenue (\$ million)	≥ 26.1	22.9 ³	×
	Fortytwo24 Pty Ltd – EBITDA (\$ million)	≥ 1.6	3.7 ³	✓
	NWTD – capital expenditure	16.0 ⁴	13.9 ³	×

1 Q1: NWTd TPC approves development applications for public exhibition; Q2: Remaining NWTd tender close; Q3: Commonwealth decision on environmental assessment report; Q4: Remaining NWTd development approval and environmental impact statement appeals finalised; Tender process: conditional contract ready signature; TasNetworks submits contingent project application to Australian Energy Regulator

2 Less impact of Marinus

3 Financial numbers are subject to change as part of the finalisation of the financial statements and audit process

4 \$16 million Design and Approvals (D&A)

Performance commentary

Enhance the safety and wellbeing of our people

Despite our focus on health and safety in 2023-24, we did not meet several of our targets. Initial positive trends were offset by significant incidents in July and November 2023, February and June 2024, and several injuries throughout the year. We launched several actions to prevent recurrence in these areas, such as enhanced leadership training, hazard identification and a developing a new safety operating model, which will be launched in 2024-25.

Our positive reportable incident performance was underpinned by fewer environmental incidents, targeted training activities, and our continued focus on bird mitigation and safety initiatives. The three significant environmental incidents were transformer oil spills, which were effectively cleaned up in accordance with our environmental policy and standards.

We paused our employee engagement survey in 2023-24 while we focused on our psychosocial risk assessment and action plan. We maintained our 'established' safety and wellbeing maturity assessment, and the certification of our occupational health and safety systems to ISO45001 has helped to progress us towards 'advanced' in some areas.

Deliver value for our customers

Despite consistent performance and improvements in several areas, customer concerns about outage frequency, resolution times, and service reliability impacted our customer satisfaction results in 2023-24.

While our ease of doing business score fell slightly short of its 2023-24 target, there was notable consistency in our performance throughout the year, such as positive trends in planned and unplanned outages and improved response times.

We have launched customer journey mapping and segmentation analysis initiatives to drive future improvements in our customer experience.

Our NWTG connections milestones remained on-track throughout 2023-24, with CPA1 scheduled for submission in August 2024.

Supply reliable essential services

Significant weather events notably impacted our reliability performance in 2023-24 and, despite efforts to maintain network stability, equipment deterioration, severe weather, and vegetation issues led to higher outage times. As a result, we did not achieve our distribution reliability (SAIDI) target. We are focused on developing resilience improvements to enhance future reliability and reduce unplanned outages.

We achieved our transmission reliability target (LoS) in 2023-24 and will continue our monitoring and preventative activities to maintain this stability.

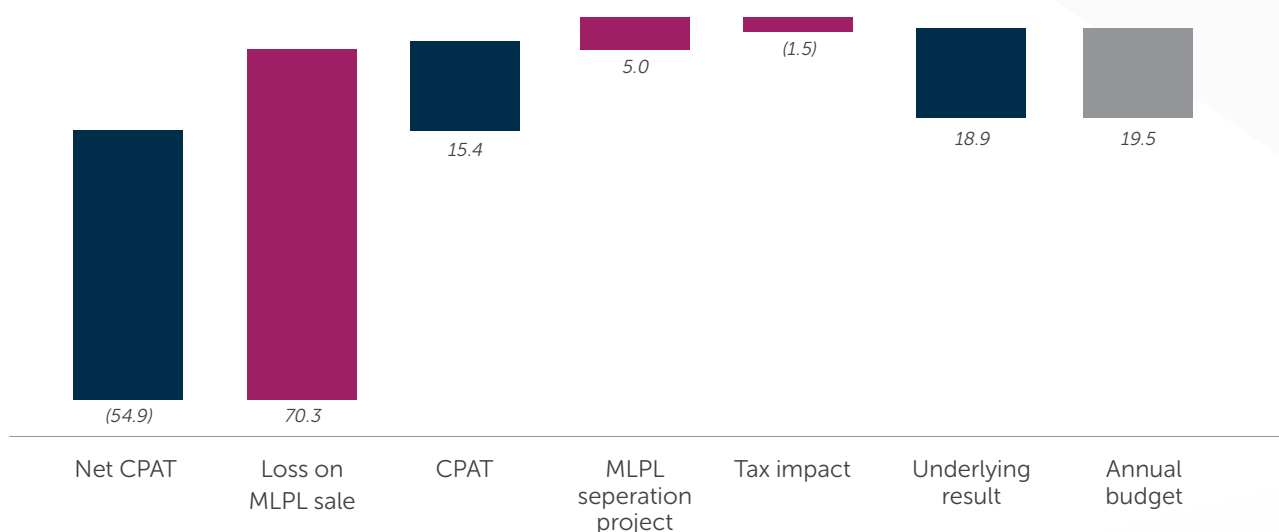
Provide a sustainable financial return

Our financial year loss after tax performance for 2023-24 was \$54.9m which was significantly impacted by the loss on the sale of our shareholding in Marinus Link Pty Ltd (MLPL) of \$70.3m and \$5.0m in costs associated with supporting the sale and separation process.

Our adjusted profit after tax as per the chart below highlights that excluding the impact of the loss on the MLPL sale and separation process, we delivered an underlying profit after tax result of \$18.9m which was marginally below the budget of \$19.5m.

Underlying result - Marinus Link Impact

Reconciliation of underlying result from net consolidated profit after tax result



Our operating costs ended above budget largely as a result of the significant focus and resource for 2023-24 directed in supporting the execution of the MLPL sale and separation process, together with a lower level of capitalisation. We will continue to focus on reducing our costs, aiming to achieve the 3 per cent operating cost efficiency improvement in 2024-25 aligned with our regulatory allowance. This is consistent working we have provided to the revenue reset team and links the efficiency to operating within the allowance but still demonstrates we are seeking continued efficiency.

Capital investment in our network, supporting systems and infrastructure (excluding MLPL) was \$276.5 million which was above our budget target.

An \$11.7 million dividend was paid to shareholders in December 2023 as forecast, and the Transformation Program benefits also met target, with \$20.8 million achieved against the annual target of \$17.5 million.

The operationalisation of the TasNet Connections Pty Ltd (TNC) subsidiary is currently on track for Board approval in August 2024.

The TNC business plan has been developed to define growth opportunities, investment requirements and recommendations to stand up the TNC subsidiary business. TNC's strategic objectives align to TasNetworks' Growth Strategy, focusing on connecting the future grid, commercialising latent capacity, and developing critical skills, while providing superior financial returns.

TNC is well-positioned to capitalise on Tasmania's renewable energy policy objectives and customer opportunities, enhance economic growth by enabling investment in the state, and provide substantial returns to shareholders and the Tasmanian community.

TasNet Connections Pty Ltd revenue fell short of budget due to market uncertainty resulting from revisions and delays to cornerstone activities such as MLPL and the NWTDA projects.

Following a revision of its strategy in October 2023, Fortytwo24 Pty Ltd recorded a favourable EBITDA for 2023-24, despite not meeting its revenue target for the year.

Tasmanian Government Reporting Requirements

Purchases from Tasmanian businesses during 2023-24

% of Tasmanian purchases	67.3%
Value of Tasmanian purchases	\$243,615,079

Accounts due or paid during 2023-24

Creditor days (average days)	28
Number of accounts due for payment	31,611
Number of accounts paid on time	23,691
Amount due for payment	\$372,607,950
Amount paid on time	\$266,802,713
Number of payments for interest on overdue accounts	-
Interest payable on overdue accounts	-

Consultancies valued at more than \$50,000 (ex GST):

Name of consultant	Location	Description	Period of engagement	Amount (\$)
Engaged by Tasmanian Networks Pty Ltd for business as usual activities				
Accenture Australia Pty Ltd	Sydney, NSW	Advisory services on revised strategy for TasNetworks growth businesses	June 2023 - July 2023	590,000
Deloitte Touche Tohmatsu	Hobart, TAS	Advisory services to support with the Digital Strategy and Roadmap	July 2023 - September 2023	331,666
Ernst & Young	Sydney, NSW	Advisory services to support Health & Safety and Environment & Sustainability maturity assessments	April 2024 - July 2024	75,981
Ernst & Young	Sydney, NSW	Review and advice on TasNetworks Capital Structure	February 2024 - May 2024	112,070
Ernst & Young	Sydney, NSW	Review and advice on Marinus Pathways Strategic Options Assessment	August 2023 - November 2023	95,000
GHD Pty Ltd	Hobart, TAS	Design services for Scottsdale depot development	June 2023 - July 2024	89,872
GHD Pty Ltd	Hobart, TAS	Architectural services for vehicle wash bays	June 2023 - July 2024	62,721
Kantar Public Australia Pty Ltd	Sydney, NSW	Market research and insight services to guide customer interaction efficiencies	July 2023 - April 2024	129,500
McCafferty Legal Pty Ltd	Sydney, NSW	External legal advisory services – miscellaneous advice	June 2023 - July 2024	54,000
Philp Lighton Architects	Hobart, TAS	Design services for regional depot upgrades	June 2023 - July 2024	124,974
SureFact Australia Pty Limited	Moorabbin, VIC	External advisory services	April 2024 - May 2024	75,717
Total engaged by Tasmanian Networks Pty Ltd for business as usual activities				1,741,500

Engaged for Project Marinus				
Engaged by Tasmanian Networks Pty Ltd for North West Transmission Development Project				
Coffey Services Australia.	Chatswood, NSW	Provision of environment, land use planning and heritage advisory services	July 2023 - June 2024	1,450,384
JLL Infrastructure Advisory Pty Ltd	Sydney, NSW	Provision of land valuation services	July 2023 - June 2024	298,094
MBB Group Pty Ltd.	Sydney, NSW	Provision of procurement strategy advice	July 2023 - June 2024	106,510
White & Case	Melbourne, VIC	Provision of legal advice	July 2023 - June 2024	195,947
ConMoto Group Pty Ltd	Hobart, TAS	Provision of legal advice	July 2023 - June 2024	57,323
Perspektiv Australia Pty Ltd	North Fremantle, WA	Provision of sustainability advisory services	September 2023 - June 2024	57,030
Total engaged by Tasmanian Networks Pty Ltd for North West Transmission Development Project				2,165,287
Engaged by Tasmanian Networks Pty Ltd for Marinus Link Separation				
Ernst & Young	Sydney, NSW	Advisory services in relation to the sale of Marinus Link Pty Ltd to Australian, Victorian and Tasmanian Governments	November 2023 - June 2024	2,426,988
White & Case	Melbourne, VIC	Legal Services - Marinus Link	November 2023 - June 2024	1,132,445
Total engaged by Tasmanian Networks Pty Ltd for Marinus Link Separation				3,559,433
Total engaged by Tasmanian Networks Pty Ltd for Project Marinus				5,724,719
Engaged by Fortytwo24 Pty Ltd				
Page Seager Pty Ltd	Hobart, TAS	Provision of Legal and advisory services to support 42-24	July 2023 - June 2024	155,559
Proquest IT Pty Ltd	Moonah, TAS	Salesforce and customer experience consulting services	September 2023 - March 2024	56,611
Total engaged by Fortytwo24 Pty Ltd				212,170
Engaged by TasNet Connections Pty Ltd				
By All Means Pty Ltd	Melbourne, VIC	Provision of services in relation to the development of brand identity	September 2023 - March 2024	106,508
Jen Penney Consulting	Hobart, TAS	Provision of services in relation to branding and marketing	September 2023 - June 2024	206,396
Total engaged by TasNet Connections Pty Ltd				312,904
Total Consultancies valued more than \$50,000 (ex GST)				7,991,294
There were 88 Consultants engaged for \$50,000 or less totalling				1,564,775
Total payments to consultants				9,556,069

Directors' report

The Directors of TasNetworks at any time during the 2023-24 financial year were:

Roger Gill Chairman and Director	<p>Mr Gill was first appointed to the Board in November 2017. He is a member of the People and Remuneration Committee and a member of the Audit, Risk and Compliance Committee.</p> <p>Appointed: 27 November 2017 Current Term: 23 November 2021 until November 2024</p> <p>Mr Gill was appointed as Chairman in November 2021. Mr Gill will be eligible for re-appointment at the 2024 AGM.</p>
Dr Julie Beeby Director	<p>Dr Beeby was first appointed to the Board in November 2018. She is Chair of the People and Remuneration Committee.</p> <p>Appointed: 20 November 2018 Current Term: 29 November 2023 until November 2024</p> <p>Dr Beeby is ineligible for a further appointment following six years of service to the TasNetworks Board.</p>
Kevin Kehl Director	<p>Mr Kehl was appointed to the Board in September 2021. He is a member of the Audit, Risk and Compliance Committee.</p> <p>Appointed: 23 November 2021 Current Term: 25 November 2022 until November 2025</p> <p>Mr Kehl will be eligible for re-appointment at the 2025 AGM.</p>
Katherine Schaefer PSM Director	<p>Ms Schaefer PSM was appointed to the Board in November 2021. She is a member of the People and Remuneration Committee.</p> <p>Appointed: 22 February 2022 Current Term: 29 November 2023 until November 2026</p> <p>Ms Schaefer PSM will be eligible for re-appointment at the 2026 AGM.</p>
Cheryl Hopkins Director	<p>Ms Hopkins was appointed to the Board in April 2023. She is Chair of the Audit, Risk and Compliance Committee.</p> <p>Appointed: 28 April 2023 Current Term: 28 April 2023 until November 2024</p> <p>Ms Hopkins will be eligible for re-appointment at the 2024 AGM.</p>
Miles Smith Director	<p>Mr Smith was appointed to the Board in November 2022. He was Chair of the Audit, Risk and Compliance Committee.</p> <p>Appointed: 25 November 2022 Term: 20 June 2024</p> <p>Mr Smith resigned from the Board in June 2024 due to managing a conflict of interest. Recruitment for a replacement director is currently underway, with a term until the 2025 AGM.</p>

Consolidation

During financial year 2023-24, TasNetworks had four subsidiaries within its corporate group (together, the **TasNetworks Group**):

- TasNetworks Holdings Pty Ltd
- Fortytwo24 Pty Ltd
- Marinus Link Pty Ltd
- TasNet Connections Pty Ltd.

Marinus Link Pty Ltd was sold as a wholly-owned subsidiary on 22 March 2024 to the Australian Government, State of Victoria and State of Tasmania.

This Annual Report reports on a consolidated basis for the TasNetworks Group.

Principal activities

The principal activities of the TasNetworks Group are to:

- build, own and operate the transmission, distribution and communication networks of the Tasmanian electricity system
- provide telecommunications services and infrastructure as a service
- develop the second electricity interconnector between Tasmania and Victoria (Project Marinus).

Review of operations

The TasNetworks Group recorded an after-tax profit of \$15.4 million for the year ended 30 June 2024 and the company invested \$276.5 million across many capital projects. Our financial year loss after tax performance for 2023-24 was \$54.9m.

A more detailed review of the TasNetworks Group's operations during the year is contained in this Annual Report and the financial statements that follow.

Changes in state of affairs

Project Marinus – Equity Injection

On 22 March 2024 TasNetworks executed the sale of its 100 per cent owned subsidiary, Marinus Link Pty Ltd to the Australian Government, Victorian Government and the Tasmanian Government ("Shareholders") through a tripartite ownership agreement.

Subsequent to the sale, TasNetworks Shareholding Ministers wrote to the Chair of TasNetworks advising that, following the transfer of MLPL to the new tripartite ownership that the Tasmanian Government would "make TasNetworks whole" in relation to the level of the state's equity recognised in the tripartite-owned entity.

The Shareholding Ministers also advised that this funding would be provided by way of an equity contribution to be made to TasNetworks in early 2024-25 subject to Parliamentary approval. The final level of the equity contribution has not been confirmed however is currently expected to be in the order of \$80-\$110 million.

Environmental regulation

The TasNetworks Group's operations are subject to many environmental regulatory requirements including the *Environmental Management and Pollution Control Act 1994* and the *Threatened Species Protection Act 1995*.

There were 24 reportable environmental incidents during the financial year. These included: 11 impacts to listed threatened fauna species (comprising eight wedge-tailed eagles, one white-bellied sea eagle and two grey goshawks), 11 oil spills or leaks, one incident involving release of copper chrome arsenate (CCA) ash, and one incident involving contaminated land (discovery of an abandoned fuel tank). Following each threatened bird incident, ongoing risks were reduced by installation of bird flight diverters (flappers) or pole top perches. Oil and CCA ash releases were attended to by our Oil Spill Response teams to ensure appropriate clean-up was achieved. The abandoned fuel tank was decommissioned in line with EPA regulations.

More information on the TasNetworks Group's environmental performance during the year is included in this Annual Report.

Matters arising since end of financial year

There have been no matters or circumstances arising since 30 June 2024 that have significantly affected, or may significantly affect, the TasNetworks Group's future operations.

Likely developments and future results

Other than as already noted in this report, TasNetworks does not foresee any other material changes or likely developments in its operations.

Dividends

TasNetworks paid to its shareholders a dividend of \$11.7 million on 31 December 2023 from after-tax profits during the financial year 2022-23.

Subsequent to the end of the financial year, the Board has not recommended a dividend for the current financial year.

Indemnities and insurance

TasNetworks indemnified its Directors and other officers to the extent permitted by law against liabilities and legal costs incurred by the directors and other officers acting in that capacity.

The TasNetworks Group has insured the directors, company secretary and executive officers of group companies against liabilities as permitted by the *Corporations Act 2001*.

The TasNetworks Group has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of a group company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No applications for leave under section 237 of the *Corporations Act 2001* to bring, or to intervene in, proceedings on behalf of a group company were made during the financial year.

Rounding of amounts

Amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated, in accordance with ASIC Class Order 2016/191.

Auditor's independence declaration

The auditor's independence declaration is included in the Annual Report and forms part of this Director's Report.

Directors' meetings

The following table sets out the number of TasNetworks directors' meetings (including committee meetings) held during the financial year and the number of meetings attended by each TasNetworks director who held office during the financial year ended 30 June 2024. Director and Company Secretary qualifications are set out in the Corporate Governance section of the Annual Report.

Director	Board (Regular and Special)		Audit, Risk and Compliance Committee		People and Remuneration Committee	
	Eligible to attend as a member	Attended	Eligible to attend as a member	Attended	Eligible to attend as a member	Attended
Roger Gill	18*	18	-	5	5	5
Dr Julie Beeby	19	18	-	3	5	5
Kevin Kehl	18*	18**	7	7	-	1
Katherine Schaefer PSM	19	17	-	3	5	5
Cheryl Hopkins	19	19	7	7	-	1
Miles Smith	19	19	7	7	-	-

*Recused from meeting

**Partial attendance at that meeting

Signed in accordance with a resolution of the TasNetworks Directors.



Mr Roger Gill
Chairman

Date: 12 August 2024

Auditor's independence declaration



Level 2, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

2 September 2024

The Board of Directors

Tasmanian Networks Pty Ltd
PO Box 606
MOONAH TAS 7009

Dear Board Members

Auditor's Independence Declaration

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

As the auditor of the financial report of Tasmanian Networks Pty Ltd for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' Report.

Yours sincerely

Martin Thompson
Auditor-General

Independent auditor's report



Independent Auditor's Report

To the Members of Tasmanian Networks Pty Ltd

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of the Tasmanian Networks Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

I confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the directors on the same date as this auditor's report and is included in the Directors' Report.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of regulated transmission and distribution network assets <i>Refer to note B2</i>	
<p>The Group's regulated transmission and distribution network assets are recognised at fair value and were carried at \$1.38 billion and \$2.14 billion, respectively, at 30 June 2024</p> <p>The fair value of these networks assets is determined in using an income valuation methodology based on discounted cash flows. The projected cash flows are discounted to present value using a discount rate based on a real pre-tax weighted average cost of capital (WACC).</p> <p>The calculation of fair value is judgemental and highly dependent on a range of assumptions and estimates, such as the allowable revenue to be earned as determined by the Australian Energy Regulator (AER), operating and capital expense allowances in line with the determination of the AER, terminal value multiple, and WACC.</p>	<ul style="list-style-type: none"> • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness. • Testing, on a sample basis, the internal mathematical accuracy of the valuation model's calculations. • Assessing the reasonableness of cash flow forecasts relative to board approved budgets, historical growth trends, long term asset management plans and other relevant internal and external evidence, including the determination and guidelines issued by the AER. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. • Assessing the reasonableness of the terminal value multiple with reference to market data, including information published by the AER. • Evaluating the reasonableness of the discount rate applied, with reference to the AER rate of return guideline. • Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used in the valuation, in light of the requirements of AASB 13 <i>Fair Value Measurement</i>.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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



Martin Thompson
Auditor-General
 Tasmanian Audit Office

2 September 2024
 Hobart



Consolidated financial statements

Consolidated Statement of Profit or Loss For the financial year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue		506,644	509,508
Grant revenue - Marinus Link		2,805	7,298
Total revenue	A1	509,449	516,806
Operating expenses			
Employee benefit expenses	A2(c)	(133,523)	(140,908)
Employee benefit expenses - Marinus Link	A2(c)	(5,303)	(4,294)
Other operating expenses		(59,254)	(43,100)
Other operating expenses - Marinus Link		(8,176)	(6,721)
Total operating expenses	A2(a)	(206,257)	(195,023)
Depreciation and amortisation expenses	A2(b)	(192,974)	(199,345)
Finance costs	A3	(90,759)	(85,451)
Impairment expense	B2	(762)	-
Total expenses		(490,752)	(479,818)
Share of joint venture result	B4	273	34
Profit for the period from continuing operations before income tax equivalent		18,971	37,022
Income tax equivalent expense on profit	A4(a)	(3,578)	(10,843)
Net profit for the period from continuing operations		15,393	26,179
Discontinued operations			
Loss for the period from discontinued operations	I1	(70,281)	-
Net profit/(loss) after income tax equivalent including discontinued operations		(54,888)	26,179

The consolidated statement of profit or loss is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income For the financial year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Net profit/(loss) after income tax equivalent including discontinued operations		(54,888)	26,179
Items that will not be reclassified subsequently through profit or loss:			
Net fair value movements on property, plant and equipment	D3	151,504	229,791
Superannuation actuarial gains/(losses)	F2	(4,505)	5,892
Income tax equivalent expense on items that will not be reclassified subsequently through profit or loss	A4(b)	(43,780)	(70,705)
		103,219	164,978
Items that have or may be reclassified subsequently through profit or loss:			
Hedge reserve			
- Gain/(loss) recognised in equity	D3	(46)	25
Income tax equivalent expense on items that have or may be reclassified subsequently through profit or loss	D3, A4(b)	14	(7)
		(32)	17
Total comprehensive income for the year		48,299	191,175
Total comprehensive income for the year attributable to:			
Owners of TasNetworks		48,299	191,175
		48,299	191,175

The consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Financial Position As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash and cash equivalents	C5(a)	1,766	9,639
Trade and other receivables	E1	72,938	111,874
Inventories	E2	41,714	38,013
Other assets	E3	9,075	7,257
Total current assets		125,493	166,783
Non-current assets			
Intangible assets	B1	104,174	104,194
Property, plant and equipment	B2	4,022,345	3,849,943
Right-of-use assets	B3	5,154	6,020
Investment in joint venture	B4	2,672	2,034
Other assets	E3	2,554	2,566
Total non-current assets		4,136,899	3,964,757
Total assets		4,262,392	4,131,540
Current liabilities			
Trade and other payables	E5	82,745	70,051
Borrowings	C1	300,049	260,550
Lease liabilities	C2	710	799
Employee benefits	F1	38,664	37,523
Provisions	E4	1,749	6,219
Tax liabilities	A4(c)	3,482	1,540
Contract liabilities	E6	21,966	54,513
Total current liabilities		449,365	431,195
Non-current liabilities			
Borrowings	C1	1,991,300	1,934,800
Lease liabilities	C2	5,210	5,914
Net deferred tax equivalent liabilities	A4(d)	282,667	269,702
Employee benefits	F1	145,459	142,359
Provisions	E4	-	151
Contract liabilities	E6	36,296	31,901
Total non-current liabilities		2,460,932	2,384,828
Total liabilities		2,910,297	2,816,022
Net assets		1,352,095	1,315,518
Equity			
Retained earnings	D1	137,972	207,384
Contributed equity	D2	62,724	62,724
Reserves	D3	1,151,399	1,045,409
Total equity		1,352,095	1,315,518

The consolidated statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Changes in Equity For the financial year ended 30 June 2024

	Note	Contributed Equity \$'000	Asset Revaluation Reserve \$'000	Hedge Reserve \$'000	Retained Earnings \$'000	Total \$'000
As at 1 July 2023		62,724	1,045,361	48	207,384	1,315,518
Profit for the period from continuing operations		-	-	-	15,393	15,393
Loss for the period from discontinued operations	I1	-	-	-	(70,281)	(70,281)
Other comprehensive income:						
Net fair value movements on property, plant and equipment	D3	-	151,504	-	-	151,504
Superannuation actuarial gains/(losses)	F2	-	-	-	(4,505)	(4,505)
Hedge reserve	D3	-	-	(46)	-	(46)
Income tax relating to components of other comprehensive income	A4(b)	-	(45,482)	14	1,702	(43,766)
Total comprehensive income for the year		-	106,022	(32)	(57,691)	48,299
Transactions with owners in their capacity as owners:						
Dividends paid	D1	-	-	-	(11,721)	(11,721)
As at 30 June 2024		62,724	1,151,383	16	137,972	1,352,095

		Contributed Equity \$'000	Asset Revaluation Reserve \$'000	Hedge Reserve \$'000	Retained Earnings \$'000	Total \$'000
As at 1 July 2022		62,724	884,507	31	199,665	1,146,927
Net profit for the year		-	-	-	26,178	26,178
Other comprehensive income:						
Net fair value movements on property, plant and equipment	D3	-	229,791	-	-	229,791
Superannuation actuarial gains/(losses)	F2	-	-	-	5,892	5,892
Hedge reserve	D3	-	-	25	-	25
Income tax relating to components of other comprehensive income	A4(b)	-	(68,937)	(7)	(1,768)	(70,712)
Total comprehensive income for the year		-	160,854	17	30,302	191,174
Transactions with owners in their capacity as owners:						
Dividends paid	D1	-	-	-	(22,583)	(22,583)
As at 30 June 2023		62,724	1,045,361	48	207,384	1,315,518

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated Statement of Cash Flows For the financial year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities:			
Receipts from customers		554,325	549,739
Grants received		3,756	1,527
Interest received		368	40
Payment to suppliers and employees		(202,733)	(251,392)
Interest paid		(70,911)	(65,340)
Guarantee fee paid		(6,967)	(6,685)
Income tax equivalents paid		(40,872)	(31,472)
Net cash provided by operating activities	C5(b)	236,965	196,417
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		2,274	1,450
Proceeds on disposal of subsidiary	I1	1	-
Grant proceeds for asset development		6,897	3,900
Payment for property, plant and equipment		(247,072)	(226,842)
Payment for intangible assets		(61,229)	(14,206)
Payment for Marinus Link development intangible asset		(27,853)	(39,569)
Loan Advances		(1,000)	-
Net cash used in investing activities		(327,983)	(275,267)
Cash flows from financing activities:			
Proceeds from borrowings		480,674	753,104
Repayment of borrowings		(384,674)	(649,604)
Payment of lease principal		(1,129)	(1,067)
Dividends paid	D1	(11,721)	(22,583)
Net cash provided by financing activities		83,150	79,850
Net increase/(decrease) in cash and cash equivalents		(7,867)	1,001
Cash and cash equivalents at the beginning of the financial year		9,634	8,638
Cash and cash equivalents at the end of the financial year	C5(a)	1,766	9,639

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

Notes to the consolidated financial statements For the financial year ended 30 June 2024

Tasmanian Networks Pty Ltd is a for profit proprietary company, incorporated and operated in Australia. TasNetworks' registered address and principal place of business is 1-7 Maria Street, Lenah Valley, Tasmania, Australia 7008.

1. Statement of compliance and basis of preparation

These consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB), and the requirements of the *Corporations Act 2001*. These consolidated financial statements comprise the financial statements of Tasmanian Networks Pty Ltd and entities controlled by Tasmanian Networks Pty Ltd (note H4) the group of companies is referred to as TasNetworks in these financial statements. The financial statements comply with effective International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

These general-purpose financial statements have been prepared on a going concern basis with TasNetworks able to pay its debts as and when they become due and payable. The short-term debt maturities of \$300.049m (2023: \$260.550m) will be refinanced in line with TasNetworks' Treasury Risk management Policy and under the Master loan Facility Agreement (MLFA) and borrowing covenants with the Tasmanian Public Finance Corporation (TASCORP). The working capital other than the mentioned short debt term maturities is \$23.823m deficit (2023: \$3.862m deficit). TasNetworks held \$208.651m of undrawn borrowing capacity at 30 June 2024 (2023: \$4.650m) (note C1). Under the *Tasmanian Public Finance Corporation Act 1985*, the Government has provided a guarantee of TasNetworks' borrowings from the Tasmanian Public Finance Corporation. As at 30 June 2024, this support was limited to a maximum amount of \$2.500 billion.

The financial statements were authorised for issue by the directors on 12 August 2024.

(a) Basis of preparation

The financial statements have been prepared as consolidated financial statements. The financial statements have been prepared on the basis of historical cost except for certain financial instruments and certain non-current assets which are measured at revalued amounts or fair values at the end of each reporting period. TasNetworks uses an income based approach to value its regulatory asset classes (see Note B2). Historical cost is based on the fair values of the consideration given in exchange for good and services.

In accordance with Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191 amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated. All values are expressed in Australian dollars.

Where there has been reclassification of items in the financial statements, the prior year comparatives have also been reclassified to ensure comparability with the current reporting period. Details of the reclassification are disclosed, where applicable, in the relevant note to the financial statements.

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Notes to the consolidated financial statements (continued) For the financial year ended 30 June 2024

1. Statement of compliance and basis of preparation (continued)

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(c) Judgements, estimates and assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following notes contain key assumptions and other key sources of estimation uncertainty during the reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Note	Assumption and estimates
A1	Unbilled use of system
A1	Grant revenue
A4	Recovery of deferred tax assets
B2	Asset useful lives
B2	Asset valuation
B3	Lease terms
B5	Impairment testing results
C2	Lease liability
E1	Expected credit losses
E4	Workers compensation provision
F1	Long service leave
F2	Defined benefit obligation

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

1. Statement of compliance and basis of preparation (continued)

(d) Notes to the financial statements

The notes to the financial statements include information that is required to understand the financial statements and is material and relevant to the operations, financial position and performance of TasNetworks. Information is considered material and relevant if, for example:

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

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

These sections comprise:

- A TasNetworks' performance
- B TasNetworks' assets
- C Financing TasNetworks' business
- D TasNetworks' equity
- E Other assets and liabilities
- F TasNetworks' people
- G Commitments
- H-I Other information

The accounting policies as set out in these notes, have been applied in preparing the financial statements for the financial year ended 30 June 2024 and the comparative information presented in these financial statements for the period ended 30 June 2023. The policies have been consistently applied by each entity in the consolidated group. Any changes made to these accounting policies for the financial year ended 30 June 2024 are detailed in note H8.

Global environment

The current economic conditions have provided disruption to the global supply chain and driven a higher level of inflation. TasNetworks has undertaken a review of its assumptions and estimates used in preparing the financial statements. Other than where inflation has been applied as an input to valuation calculations and disclosed in the notes to the financial statements, there have been no other material impacts to the financial statements.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

TasNetworks' performance

This section highlights TasNetworks' performance for the year including details of revenue and expenses as well as taxation liabilities.

A1. Revenue

	Note	2024 \$'000	2023 \$'000
(a) Revenue from contracts with customers			
Provision of regulated distribution services*		286,947	285,636
Provision of regulated transmission services*		153,721	168,410
Provision of other non-regulated services		29,061	28,529
Customer contributions		29,936	19,164
		499,664	501,739
(b) Other revenue			
Rent and lease income		1,256	1,977
Interest received		368	294
Grants received - Marinus Link		2,805	7,298
Other grants and subsidies		950	1,252
Gain on disposal of property, plant and equipment		1,816	1,281
Other revenue		2,590	2,965
		9,785	15,067
Total revenue		509,449	516,806
Revenue from contracts with customers by timing of revenue			
Services transferred at a point in time		47,761	41,264
Services transferred over time		451,903	460,476
		499,664	501,740

*The current year result compared to budget includes \$17.6 million lower recovery of revenue for regulated distribution services, attributable to lower network use of system charges driven by lower consumption, and \$0.7 million higher recovery of regulated transmission services attributable to AEMO settlement residues received. As per the application of the regulated revenue cap rules these over and under recovery amounts can be adjusted in future years via annual pricing, which will impact profit in the years the adjustment occurs. This ensures TasNetworks manages its revenue in accordance with the revenue cap.

Information about major customers

Included within revenue received from the provision of regulated distribution services are revenues of approximately \$224 million (2023: \$248 million) from TasNetworks' largest electricity retailer customer. These charges are the mechanism for the recovery of network use of system. No other single customer contributed 10% or more to TasNetworks' revenue in either 2024 or 2023.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

A1. Revenue (continued)

Recognition and measurement

TasNetworks derives its revenue from contracts with customers for the transfer of goods and services both over time and upon completion of performance obligations. The revenue is recognised at fair value of the consideration received or receivable net of the amount of GST payable.

Provision of regulated services

Regulated services revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to TasNetworks and the revenue can be reliably measured. Revenue earned from the use of the distribution system and from customers connected to the transmission network is recognised at the time of the provision of the electricity to those customers. Revenue earned from the provision of electricity is the value of electricity units supplied to electricity customers during the year. Included in this amount is accrued revenue for unbilled use of system charges.

TasNetworks operates under a revenue cap with total allowed revenue to be charged for regulated distribution services for the 2019-2024 regulatory period of \$1,276.400m. The total allowed revenue to be charged for regulated transmission services for the 2019-2024 regulatory period is \$736.100m. TasNetworks does not accrue or defer amounts that are allowed to be recovered from customers (or credited to them) in future years under regulatory pricing mechanisms. Revenue will be adjusted in future financial years, via resetting of revenue and prices, which may cross multiple regulatory periods.

Key Estimate

Unbilled use of system

Included in regulated revenue from contracts with customers, TasNetworks recognises an accrual for the unbilled use of system. Unbilled use of system is an estimate of charges to retailers between the date of the last meter reading and the year end. The estimate of the units supplied is based on the historic usage profile at the relevant tariff prices.

Provision of non-regulated services

Non-regulated services revenue is income received for services that are not economically regulated, including telecommunication services, operating and maintenance, connections and external work. The majority of this income is for the provision of services over time.

This predominately includes non-prescribed services revenue that has been received from customers for a long term connection to the electricity system including large scale renewable energy transmission connections. The revenue is recorded as a liability upon cash receipt and recognised over the life of the agreement to which it pertains, reflecting the performance of the contractual obligations. This revenue received in advance constitutes a significant financing arrangement on which TasNetworks is required to recognise an interest expense on the financing received from the customer. The rate used to calculate this interest is the borrowing rate at which TasNetworks would have been able to secure for borrowings over the term of the agreement.

Where projects are still progressing, or where customer contributions for capital works have been received in advance, revenue will only be recognised once the performance obligation has been met. Revenue that has been received in advance will be included as a liability in the statement of financial position until the performance obligation has been met.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

A1. Revenue (continued)

Customer contributions

As a regulated network service provider, customers are required to contribute to the costs of specifically requested services where there is no clear benefit to the general customer base. Contributions from customers applied to capital projects are treated as revenue and recognised once the performance obligation under the contract has been completed, which is when the asset is commissioned. The portion of customer contributions that have been received in advance of the works being completed is included as a liability in the statement of financial position until the performance obligation has been met. The value of the network regulated asset base which is used for determining TasNetworks' allowable revenue to be recovered from customer is reduced by the value of customer contributions received.

Rent and lease income

TasNetworks enters into lease arrangements as a lessor with respect to some of its properties.

Leases for which TasNetworks is a lessor can be classified as finance or operating leases. Whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

TasNetworks does not have any leases as a lessor which are classified as financing leases.

Interest

Interest revenue is recognised as it accrues on a time proportionate basis at the effective yield on the financial asset.

Grants received

Grants are not recognised until there is reasonable assurance that TasNetworks will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that TasNetworks should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as a direct contribution to the asset. This contribution reduces the carrying amount of the asset in the statement of financial position; subsequently reducing the impact on the profit or loss in future years.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

A1. Revenue (continued)

Grants received - Project Marinus

The primary objective of Project Marinus is to support Australia's continuing transition to a clean energy future by progressing the Marinus Interconnector and the supporting Tasmanian transmission network development required to meet these objectives. These objectives involved costs to both TasNetworks and Marinus Link that are directly attributable to the development of assets (capital) as well as incidental operational and administrative costs of the project. TasNetworks' position whilst it owned Marinus Link Pty Ltd was to apportion grant funding between grants related to assets and grants related to income based on the capex / opex split for the period to which the grant relates:

- The portion of the grant related to income will be recognised in the Profit and Loss in the period in which the costs are incurred
- The portion of the grant related to assets will be recognised as a reduction of the carrying amount of the asset on the Statement of Financial Position.

In April 2022, the Commonwealth committed \$75m in funding under the Federal Funding Agreement (FFA) to progress Project Marinus to a Final Investment Decision which is apportioned between Marinus Link and North West Transmission components of the projects on the basis of estimated project costs of 77.6% (\$58.2m) and 22.4% (\$16.8m) respectively. Payments are being received over three financial years in line with completion of agreed milestones. At 30 June 2024, the total value of grants received under the \$75m commitment totalled \$47.5m. Grant funding received for the 2023-24 Financial year has been apportioned between grants related to assets and grants related to income based on the actual split of operating and capital expenditure for the period, with grants related to income of \$2.8m and grants related to a contribution towards the asset of \$9.7m, totalling \$12.5m.

Other grant revenue

TasNetworks receives grant and subsidy revenue for apprentice wage subsidies and training as well as grants for research and development projects. These grants are recognised as revenue on a systematic basis over the periods in which TasNetworks recognises as expenses the related costs for which the grants are intended to compensate.

Other revenue

Other revenue includes the profit or loss on sale of assets and inventory and is recognised in the statement of profit or loss when control passes to the customer or performance obligations are met.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

A2. Expenses

	Note	2024 \$'000	2023 \$'000
(a) Operating expenses			
Employee benefits	A2(c)	133,523	140,908
Services & Materials ¹		42,678	45,817
Information technology and communications		14,220	13,014
Property costs		7,541	6,610
Licence fees		10,518	7,929
Insurance		6,067	5,516
Fleet		4,966	6,224
Contract labour		5,755	2,516
Claims and payments		2,350	1,889
Other		5,201	4,786
Capitalised indirect costs ²		(40,041)	(51,201)
		192,778	184,008
Operating expenses - Project Marinus			
Employee benefits	A2(c)	5,303	4,294
Services		6,326	5,453
Other		1,850	1,268
		13,479	11,015
Total operating expenses		206,257	195,023

1. Services expenditure comprises the provision of both the cost of professional services and subcontractor services incurred in maintaining TasNetworks' assets, together with the cost of supporting Marinus Link Pty Ltd separation.
2. Capitalised indirect costs includes the portion of overheads and indirect costs that have been capitalised to the statement of financial position in accordance with TasNetworks' Australian Energy Regulator (AER) approved cost allocation methodology.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

A2. Expenses (continued)

	Note	2024 \$'000	2023 \$'000
(b) Depreciation and amortisation expenses			
Depreciation of property, plant and equipment	B2	165,758	174,861
Amortisation of intangible assets	B1	26,362	23,701
Amortisation of right-of-use assets	B3	854	783
		192,974	199,345
(c) Employee benefits expenses*			
Post employment benefits			
Defined benefit plans	F2	9,526	9,626
Defined contribution plans		13,733	12,202
		23,259	21,828
Termination benefits		4,555	15,025
Other employee benefits (salary and wages)		119,055	116,236
Total employee benefit expenses		146,868	153,089
Net interest cost on defined benefit plans	F2	(8,042)	(7,887)
Employee benefits expenses in profit or loss	A2(a)	138,826	145,202

*Includes Marinus Link employee expenses of \$5.3m (2023: \$4.3m).

A3. Finance costs

Finance costs incurred during the financial year		72,904	69,215
Government guarantee fee*		8,134	6,675
Net interest costs on defined benefit plan	F2	8,042	7,887
Interest on finance leases	G1	408	385
Interest on long term revenue contracts		1,271	1,289
Total finance costs		90,759	85,451

*Government guarantee fees are applied on borrowings of government businesses to ensure competitive neutrality with private sector counterparts with respect to the true cost of debt.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

A4. Income tax equivalents

	Note	2024 \$'000	2023 \$'000
(a) Recognised in profit or loss			
Income tax equivalent (expense)/income comprises:			
Current income tax expense		(34,379)	(29,921)
Net (increase)/decrease in deferred tax equivalent liability		30,801	19,078
Total income tax equivalent (expense)/income		(3,578)	(10,843)
Numerical reconciliation between income tax equivalent expense and pre-tax net profit:			
Profit before income tax equivalent on continuing operations		18,971	37,021
Loss before income tax equivalent on discontinuing operations		(70,281)	-
Profit before income tax equivalent		(51,310)	37,021
Income tax equivalent calculated at 30%		15,393	(11,106)
Increase in income tax equivalent expense due to:			
Non-deductible expenses		(21,095)	(9)
Prior year under/over provision		832	848
Other changes		1,292	(576)
Total income tax equivalent (expense)/income		(3,578)	(10,843)
(b) Recognised in other comprehensive income			
Items that will not be reclassified subsequently through profit or loss:			
Income tax equivalent on fair value movements	D3	(45,482)	(68,937)
Income tax equivalent on superannuation actuarial (gains)/losses	D1	1,702	(1,768)
Total recognised in other comprehensive income		(43,780)	(70,705)
Items that have or may be reclassified subsequently through profit or loss:			
Income tax equivalent on hedge reserve	D3	14	(7)
Total recognised in other comprehensive income		14	(7)
Total income tax equivalent recognised in other comprehensive income		(43,766)	(70,712)
(c) Current tax equivalent assets and liabilities			
Current tax equivalent payable/(receivable)		3,482	1,540

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

A4. Income tax equivalents (continued)

	2024	2023
	\$'000	\$'000
(d) Deferred tax equivalent balances		
Deferred tax equivalent liabilities comprise:		
Temporary differences	(358,003)	(337,909)
Deferred tax equivalent assets comprise:		
Temporary differences	75,336	68,207
Net deferred tax equivalent liabilities	(282,667)	(269,702)

(e) Movement in temporary differences during the current financial year

	Balance 1-Jul-23 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Balance 30-Jun-24 \$'000
Deferred tax equivalent liabilities:				
Property, plant and equipment	(337,909)	25,388	(45,482)	(358,003)
	(337,909)	25,388	(45,482)	(358,003)
Deferred tax equivalent assets:				
Employee benefits	60,758	4,348	1,702	66,808
Provisions	739	4	-	743
Derivatives	(20)	-	14	(6)
Inventory	(2,391)	2,508	-	117
Other items	9,121	(1,447)	-	7,674
	68,207	5,413	1,716	75,336
Net deferred tax equivalent liabilities	(269,702)	30,801	(43,766)	(282,667)

(f) Movements in temporary differences during the previous financial year

	Balance 1-Jul-22 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Balance 30-Jun-23 \$'000
Deferred tax equivalent liabilities:				
Property, plant and equipment	(292,549)	23,577	(68,937)	(337,909)
	(292,549)	23,577	(68,937)	(337,909)
Deferred tax equivalent assets:				
Employee benefits	63,369	(843)	(1,768)	60,758
Provisions	1,506	(767)	-	739
Derivatives	(13)	-	(7)	(20)
Inventory	(2,393)	2	-	(2,391)
Other items	12,012	(2,891)	-	9,121
	74,481	(4,499)	(1,775)	68,207
Net deferred tax equivalent liabilities	(218,068)	19,078	(70,712)	(269,702)

Notes to the consolidated financial statements (continued) For the financial year ended 30 June 2024

A4. Income tax equivalents (continued)

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.

TasNetworks 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 Tasmanian Networks Pty Ltd.

Marinus Link Pty Ltd discontinued operations

The sale of TasNetworks' shareholding in its Subsidiary Marinus Link Pty Ltd on 22 March 2024 was carried out under a Shareholder direction. As part of the sale execution process, TasNetworks obtained a private taxation ruling from the ATO that confirmed the sale of its shareholding in Marinus Link is to be treated as a tax neutral "government imposed restructure" for the purposes of the National Tax Equivalents Regime. Project revenue and costs incurred by the subsidiary up to the sale date of 22 March 2024 have been recorded in the Statement of Profit and Loss.

Recognition and measurement

Under the National Tax Equivalents Regime (NTER), TasNetworks is required to make income tax equivalent payments to the State Government. The charge for current income tax expense is based on the sum of tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity. It is calculated using the prevailing tax rates at the balance date.

Current income tax

Current tax equivalent is calculated by reference to the amount of income tax equivalent payable or recoverable in respect of the taxable profit or loss for the period using the legislated income tax rate. Current tax equivalent is recognised as a liability/(asset) to the extent that it is unpaid/(recoverable).

Deferred tax liabilities and assets

Deferred tax equivalent is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax equivalent assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates and laws enacted at the reporting date. The measurement of deferred tax equivalent liabilities and assets reflects the tax consequences from the manner in which TasNetworks expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax equivalent assets and liabilities are offset when they relate to income tax equivalents levied by the same taxation authority and where TasNetworks intends to settle its current tax equivalent assets and liabilities on a net basis.

Current and deferred tax equivalent for the period is recognised as an expense or income in the statement of profit or loss except when it relates to items of other comprehensive income, in which case the tax equivalent is also recognised directly in other comprehensive income.

Key assumption

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

B1. Intangible assets

	Note	Other Intangible Computer Software	Internally Generated Marinus Link WIP	Other Intangible Computer Software WIP	Total Intangible Assets
		\$'000	\$'000	\$'000	\$'000
Cost					
At 1 July 2023		232,430	29,330	9,370	271,130
Additions during the year		-	16,693	55,902	72,595
Transfer from WIP		59,136	-	(59,136)	-
Transfer between asset class - Property, Plant & Equipment		(234)	-	-	(234)
Grant contribution towards asset		-	(9,703)	-	(9,703)
Discontinued operations	11	-	(36,320)	-	(36,320)
Balance at 30 June 2024		291,332	-	6,136	297,468
Accumulated amortisation					
At 1 July 2023		(166,936)	-	-	(166,936)
Transfer between asset class - Property, Plant & Equipment		4	-	-	4
Amortisation		(26,362)	-	-	(26,362)
Balance at 30 June 2024		(193,294)	-	-	(193,294)
Carrying amount at 30 June 2024		98,038	-	6,136	104,174

	Other Intangible Computer Software	Internally Generated Marinus Link WIP	Other Intangible Computer Software WIP	Total Intangible Assets
	\$'000	\$'000	\$'000	\$'000
Cost				
At 1 July 2022	230,103	31,707	3,494	265,304
Additions during the year	-	10,930	8,203	19,133
Transfer from WIP	2,327	-	(2,327)	-
Grant contribution towards asset	-	(13,307)	-	(13,307)
Balance at 30 June 2023	232,430	29,330	9,370	271,130
Accumulated amortisation				
At 1 July 2022	(143,235)	-	-	(143,235)
Amortisation charge for the year	(23,701)	-	-	(23,701)
Balance at 30 June 2023	(166,936)	-	-	(166,936)
Carrying amount at 30 June 2023	65,494	29,330	9,370	104,194

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B1. Intangible assets (continued)

Recognition and measurement

Computer software, identified as intangible assets, is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives and amortisation methods are reviewed annually for appropriateness.

Amortisation expense is included in the line item of depreciation and amortisation expenses in the statement of profit or loss.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the profit or loss in the period in which it is incurred.

Project Marinus

Post October 2021 directly attributable costs associated with Project Marinus were capitalised on the basis that the criteria have been met to capitalise the assets under AASB 138 Intangible Assets including the assessment of the project proceeding and probability of a future economic benefit from the investment. The carrying value of the intangible asset of Marinus Link was derecognised as a result of TasNetworks selling its subsidiary Marinus Link and the resulting discontinuation of operations on 22 March 2024 (note I1).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal processed and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Intangible assets are tested for impairment whenever there is an indication the asset may be impaired. Intangible assets with an indefinite life and those not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired (note B5).

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

B2. Property, plant and equipment

	2024	2023
	\$'000	\$'000
Network assets – Transmission		
Network assets – at fair value	2,727,993	2,603,197
Accumulated depreciation	(1,352,053)	(1,253,486)
Carrying amount	1,375,940	1,349,711
Network assets - Distribution		
Network assets – at fair value	4,847,949	4,569,060
Accumulated depreciation	(2,711,660)	(2,583,869)
Carrying amount	2,136,289	1,985,191
Communication assets		
Communication assets – at fair value	103,047	100,088
Accumulated depreciation	(66,230)	(60,898)
Carrying amount	36,817	39,190
Easements		
Easements – at fair value	95,618	91,854
Accumulated impairment	(50)	(50)
Carrying amount	95,568	91,804
Land		
Land – at fair value	77,580	52,834
Buildings		
Buildings – at fair value	129,097	122,124
Accumulated depreciation	(52,219)	(48,097)
Carrying amount	76,878	74,027
Other plant and equipment		
Other plant and equipment – at cost	225,366	214,131
Accumulated depreciation	(162,663)	(153,768)
Carrying amount	62,703	60,363
Capital works in progress – at cost	160,570	196,823
Total property, plant and equipment	4,022,345	3,849,943

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B2. Property, plant and equipment (continued)

Recognition and measurement

All assets acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. TasNetworks capitalises assets that meet the capitalisation threshold of \$500 and values under this limit are treated as expenses in the current period. The cost of assets constructed includes the cost of contracted services, materials and direct labour, and an appropriate portion of overhead costs. Costs incurred on an asset subsequent to the initial acquisition are capitalised when the original capacity of an asset has been enhanced, or the life of an asset has been extended.

The components of major assets that have materially different useful lives are accounted for as separate assets, and are depreciated separately.

Regulated Network assets

Regulated Network assets are categorised as Transmission and Distribution assets. Transmission assets are used to transport electricity from generators to distribution networks and directly connected transmission customers at high voltages. Distribution assets are used to transform the power from transmission high voltage and further stepping the power down via distribution transformers for supplying low voltage consumers.

TasNetworks uses an income based approach to value its regulatory asset classes according to the RAB methodology. The fair value of the Group's regulated assets was assessed against the income based approach, which reflects the present value of an investment's future cash flows in order to arrive at a current fair value estimate for an investment. The regulated revenue that the assets are allowed to earn under the National Electricity Rules represents their fair value and income earning capacity. These are level 3 inputs (note B2 - Assets measured at fair value) in the fair value hierarchy and their key significant unobservable inputs are detailed below.

Key Estimates

Asset Valuation

Key inputs and assumptions for the discounted cash flow include:

- Revenue cash flows as per the revenue proposal determination by the Australian Energy Regulator (AER).
- Operating expenditure is equal to the allowances set by the AER
- Capital expenditure is equal to the allowances set by the AER
- Terminal value equal to the forecasted RAB using a multiple of 1.00
- Weighted Average Cost of Capital (WACC) discount rate as determined/revenue proposal by the AER
 - Standard Control 5.87%
 - Prescribed 5.84%

No material change in value was determined for the 2024 financial year

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B2. Property, plant and equipment (continued)

Communication assets

Communication assets are recorded at fair value based on an income based approach to best represent their fair value and income earning capacity.

Opening asset values are indexed annually based on the CPI movement for the year.

Easements

Easements are recorded at fair value based on an income based approach to best represent their fair value and income earning capacity.

Opening asset values are indexed annually based on the CPI movement for the year.

Land

Land is carried at fair value, less any subsequent impairment losses where applicable. Revaluations occur periodically at least every five years, or when management initiates a review due to the existence of an indicator that movement in valuation has occurred.

TasNetworks' primary operational land sites are valued in accordance with an independent valuation conducted by Opteon in July 2024 as at 30 June 2024. TasNetworks' land in many instances is zoned as 'public utility' which is rarely transacted. Valuations do however factor in some market evidence of land with similar features, topography and location.

Where no formal valuation has taken place fair value is considered to be the value as determined by the Valuer-General.

The fair value measurement of land has been categorised as level 2 (note B2 - Assets measured at fair value) in the fair value hierarchy as its value is derived from observable inputs.

Buildings

Buildings are carried at fair value, less any subsequent accumulated depreciation and impairment losses where applicable. Revaluations occur periodically at least every five years, or when management initiates a review due to the existence of an indicator that movement in valuation has occurred.

TasNetworks' primary operational buildings are valued in accordance with an independent valuation conducted by Opteon in July 2024 as at 30 June 2024. The valuation is based on a notional lease at current market rates.

Where no formal valuation has taken place fair value is considered to be the value as determined by the Valuer-General.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B2. Property, plant and equipment (continued)

Other plant and equipment

Other plant and equipment includes optic fibre and minor assets such as motor vehicles, computer equipment, office furniture and equipment. These assets are stated at cost less accumulated depreciation and impairment, where applicable. These assets other than optic fibre are valued at written down value as they are low value, short life and high turnover assets. Optic fibre is valued at written down value as they are non regulated assets and not subject to the RAB methodology.

Capital works in progress

Capital works in progress are recognised at cost.

Disposal of assets

The gain or loss on the disposal of assets is calculated as the difference between the carrying amount of the assets at the time of disposal (less cost of disposal) and the proceeds on disposal and is included in the statement of profit or loss in the year of disposal. Any revaluation surplus remaining in the revaluation reserve is recognised in the statement of comprehensive income. The carrying value of the property, plant equipment of Marinus Link was derecognised as a result of TasNetworks selling its subsidiary Marinus Link and the resulting discontinuation of operations on 22 March 2024.

Revaluations of non-current assets

Any revaluation of property, plant and equipment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same assets previously recognised as expenses in profit or loss, in which case the increase is credited to the statement of profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve in relation to a previous revaluation of those assets.

Useful lives and depreciation

Depreciation on property, plant and equipment other than land is based on the straight-line method so that assets are written off over their expected useful lives. The estimated useful lives, residual values, depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in the current and future periods.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B2. Property, plant and equipment (continued)

Key estimate

Asset useful lives

Asset useful lives are aligned with the asset classes and lives as determined by the AER.

The useful lives assigned to TasNetworks' assets are listed below and have not changed from the prior year:

Transmission Network assets:

Transmission lines	45-60 yrs
Underground cables	45 yrs
Substation establishment	60 yrs
Transmission substation switch bays	45 yrs
Transmission capacitors	45 yrs
Transmission transformers	45 yrs
Protection and control schemes	4-15 yrs

Distribution Network assets:

Distribution overhead lines and poles	35 yrs
Underground cables	60 yrs
Distribution substations	40 yrs
Zone substations	40 yrs
Meters	30 yrs
Service connections	35 yrs

Communication assets:

Communication equipment	10-40 yrs
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Buildings:

Buildings	40 yrs
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Other plant and equipment:

Optic fibre	20 yrs
Minor assets including intangible assets	3-15 yrs

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

B2. Property, plant and equipment (continued)

	Note	2024								
		Transmission network at fair value \$'000	Distribution network at fair value \$'000	Communication assets at fair value \$'000	Easements at fair value \$'000	Land at fair value \$'000	Buildings at fair value \$'000	Other plant & equipment at cost \$'000	Capital works in progress at cost \$'000	Total \$'000
Gross value										
At beginning of financial year		2,603,197	4,569,060	100,088	91,854	52,834	122,124	214,131	196,823	7,950,111
Additions during the year		-	-	-	-	-	-	302	214,890	215,192
Disposals		-	-	-	-	-	-	(4,318)	-	(4,318)
Impairment losses charged to profit		-	-	-	-	-	(762)	-	-	(762)
Discontinued operations	11	-	-	-	-	(5,334)	(794)	(337)	(31,996)	(38,461)
Transfers of WIP to non-current assets		33,691	156,653	2,242	-	1,026	6,430	16,308	(216,350)	-
Grant contribution towards an asset		-	-	-	-	-	-	-	(2,797)	(2,797)
Transfer between asset class - Intangibles		-	-	-	-	-	24	210	-	234
Net revaluation increments/(decrements)		91,105	122,236	717	3,764	29,054	2,075	(930)	-	248,021
Balance at end of financial year		2,727,993	4,847,949	103,047	95,618	77,580	129,097	225,366	160,570	8,367,220
Accumulated depreciation and impairment losses										
At beginning of financial year		(1,253,486)	(2,583,869)	(60,898)	(50)	-	(48,097)	(153,768)	-	(4,100,168)
Disposals		-	-	-	-	-	-	3,860	-	3,860
Discontinued operations	11	-	-	-	-	-	56	11	-	67
Transfer between asset class - Intangibles		-	-	-	-	-	1	(5)	-	(4)
Net revaluation increments/(decrements)		(35,717)	(46,935)	(274)	-	-	-	54	-	(82,872)
Depreciation charge for the year		(62,850)	(80,856)	(5,058)	-	-	(4,179)	(12,815)	-	(165,758)
Balance at end of financial year		(1,352,053)	(2,711,660)	(66,230)	(50)	-	(52,219)	(162,663)	-	(4,344,875)
Carrying amount at 30 June 2024		1,375,940	2,136,289	36,817	95,568	77,580	76,878	62,703	160,570	4,022,345
Carrying amount of assets had they been recognised at cost										
Balance at 30 June 2024		1,097,039	1,802,975	34,248	73,690	45,536	65,823	57,000	160,570	3,336,881

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

B2. Property, plant and equipment (continued)

	2023								
	Transmission network at fair value	Distribution network at fair value	Communication assets at fair value	Easements at fair value	Land at fair value	Buildings at fair value	Other plant & equipment at cost	Capital works in progress at cost	Total
Gross value	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At beginning of financial year	2,424,609	4,131,146	82,138	85,212	52,608	121,136	208,288	104,204	7,209,341
Additions during the year	-	-	-	-	-	-	-	270,890	270,890
Disposals	-	-	-	-	-	-	(1,868)	-	(1,868)
Transfers of WIP to non-current assets	24,116	116,562	14,339	-	226	988	7,711	(163,942)	-
Grant contribution towards an asset	-	-	-	-	-	-	-	(14,329)	(14,329)
Net revaluation increments/(decrements)	154,472	321,352	3,611	6,642	-	-	-	-	486,077
Balance at end of financial year	2,603,197	4,569,060	100,088	91,854	52,834	122,124	214,131	196,823	7,950,111
Accumulated depreciation and impairment losses									
At beginning of financial year	(1,119,177)	(2,310,136)	(53,299)	(50)	-	(44,215)	(143,843)	-	(3,670,720)
Disposals	-	-	-	-	-	-	1,699	-	1,699
Net revaluation increments/(decrements)	(67,876)	(185,764)	(2,646)	-	-	-	-	-	(256,286)
Depreciation charge for the year	(66,433)	(87,969)	(4,953)	-	-	(3,882)	(11,624)	-	(174,861)
Balance at end of financial year	(1,253,486)	(2,583,869)	(60,898)	(50)	-	(48,097)	(153,768)	-	(4,100,168)
Carrying amount at 30 June 2023	1,349,711	1,985,191	39,190	91,804	52,834	74,027	60,363	196,823	3,849,943
Carrying amount of assets had they been recognised at cost									
Balance at 30 June 2023	1,126,198	1,726,125	37,064	73,690	44,510	63,572	60,363	196,828	3,328,350

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B2. Property, plant and equipment (continued)

Assets measured at fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised with the fair value hierarchy as shown below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, TasNetworks determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between levels in the in the fair value hierarchy during the year.

Level 3 significant valuation inputs and relationship to fair value

Asset	Fair Value as at 30 June 2024 \$'000	Fair Value as at 30 June 2023 \$'000	Significant inputs	Range of inputs	Relationship of inputs to fair value
Network assets, Communication assets and Easements	3,644,614	3,465,896	CPI	+/- 5%	A 5% increase in CPI increases the fair value of assets by \$182m
			AER Determination	N/A	AER determination of the asset values via regulatory revenue reset process
Buildings	76,878	74,027	Notional lease for 10 years at a current market rent	+/- expected rental growth and occupancy rates	The higher the expected rental growth and occupancy rates the greater the fair value

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B3. Right-of-use assets

TasNetworks leases communication sites, land and some office space and equipment.

The communication land sites are long term leases that typically run for a period of 10 years with options to renew the lease for further terms. Lease payments are renegotiated every 3-5 years to reflect changes in the value of land (with the value determined by the Valuer-General).

TasNetworks leases a number of land sites on which substation infrastructure has been constructed. These leases were entered many years ago and are leases of 50-100 years. Lease payments are renegotiated every 3-5 years to reflect changes in value of the site.

The depot sites are leases that run for a period of 3-5 years with options to renew the lease for further terms. Lease payments are increased annually to reflect changes in CPI.

TasNetworks also leases IT equipment and vehicles for contract terms of 3 years, as well as fibre optic equipment for a contract term of 25 years.

Note	Telecommuni- cation sites	Substation sites	Depots	Equipment	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2023	187	231	410	5,041	151	6,020
Revaluation of leases	-	-	14	98	-	112
Depreciation charge for the year	(19)	(8)	(158)	(619)	(50)	(854)
Discontinued operations	-	-	(124)	-	-	(124)
Balance at 30 June 2024	168	223	142	4,520	101	5,154

	Telecommuni- cation sites	Substation sites	Depots	Equipment	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2022	206	240	272	5,271	-	5,989
Revaluation of lease	-	-	37	359	-	396
Depreciation charge for the year	(19)	(9)	(166)	(590)	-	(783)
Additions to right-of-use assets	-	-	267	-	151	418
Balance at 30 June 2023	187	231	410	5,040	151	6,020

The carrying value of Marinus Link's Right-of-use assets was derecognised as a result of TasNetworks selling its subsidiary Marinus Link and the resulting discontinuation of operations on 22 March 2024.

Recognition and measurement

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Key assumption

Lease terms

Lease terms and the potential to exercise options to extend lease terms are assessed at inception of the lease to determine the full lease term and the underlying asset value. The option to extend leases at inception to include the option in the term are based on management assumptions on the future operations of TasNetworks based on information known at the time.

TasNetworks undertakes an annual impairment assessment of right of use assets, with any identified impairment losses accounted for per note B5.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

B4. Investment in Joint Venture

	Note	2024 \$'000	2023 \$'000
Measured using the equity method	H5	2,672	2,034
		2,672	2,034
Share of profit/(loss) of joint venture	H5	273	34
		273	34

Recognition and measurement

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise TasNetworks' share of the profit or loss and other comprehensive income of the joint venture. When TasNetworks' share of losses of a joint venture exceeds TasNetworks' interest in that joint venture TasNetworks discontinues recognising its share of further losses. Additional losses are recognised only to the extent that TasNetwork has incurred legal or constructive obligations or made payments on behalf of the joint venture.

In May 2022, TasNetworks invested in a joint venture which is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over TasNetworks' share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of TasNetworks' share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Investments in joint ventures are tested for impairment annually and whenever there is an indication that the asset may be impaired.

When an entity of the TasNetwork Group transacts with a joint venture of TasNetworks, profits and losses resulting from the transactions with the joint venture are recognised in TasNetworks' financial statements only to the extent of interests in the joint venture that are not related to this Group.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

B5. Impairment of assets

Recognition and measurement

At each reporting date, TasNetworks reviews the carrying amounts of its tangible and intangible assets, including leases to determine whether there is any indication that those assets may have suffered an impairment loss. An impairment calculation is performed if an indication of impairment exists. Intangible assets with an indefinite useful life and those not yet available for use are tested for impairment annually. The recoverable amount of the asset is estimated to determine the extent of any impairment losses. Where the asset does not generate cash flows that are independent from other assets, TasNetworks estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

Value in use is calculated based upon management's most recent cash flow forecasts for five years using a terminal growth rate and a discount rate which reflects the risks specific to TasNetworks' assets and prevailing market conditions at the time of the calculation.

Impairment testing amid the current global economic environment

TasNetworks has considered the impact of current economic conditions including current inflation and interest rates on its business operations as part of undertaking the annual impairment assessment. TasNetworks' modelling under current assumptions indicates minimal impact to revenue, expenses and cash flows. The projections indicate TasNetworks will recover its full regulated revenue entitlement (distribution and transmission) across the current period to June 2024 and future regulatory periods to June 2029. TasNetworks has relative certainty over its revenue streams to 2029, however remain subject to change in economic conditions impacting the interest rate environment and TasNetworks' cost of capital.

The impairment factors due to current economic conditions considered for property, plant and equipment include:

- Material reduction in future cash flows that would lead to an impairment of network assets;
- Review of intangible and assets under construction; and
- Material changes in the value of land and buildings.

Key estimates and assumptions

Impairment testing results

TasNetworks undertakes an assessment for impairment of all assets at each reporting date or if an indication of impairment exists, an estimate of the recoverable amount for each cash generating unit is made. This estimate is based on the assets value in use to determine future recoverable cash flows.

Internally generated intangible assets including those held by subsidiary companies are reviewed annually to ensure they continue to meet the recognition criteria for internally generated intangible assets. The value in use of the intangible asset is calculated using an estimate of expected future cash flows.

Significant events

During the year there were no significant asset impairment events.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

Financing TasNetworks' business

This section provides information relating to TasNetworks' capital structure and exposure to financial risks and how those risks are managed.

C1. Borrowings

All borrowings have been transacted through TASCORP with the exception of operational banking facilities which are drawn upon as required. All borrowings are secured by a floating charge on all present and future trade and other receivables. On 26 July 2023, the Tasmanian Public Finance Corporation Board approved an increase to the Borrowing Facility Limit under the MFLA from \$2,200 billion to \$2,500 billion.

	2024 \$'000	2023 \$'000
Current:		
Overnight borrowings	40,049	24,050
Borrowings	260,000	236,500
	300,049	260,550
Non-current:		
Borrowings	1,991,300	1,934,800
	1,991,300	1,934,800
Total borrowings	2,291,349	2,195,350

TasNetworks' Treasury Risk Management Policy is to benchmark the debt portfolio to the Australian Energy Regulator's benchmark used in determining the revenue allowance, which is to have 1/10th of the portfolio repricing each year from year 1 to 10. The current borrowings of \$260m (2023: \$236.5m) that are classified as current will be refinanced in line with this policy. See below for details of the borrowing facilities. In 2015-16, in recognition of the low interest rate environment, the Board resolved to exclude the \$100m of 30 year long term debt to 2046 from the benchmark debt portfolio, and has validated that it will remain outside the Benchmark in line with its Treasury Risk Management Policy.

Unused borrowing facilities at balance date

	Limit 2024 \$'000	Drawn 2024 \$'000	Undrawn 2024 \$'000	Limit 2023 \$'000	Drawn 2023 \$'000	Undrawn 2023 \$'000
Unsecured bank overdraft facility	1,000	-	1,000	1,000	-	1,000
Corporate MasterCard	1,500	292	1,208	1,500	399	1,101
Guarantee facility	1,000	-	1,000	1,000	-	1,000
TASCORP Master Loan Facility	2,500,000	2,291,349	208,651	2,200,000	2,195,350	4,650

Under the *Tasmanian Public Finance Corporation Act 1985*, the Government has provided a guarantee of TasNetworks' borrowings from the Tasmanian Public Finance Corporation. As at 30 June 2024, this support was limited to a maximum amount of \$2.500 billion.

Recognition and measurement

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Non-current borrowings are those borrowings that have a maturity beyond one year of the reporting date. All borrowings that are not non-current borrowings are current borrowings.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

C2. Lease liability

TasNetworks assesses whether a contract is or contains a lease, at inception of the contract. TasNetworks recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with terms of less than 12 months) and leases of low value assets. For these leases TasNetworks recognises the lease payments as an operating expense on a straight-line basis over the term or the lease.

TasNetworks has leases of property for depots, infrastructure sites and for office equipment.

Lease of equipment not in the legal form of a lease

TasNetworks has an arrangement where it has exclusive use to the fibre optic telecommunications network owned by the State Government. As TasNetworks controls a 'more than insignificant amount of output or other utility of the asset' and as TasNetworks is responsible for the repair, upgrades and maintenance of the asset and has the ability to restrict others access to it, other than those entities specified in the agreement it is deemed that the arrangement contains a lease.

TasNetworks pays a fixed annual fee over the term of the arrangement plus a variable charge based on revenue generated by the asset outside of Tasmania.

Finance lease liabilities

The maturity analysis of lease liabilities is as follows:

	2024	2023
	\$'000	\$'000
Present value of future minimum lease payments		
Not Later than 1 year	69	1,103
Later than 1 year and not later than 5 years	333	2,909
Later than 5 years	5,518	2,701
	5,920	6,713
Analysed as:		
Current lease liability	710	799
Non-current lease liability	5,210	5,914
	5,920	6,713

Recognition and measurement

The lease liability is initially measured at the present value of future lease payments, discounted using the rate implicit in the lease. If this rate cannot be readily determined, TasNetworks uses its incremental borrowing rate.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

C2. Lease liability (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate; initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if there is reasonable certainty that the option will be exercised; and
- Payment of penalties for terminating the lease, if the lease term reflects the exercise of the option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

TasNetworks remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment or exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate, a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate; and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

A lease for office equipment was extended for 12 months beyond the original term and will expire in October 2024. The right of use assets and liabilities were remeasured to reflect the extension of time.

A number of property leases are subject to CPI increases and as a result they were remeasured to reflect the revised lease payments.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

C3. Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in TasNetworks' liabilities and equity arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be classified in TasNetworks' statement of cash flows as cash flows from financing activities.

	2024		
	Borrowings \$'000	Finance leases \$'000	Total \$'000
Opening balance at 1 July 2023	2,195,350	6,713	2,202,063
Changes from financing cash flows:			
Proceeds from borrowings	480,674	-	480,674
Repayment of borrowings	(384,674)	-	(384,674)
Principal lease payments	-	(1,129)	(1,129)
Total changes from financing cash flows	96,000	(1,129)	94,871
Non-cash changes			
Liability changes:			
Lease modifications, new leases and interest	-	336	336
Total liability changes	-	336	336
Closing balance at 30 June 2024	2,291,350	5,920	2,297,270

	2023		
	Borrowings \$'000	Finance leases \$'000	Total \$'000
Opening balance at 1 July 2022	2,091,850	6,582	2,098,432
Changes from financing cash flows:			
Proceeds from borrowings	753,104	-	753,104
Repayment of borrowings	(649,604)	-	(649,604)
Principal lease payments	-	(1,067)	(1,067)
Total changes from financing cash flows	103,500	(1,067)	102,433
Non-cash changes			
Liability changes:			
Lease modifications, new leases and interest	-	1,198	1,198
Total liability changes	-	1,198	1,198
Closing balance at 30 June 2023	2,195,350	6,713	2,202,063

Non-cash financing activities

TasNetworks did not enter into any new leases during 2024 (2023: \$0.418m).

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

C4. Financial instruments

(a) Classification and fair value measurement of financial instruments

Comparison between carrying amount as disclosed in the statement of financial position and their fair value at the end of the current financial year

Note	2024					
	Carrying amount			Fair value		
	Hedging instrument	At amortised cost	Other liabilities	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at amortised cost:						
Cash and cash equivalents	C5(a)	-	1,766	-	n/a	n/a
Trade and other receivables	E1	-	72,938	-	n/a	n/a
Financial assets measured at fair value:						
FX forward agreements (at fair value through comprehensive income)	E3	23	-	-	23	-
Total financial assets		23	74,704	-	23	-
Financial liabilities measured at amortised cost:						
Trade and other payables	E5	-	-	82,745	n/a	n/a
Borrowings - fixed rate		-	2,251,300	-	2,054,046	83,797
Borrowings - floating rate		-	40,049	-	40,049	-
Total financial liabilities		-	2,291,349	82,745	2,094,095	83,797

Comparison between carrying amount as disclosed in the statement of financial position and their fair value at the end of the previous financial year

Note	2023					
	Carrying amount			Fair value		
	Hedging instrument	At amortised cost	Other liabilities	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at amortised cost:						
Cash and cash equivalents	C5(a)	-	9,639	-	n/a	n/a
Trade and other receivables	E1	-	111,874	-	n/a	n/a
Financial assets measured at fair value:						
FX forward agreements (at fair value through comprehensive income)	E3	69	-	-	69	-
Total financial assets		69	121,513	-	69	-
Financial liabilities measured at amortised cost:						
Trade and other payables	E5	-	-	70,051	n/a	n/a
Borrowings - fixed rate		-	2,171,300	-	2,012,838	83,835
Borrowings - floating rate		-	24,050	-	24,062	-
Total financial liabilities		-	2,195,350	70,051	2,036,900	83,835

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

C4. Financial instruments (continued)

Fair values of financial instruments

The carrying amount of financial assets and liabilities recorded in the financial statements, except for the borrowings from TASCORP, approximate their fair values.

The fair value of derivative instruments is calculated using quoted prices, or where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Derivative transactions are for the purpose of managing financial exposures that arise from underlying business positions. Therefore fair values should not be assessed in isolation. The overall impact should take into account the underlying exposures being held.

The fair value disclosed in note C4(a) for borrowings is the market value provided by TasNetworks' external borrowings provider TASCORP. The market value for level 2 fair value amounts is determined as the discounted cash flows of the instruments using the applicable yield curve.

The valuation methodology of the level 3 borrowings are disclosed below:

Valuation technique and key input(s)	Significant input(s)	Relationship of inputs to fair value
Discounting the expected future cash flows using TASCORP's valuation curve derived from market yields of TASCORP's as well as other Central Financing Authority (CFA) bond issuances.	Market yields of TASCORP's and other CFA bond issuances.	Fair value represents an estimated market yield of the 2046 bonds.

Derivative financial instruments

TasNetworks enters into various financial instruments including interest rate swaps, forward start borrowing agreements, forward rate agreements and foreign exchange contracts in order to manage financial exposures arising from its operations. In accordance with its Treasury Risk Management Policy, TasNetworks does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is immediately recognised in profit or loss on the statement of comprehensive income unless the derivative is designated and effective as a hedging instrument.

The fair value of a hedging instrument is presented as current or non-current based on the timing of the contractual cash flows, with cash flows expected to be realised or settled after 12 months classified as non-current and cash flows expected to be realised or settled within 12 months classified as current. Other derivatives are presented as current assets or current liabilities.

Compliance with policies and exposure limits are reviewed on an ongoing basis and any breaches are reported in a timely manner to the Board. Compliance is also reviewed by TasNetworks' internal auditors in accordance with TasNetworks' internal audit program.

Foreign currency transactions

Realised and unrealised gains and losses on foreign currency exposures are brought to account in the year to which they apply. Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at exchange rates in effect at that date. The gains and losses from hedging equipment exposures are transferred to the equipment accounts to become part of the acquisition cost of the assets. All exchange gains and losses relating to other hedge transactions are brought to account in the statement of comprehensive income in the same period as the exchange differences on the items covered by the hedge transactions. As a policy, TasNetworks hedges its exposure to foreign currencies in excess of AUD \$1m.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

C4. Financial instruments (continued)

(b) Financial risk management objectives

Exposures to market, credit, interest rate and liquidity risks arise in the normal course of TasNetworks' business. Financial instruments and management policies are used by TasNetworks to manage these risks in a manner that is consistent with TasNetworks' risk appetite and policies.

Capital management

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

	Note	2024 \$'000	2023 \$'000
Debt to total capital ratio			
Debt (borrowings)	C1	2,291,349	2,195,350
Cash and cash equivalents	C5(a)	1,766	9,639
Net debt		2,289,583	2,185,711
Total capital (net debt + total equity)		3,641,678	3,501,229
Debt to total capital ratio		62.9%	62.4%

Risk management

TasNetworks does not enter into financial instruments for speculative purposes. Any foreign exchange or interest rate hedging is undertaken for the risk management of TasNetworks' business activities. The risks arising from TasNetworks' financial instruments are recognised and managed as discussed below:

Credit risk

Credit risk represents the potential loss at reporting date due to the change in fair value of credit exposure to a group of counterparties due to a change in the market perception of credit quality of that exposure, and the potential for credit default i.e. the probability that a counterparty to a financial instrument or contract will not adhere to the terms of the contract when payment is due. TasNetworks is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Where collateral (e.g. cash deposit) is held by TasNetworks on behalf of counterparties, a corresponding liability is recognised.

Liquidity risk

The liquidity risk management parameters contained in the Treasury Risk Management Policy establishes a framework that has been developed to ensure there are sufficient funds to meet TasNetworks' financial commitments in a timely manner. It is also associated with planning for unforeseen events which may impact on cash flow and cause pressure on liquidity.

TasNetworks manages its liquidity risk by regularly reviewing its short term cash flow forecasts to ensure it has sufficient cash to meet its day-to-day operations and by matching the maturity profiles of financial assets and financial liabilities.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

Market risk

Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. TasNetworks' foreign exchange risk arises from the purchase of goods and services from overseas parties.

TasNetworks uses forward exchange contracts to hedge its currency exposure where the exposure is in excess of AUD \$1m in line with the Treasury Risk Management Policy.

Interest rate risk

The objective of TasNetworks' interest rate risk management is to manage within TasNetworks' approved risk appetite. The potential adverse financial impact from unfavourable movements in interest rates. This is primarily achieved through setting an interest rate exposure profile for the portfolio aligned to the regulatory regime within which TasNetworks operates. The AER uses a benchmark portfolio to determine the revenue allowance for the return on debt. The benchmark portfolio has 1/10th of the portfolio face value repricing each financial year from year 1 to 10 and therefore has a weighted average term to repricing (WATR) of 5 years.

Master loan facility agreement

TasNetworks has a MLFA with TASCORP. This agreement covers a number of borrowing covenants that TasNetworks must operate within including interest ratio limits, non TASCORP permitted third party debt limits and net asset movements.

All MLFA covenants are closely monitored with all requirements met for the 2023-24 year.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

C4. Financial instruments (continued)

Interest rate exposures and liquidity for the current financial year TasNetworks' exposure to interest rate risk on financial instruments and contractual maturity of financial liabilities and expected maturity for financial assets as at 30 June 2024:

	Note	Weighted average effective interest rate	2024					Total
	0 to 1 year		1 to 2 years	2 to 5 years	5+ years	Non-interest bearing		
	\$'000		\$'000	\$'000	\$'000	\$'000		
Financial assets:								
Cash and cash equivalents	C5(a)	4.60%	1,766	-	-	-	-	1,766
Trade and other receivables	E1	n/a	-	-	-	-	72,938	72,938
Total financial assets			1,766	-	-	-	72,938	74,704
Financial liabilities:								
Trade and other payables	E5	n/a	-	-	-	-	82,745	82,745
Borrowings - fixed rate		3.47%	335,826	352,152	715,332	1,316,721	-	2,720,031
Borrowings - floating rate		4.70%	40,049	-	-	-	-	40,049
Total financial liabilities			375,875	352,152	715,332	1,316,721	82,745	2,842,825
Net financial assets/(liabilities)			(374,109)	(352,152)	(715,332)	(1,316,721)	(9,807)	(2,768,121)

This disclosure is presented on an undiscounted basis and therefore will not agree to amounts presented in the consolidated statement of financial position as they incorporate principal and associated future interest payments. TasNetworks is able to manage these borrowing exposures within the MLFA with TASCORP and the covenants it has in place. Amounts maturing in 5+ years include principal and interest amounts to year 2046.

Interest rate exposures and liquidity for the previous financial year

TasNetworks' exposure to interest rate risk on financial instruments and contractual maturity of financial liabilities and expected maturity for financial assets as at 30 June 2023 was as follows:

		Weighted average effective interest rate	2023					Total
			0 to 1 year	1 to 2 years	2 to 5 years	5+ years	Non-interest bearing	
	Note		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:								
Cash and cash equivalents	C5(a)	4.60%	9,639	-	-	-	-	9,639
Trade and other receivables	E1	n/a	-	-	-	-	111,874	111,874
Total financial assets			9,639	-	-	-	111,874	121,513
Financial liabilities:								
Trade and other payables	E5	n/a	-	-	-	-	70,051	70,051
Borrowings - fixed rate		3.32%	308,541	243,178	890,580	1,210,402	-	2,652,701
Borrowings - floating rate		4.45%	24,050	-	-	-	-	24,050
Total financial liabilities			332,591	243,178	890,580	1,210,402	70,051	2,746,802
Net financial assets/(liabilities)			(322,952)	(243,178)	(890,580)	(1,210,402)	41,823	(2,625,289)

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

C4. Financial instruments (continued)

Interest rate sensitivity analysis

The impact to TasNetworks of a movement in interest rates is shown in the table below:

	Profit before tax	
	2024	2023
	\$'000	\$'000
1.0% increase in interest rates	400	241
0.10% decrease in interest rates	(40)	(24)

(c) Hedging

Forward Foreign Exchange Contracts

TasNetworks enters into forward foreign exchange contracts to manage the exchange rate risk on future vendor payments. These hedges of foreign exchange on firm commitments are accounted for as cash flow hedges.

The following table details the foreign currency forward contracts outstanding at the end of the reporting period. Foreign currency forward contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as assets or as liabilities) within the statement of financial position.

Outstanding contracts	2024				2023			
	Average Exchange Rate	Notional value: USD	Notional value: AUD	Carrying Amount of the hedging instrument	Average Exchange Rate	Notional value: USD	Notional value: AUD	Carrying Amount of the hedging instrument
Buy:		\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
greater than 6 months	0.663	217	304	23	0.662	677	944	69
		217	304	23		677	944	69

Recognition and measurement

TasNetworks enters forward foreign exchange contracts on firm commitments.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gains or losses relating to ineffective portions are recognised immediately in profit or loss. Amounts deferred in equity are charged to the profit or loss as a classification adjustment in the statement of comprehensive income in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When the forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

C5. Notes to the consolidated statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and 11 am cash (investments), net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the balance sheet as follows:

	Note	2024 \$'000	2023 \$'000
Cash at bank		1,766	9,639
		1,766	9,639

(b) Reconciliation of net profit for the year to net cash flows from operating activities

Net profit for the year		(54,888)	26,178
Depreciation and amortisation of non-current assets	A2(b)	192,974	199,345
Share of JV result	H5	-	34
(Gain)/loss on sale of property, plant and equipment	A1(b)	(1,816)	(1,281)
Increase/(decrease) in tax equivalent liabilities		19,931	(19,985)
(Increase)/decrease in trade and other receivables		40,231	(25,445)
(Increase)/decrease in inventories		(3,701)	(4,974)
(Increase)/decrease in other assets		(1,875)	(1,347)
Increase/(decrease) in trade and other payables		68,572	10,110
Increase/(decrease) in provisions		1,519	5,452
Increase/(decrease) in employee benefits		4,241	(2,540)
Increase/(decrease) in contract liabilities		(28,223)	10,870
Net cash provided by operating activities		236,965	196,418

Recognition and measurement

Cash and cash equivalents are highly liquid cash investments with maturity less than three months and comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents are carried at face value of the amounts deposited. Under AASB9 cash and cash equivalents and trade and other receivables are classified as financial assets at amortised cost.

The cash and cash equivalents are held with bank and financial institution counterparties with credit ratings of AA- to AA+ based on Standard and Poor's ratings, and as such TasNetworks considers that its cash and cash equivalents have low credit risk.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

TasNetworks' equity

This section provides information on TasNetworks' owners and the transactions with TasNetworks' owners.

D1. Retained earnings

	Note	2024 \$'000	2023 \$'000
Balance at beginning of financial year		207,384	199,665
Net profit after income tax equivalent from continued operations		15,393	26,178
Loss for the period from discontinued operations	I1	(70,281)	-
Superannuation actuarial gains/(losses)	F2	(4,505)	5,892
Deferred tax effect on actuarial movement	A4(b)	1,702	(1,768)
Dividends paid during the year		(11,721)	(22,583)
Balance at end of financial year		137,972	207,384

Retained earnings comprises the transfer of net profit for the year and characterises the profit available for distribution as dividends in future years.

D2. Contributed equity

	2024 \$'000	2023 \$'000
Balance at beginning of financial year	62,724	62,724
Balance at end of financial year	62,724	62,724

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

D3. Reserves

	Note	2024 \$'000	2023 \$'000
Reserves comprise:			
Asset revaluation reserve		1,151,383	1,045,361
Hedge reserve		16	48
		1,151,399	1,045,409
Asset revaluation reserve			
Balance at beginning of financial year		1,045,361	884,507
Revaluation of assets during the year		151,504	229,791
Deferred tax liability arising on revaluation	A4(b)	(45,482)	(68,937)
Balance at end of financial year		1,151,383	1,045,361
Revaluation of assets during the year			
Revaluation of gross carrying value	B2	248,021	486,077
Opening balance adjustment		(13,645)	-
Revaluation of gross accumulated depreciation	B2	(82,872)	(256,286)
Net fair value movements on property, plant and equipment		151,504	229,791

The revaluation reserve comprises revaluation increments and decrements arising from property, plant and equipment, measured at fair value in accordance with applicable Australian Accounting Standards. The reserve can be used to pay dividends only in limited circumstances.

The revaluation of assets movement during the year reflects the decrease in CPI from prior year. The CPI movement for the year as at December (weighted average all cities) was 4.1% (2023: 7.8%).

Hedge reserve

Balance at beginning of financial year		48	31
Gain/(loss) recognised in equity		(46)	25
Deferred tax asset arising on hedges	A4(b)	14	(7)
Balance at end of financial year		16	48

The hedging reserve represents hedging gains and losses recognised on the effective portion of hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss.

D4. Issued capital

TasNetworks issued two \$1 fully paid ordinary shares which are held in trust for the Crown in Right of the State of Tasmania. One share was issued to each of the Treasurer and the Minister for Energy.

Each subsidiary has 100 fully paid \$1 shares issued, please refer to note H4 for group ownership interests.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

Other assets and liabilities

This section provides information on the other assets and liabilities of TasNetworks.

E1. Trade and other receivables

Current:

	2024	2023
	\$'000	\$'000
Trade receivables	14,373	8,664
Contract assets	3,883	19,225
Grant receivable	-	30,000
Accrued income	47,694	40,742
Unbilled use of system (UoS)	7,772	13,924
Allowance for impairment	(784)	(681)
	72,938	111,874

Movement in the allowance for impairment of debts

Balance at beginning of financial year	(681)	(515)
Impairment gain/(loss) recognised on receivables	(186)	(378)
Amounts written off as uncollectable	83	213
Previously written off amounts recovered	-	(1)
Balance at end of financial year	(784)	(681)

Ageing of trade receivables that were past due but not impaired

Less than 30 days overdue	354	528
Between 31 and 60 days overdue	720	72
Between 61 and 90 days overdue	1,102	102
Greater than 90 days overdue*	4,042	1,386
	6,218	2,087

*These amounts largely relate to customer contracts that have been offered and signed as acceptance by the customer, however not yet paid. These total \$3.10m of the greater than 90 days balance. Work will not commence on these contracts until payment is received in full, which eliminates these receivable balances resulting in credit losses.

Recognition and measurement

Trade receivables and other receivables pertain to goods and services sold as part of operating activities and are initially recorded at fair value and thereafter amortised cost.

Bad debts are written off in the year in which they are identified. Debts written off may still be subject to enforcement activities under TasNetworks debt recovery procedures. Any recoveries made are recognised in the profit or loss.

Unbilled use of system is the accrual for the revenue TasNetworks expects to receive from retailers (note A1 - Key estimate).

Amounts relating to contract assets are balances due from customers under construction contracts for distribution network connections. Contract assets are reclassified to trade receivables once the offer is accepted and the work has been scheduled to proceed. Once a job is scheduled to proceed payment must be made prior to work commencement thus eliminating any credit losses.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

E1. Trade and other receivables (continued)

Analysis of ageing and collectability

TasNetworks believes that amounts that are past due over and above the allowance for impairment by more than 30 days and not impaired are collectable in full, based on historical payment behaviour and analysis of customer credit risk, no interest is applied to overdue amounts.

Impairment of financial assets

An allowance for impairment is recognised annually utilising the Expected Credit Loss model. TasNetworks applies a simplified approach in calculating expected credit losses, and therefore as a result does not specifically track changes in credit risk, but instead recognise a loss allowance based on lifetime expected credit losses at each reporting date. TasNetworks has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors groupings and the economic environment.

The expected credit loss is estimated as the difference between contractual cash flows that are due to TasNetworks and all the cash flows TasNetworks expects to receive.

Key judgement

Impairment of financial assets

TasNetworks uses judgement to assess how changes in economic factors and conditions will impact the expected credit losses which are determined on a probability-weighted basis as required under AASB 9.

Customers are grouped based on services provided including electricity retailers, transmission network customer, telecommunications customers and other customers. These groups are then assessed on their expected credit losses which remain very low for electricity customers, and low for telecommunication customers. The other customers which make up a small percentage of revenue are then assigned a weighted average loss rate.

Credit risk

The Credit Risk Management Policy establishes credit limits for parties depending on their credit rating. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents TasNetworks' maximum exposure to credit risk. The majority of TasNetworks' credit risk is to Australian based banks, financial institutions, electricity generators, electricity retailers and customers. Of the trade receivables balance at the end of the year \$1.415 million is due from a TasNetworks customer. Apart from this TasNetworks does not have significant credit risk exposure to any single counterparty.

For the current financial year

For the current financial year	Trade receivables days past due					Total
	Current	Less than 30 days	More than 30 days	More than 60 days	More than 90 days	
Expected credit loss rate	0.09%	0.76%	3.76%	6.90%	16.59%	
Gross carrying amount \$'000	8,155	354	720	1,102	4,042	14,373
Lifetime expected credit loss \$'000	(8)	(3)	(27)	(76)	(670)	(784)

For the previous financial year

	Trade receivables days past due					
	Current	Less than 30 days	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0.33%	1.42%	12.01%	46.55%	40.06%	
Gross carrying amount \$'000	6,577	528	72	102	1,386	8,664
Lifetime expected credit loss \$'000	(22)	(7)	(9)	(48)	(555)	(640)

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

E2. Inventories

	2024	2023
	\$'000	\$'000
Inventory	42,103	38,557
Allowance for impairment on inventory	(389)	(544)
	41,714	38,013
Movement in the allowance for impairment of inventory		
Balance at beginning of financial year	(544)	(539)
Impairment gain/(loss) provided for	1,162	6
Inventory written off during the year*	(1,007)	(11)
Balance at end of financial year	(389)	(544)

*The increase in inventory write-offs during the year is primarily due to obsolete equipment and expired COVID-19 stock.

Recognition and measurement

Inventories are carried at the lower of cost or net realisable value, with an allowance being maintained for loss on disposal of surplus and obsolete stock.

The cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of the stores. Inventories are not held for the purpose of resale and are used primarily in the maintenance and construction of the distribution, transmission and telecommunication networks.

Costs are assigned to inventory using the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Inventory is valued at net realisable value where it has been determined that inventory is surplus to requirements. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

E3. Other assets

	Note	2024 \$'000	2023 \$'000
Current:			
Prepayments		8,992	7,100
FX forward agreements	C4	23	69
Other		60	88
		9,075	7,257
Non-current:			
Prepayments		1,554	2,566
Loan Advances*		1,000	-
		2,554	2,566
Total:		11,629	9,823

*On 30 May 2022, a loan agreement was established between Fortytwo24 and Fortytwo24's 50% owned joint venture (Virtual Twin TAS Pty Ltd). This agreement provided access to a loan facility whereby Virtual Twin TAS could utilise borrowings of up to \$1 million from Fortytwo24. As at the end of the 2023-24 financial year, the full amount had been drawn down.

Forward foreign exchange agreements

Derivative contracts are foreign currency forward contracts. See note C4 for TasNetworks' exposure to risk and fair value information for these hedges.

The value of derivative contracts at the end of each reporting period are recognised in the statement of financial position as either an asset or a liability. The value reflects the projected future cash flows (discounted) on the derivative contract. The other side of the derivative valuation net of tax effect is reflected in the hedge reserve (note D3).

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

E4. Provisions

	2024 \$'000	2023 \$'000
Workers compensation		
Opening balance	575	918
Provision increase/(decrease) during the year	1,631	1,533
Provision used during the year	(2,206)	(1,876)
Closing balance	-	575
Restructure provision		
Opening balance	5,796	-
Provision increase/(decrease) during the year	1,749	15,025
Provision used during the year	(5,796)	(9,229)
Closing balance	1,749	5,796
Total provisions	1,749	6,371
Shown as:		
Current provisions	1,749	6,219
Non-current provisions	-	151
	1,749	6,370

Recognition and measurement

Provisions are recognised when TasNetworks has a present obligation (legal or constructive) as a result of a past event, it is probable that TasNetworks will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Workers compensation

TasNetworks' workers compensation is insured by an external insurance provider. Historically the policy provided for a minimum premium (fixed component paid in the insured year) and a variable component up to an agreed maximum premium with the variable component of the premium paid in arrears and varied depending upon TasNetworks' workers compensation performance during that year. The premium is now based on a 100% fixed value which is paid during the year, TasNetworks therefore has no provision for workers compensation as at 30 June 2024.

Restructure provision

A restructuring provision is only recognised when general recognition criteria provisions are fulfilled. TasNetworks has provided for restructuring costs where a detailed formal plan is in place about the part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate time line, and the people affected have a valid expectation that the restructuring is being carried out.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

E5. Trade and other payables

	2024	2023
	\$'000	\$'000
Current:		
Trade payables*	34,188	8,966
Accrued payables	12,679	26,760
Accrued expenses	3,307	2,106
GST payable	(749)	1,722
Accrued interest	33,320	30,497
	82,745	70,051

*Significant efforts were undertaken to process all invoices received but not yet due by 30 June 2024. This effort accounts for the substantial movement between Trade Payables and Accrued Payables.

Recognition and measurement

Trade payables and other accounts payable, including accruals for services not yet billed, are recognised when obligations to make future payments have occurred for goods received or services provided. Due to their short-term nature they are not discounted.

E6. Contract liabilities

	2024	2023
	\$'000	\$'000
Arising from connections to the transmission network	31,141	32,734
Arising from connections to the telecommunications network	2,558	4,538
Arising from connections to the distribution network	21,733	46,342
Arising from other services provided	2,830	2,800
	58,262	86,414
Shown as:		
Current contract liabilities	21,966	54,513
Non-current contract liabilities	36,296	31,901
	58,262	86,414

Recognition and measurement

Contract liabilities

Contract liabilities relate to revenue received in advance arising from connections to the transmission and telecommunications networks are predominantly regulated and unregulated services revenue that have been received from customers for a long term connection to TasNetworks' assets. The full connection charges are recognised as a contract liability at inception of the contract and allocated to revenue over the life of the agreement to which it pertains (note A1).

Contract liabilities relate to revenue received in advance arising from connections to the distribution network. A contract liability is recognised when funds are received which is prior to construction commencement, this income is recognised as revenue at the point in time when the connection is completed and the performance obligation has been met.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

E6. Contract liabilities (continued)

Contract liabilities arising from other services provided is received in advance and recognised as revenue upon completion of the service.

The decrease in contract liabilities is primarily due to movements in Customer Contributions. This change results from improvements in revenue recognition and a thorough review and adjustment process, which included the reclassification of \$4 million in jobs without binding agreements.

The following table shows how much of the revenue recognised in the current reporting period that relates to the contract liability balance at the start of the year.

	2024	2023
	\$'000	\$'000
Amounts from connections to the transmission network	1,593	976
Amounts from connections to the telecommunications network	1,980	868
Amounts from connections to the distribution network	24,609	31,906
Amounts from other services provided	(30)	358
	28,152	34,107

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Regional Connectivity Program Grant Funding - Fortytwo24

The Regional Connectivity Program grant funding agreement includes specific repayment conditions. This agreement requires the grant funding of \$4.4 million (GST incl) received by Fortytwo24 to improve the connectivity of regional Australian communities through telecommunications infrastructure projects to be repaid to the Commonwealth if the conditions are not met.

During the financial year, Fortytwo24 secured grant funding of \$4.4 million (GST incl) as part of Round 3 of the federal government's Regional Connectivity Program (**RCP**). The grant payment will be issued to Fortytwo24 as stated in the Grant Agreement, however, is then required to be paid to TasNetworks as per clause 5.1 of the Works and Access Agreement. As Fortytwo24 is acting as a conduit for the grant payment, the revenue will be passed through to TasNetworks with no profit or loss impact to Fortytwo24. From a consolidated perspective, the TasNetworks Group will recognise the grant funds as directed by AASB 120 para. 27.

Grant revenue is recognised on a systemic basis over the period in which Fortytwo24 recognises as expenses the related costs for which the grants are intended to compensate. Grant revenue is not recognised until there is reasonable assurance that Fortytwo24 will comply with the conditions attaching to them and that the grant revenue will be received. As of the 30th of June 2024, 10% of the grant funding had been received by Fortytwo24 and it has been treated as deferred income.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

TasNetworks' people

This section provides information relating to a range of employment and post employment benefits provided to TasNetworks' people, as well as information on the key management personnel of TasNetworks.

F1. Employee benefits

	Note	2024 \$'000	2023 \$'000
Current:			
Annual leave		12,226	12,746
Long service leave		13,377	13,486
Defined benefits superannuation	F2	8,311	6,488
Other employee benefits		4,750	4,803
		38,664	37,523
Non-current:			
Long service leave		2,641	3,572
Defined benefits superannuation	F2	142,366	138,194
Other employee benefits		452	593
		145,459	142,359
		184,123	179,882

Recognition and measurement

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably. The provision represents the amount that TasNetworks has an obligation to pay resulting from employees' services provided up to the balance date.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by TasNetworks in respect of services provided by employees up to reporting date. These amounts are discounted to determine their present value.

Salaries, annual and long service leave

Annual leave and long service leave provisions are classified as current where the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. This does not imply that there is an expectation that the current provision will be paid out within the next twelve months.

Movements to these provisions are included in the cost of labour and charged directly to capital jobs or cost centres, and correspondingly, the provisions absorb the cost when employees utilise their benefits.

Key estimates

Long service leave

The long service leave provision requires management judgement of the key assumptions including:

- future increases in salaries and wages;
- future on-cost rates;
- experience of employee departures and periods of service; and
- application of an appropriate discount rate where liabilities are more than 12 months due.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

F1. Employee benefits (continued)

Termination payments

Termination payments are calculated in accordance with the relevant employee agreements. Provisions are made when it is probable that settlement will be required and they are capable of being measured reliably.

Sick leave

No provision for sick leave is allowed for in the financial statements as sick leave is non-vesting and employee benefits only exist when employees become sick.

Defined contribution superannuation plans

TasNetworks makes contributions for employees to an accumulation superannuation plan in accordance with the Commonwealth's *Superannuation Guarantee (Administration) Act 1992*. Contributions are expensed when incurred.

Defined benefit superannuation plans

The balance of employees are provided with superannuation benefits through a defined benefit superannuation scheme.

For defined benefit superannuation plans the cost of providing benefits is determined using the projected unit credit method with actuarial valuation being carried out at that end of each reporting period (see note F2).

Remeasurements comprising actuarial gains and losses, and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a change or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified.

Past service cost is recognised in the profit or loss when the plan amendment or curtailment occurs, or when TasNetworks recognises related restructuring costs or termination benefits if earlier. Gains or losses on a settlement of a defined benefit plan is recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

- Service costs which include current and past service costs as well as gains and losses on curtailments and settlements.
- Net interest expense or income
- Remeasurements

Service costs are recognised in the statement of financial position as an employee benefit expense (note A2(c)). Net interest is recognised within finance costs (note A3).

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service costs, net of the fair value of the plan's assets. The net assets, operating costs and investment returns of the Fund are allocated to TasNetworks based on the percentage of funded past service liabilities for TasNetworks compared to the funded past service liabilities for the whole of government. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

F2. Defined benefit superannuation plan

The Retirement Benefits Fund (RBF) is a defined benefit fund that pays lump sum benefits on resignation and lump sum or pension benefits to members upon retirement, death or invalidity, or upon reaching preservation age after resignation (which are calculated as a multiple of the members' final average salaries). The RBF has contributory members, compulsory preserved members and pensioners. The defined benefit section of RBF is closed to new members.

TasNetworks employees who joined the Tasmanian public sector, Hydro Electric Commission (subsequently Hydro Electric Corporation) (Hydro Tasmania) or one of TasNetworks' antecedent businesses Transend Networks or Aurora Energy prior to 1 July 1999 may be members of the defined benefit fund. All other employees are provided with superannuation benefits through accumulation schemes for which TasNetworks meets its employer obligations by periodic contributions. Consequently, TasNetworks does not carry any liability for superannuation in relation to all post 1 July 1999 employees.

The Scheme operates under the *Public Sector Superannuation Reform Act 2016* and the *Public Sector Superannuation Reform Regulations 2017* (as amended from time to time).

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 far as practicable.

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 Tasmanian Government and RBF elects) up to the amount of "untaxed" benefits paid to members in the year.

The Superannuation Commission (the Commission) has fiduciary responsibility for, and oversees the administration of, the Scheme. The day to day running of the Scheme is managed by the Office of the Superannuation Commission, within the Department of Treasury and Finance.

Defined benefit superannuation risks

There are a number of risks to which the Scheme exposes TasNetworks. The more significant risks relating 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 over the long term.
- 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 over the long term.
- Inflation risk - The risk that inflation is higher than anticipated, increasing pension payments and the associated employer contributions over the long term.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

F2. Defined benefit superannuation plan (continued)

Defined benefit superannuation risks (continued)

- Benefit options risk - The risk that a greater proportion of members who joined prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.
- Pensioner mortality risk - The risk that pensioner mortality will be lower 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.

Significant events

There were no Scheme amendments affecting the defined benefits payable, curtailments or settlements during the year.

Key assumptions

Defined benefit superannuation plan

The actuarial assessment and key assumptions that have been used in determining this are as per the State Actuary's (Mercer) report, dated 16 July 2024 and are set out below:

Assumptions to determine defined benefit cost and start of year defined benefit obligation	2024	2023
	%	%
Discount rate (active members)	5.70	5.35
Discount rate (pensioners)	5.70	5.35
Expected rate of increase of compulsory preserved amounts	3.50	5.50
Expected salary increase rate	3.50	3.50
Expected pension increase rate	3.50	5.50
Assumptions to determine end of year defined benefit obligation	2024	2023
	%	%
Discount rate (active members)	5.55	5.70
Discount rate (pensioners)	5.55	5.70
Expected rate of increase of compulsory preserved amounts	3.50	3.50
Expected salary increase rate	3.50	3.50
Expected pension increase rate	3.50	3.50

Notes to the consolidated financial statements (continued) For the financial year ended 30 June 2024

F2. Defined benefit superannuation plan (continued)

Fair value of Scheme assets

	30 June 2024*		
	Total	Significant observable inputs - Level 2	Unobservable inputs - Level 3
	\$'000	\$'000	\$'000
Cash deposits	-	-	-
Australian equities	7,009	7,009	-
International equities	8,692	8,692	-
Infrastructure	6,288	1,602	4,686
Diversified fixed interest	8,932	8,932	-
Property	6,249	641	5,608
Alternative investments	2,884	2,884	-
Total	40,054	29,760	10,294

*Estimated based on assets allocated to TasNetworks as at 30 June 2024 and asset allocation of the RBF Scheme as at 30 June 2023.

Fair value of own financial instruments

The fair value of Scheme assets includes no amounts relating to:

- any of TasNetworks' own financial instruments; and
- any property occupied by, or other assets used by TasNetworks.

Assets are not held separately for each reporting entity 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, we have used the Government Bond yield of 4.55%, in order to be consistent with the allocation of assets reported to the Department of Treasury and Finance.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

F2. Defined benefit superannuation plan (continued)

Amounts included in the balance sheet arising from TasNetworks' obligation in respect of its defined benefit plan

	Note	2024 \$'000	2023 \$'000
Present value of obligations at beginning of financial year		193,559	188,367
Total defined benefit obligation		193,559	188,367
RBF contributory scheme assets		40,054	40,941
Net liability at end of financial year		153,505	147,426
Movements in net liabilities			
Net liability at beginning of financial year		147,426	151,194
Expense recognised in profit or loss	A2(c)	9,526	9,626
Other comprehensive income recognised		4,505	(5,892)
Employer contributions paid by TasNetworks		(7,619)	(7,502)
Net liability at end of financial year		153,838	147,426
Current net liability	F1	8,311	6,488
Non-current net liability	F1	142,366	138,194
		150,677	144,682
Expenses recognised in profit or loss			
Employer service cost		1,484	1,739
Net interest cost	A3	8,042	7,887
Expense recognised in profit or loss		9,526	9,626
Other comprehensive income recognised			
Superannuation actuarial gains	D1	4,505	(5,892)
Other comprehensive income recognised		4,505	(5,892)

Employee benefits expense is included in the operating expenses line item of the statement of profit or loss and the superannuation actuarial gains/(losses) line item in the statement of comprehensive income. Interest costs are included within finance costs. Employer contributions of \$7.619m (2023: \$7.502m) reflects the amount paid by TasNetworks.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

F2. Defined benefit superannuation plan (continued)

Note	2024 \$'000	2023 \$'000
Fair value of Scheme assets		
Fair value of plan assets at beginning of financial year	40,941	40,943
Interest Income	2,277	2,146
Actual return /(diminution) on plan assets less interest income	(724)	(242)
Employer contributions received	7,619	7,502
Contributions by plan participants	724	793
Benefits paid	(10,757)	(10,172)
Taxes, premiums and expenses paid	(26)	(29)
Fair value of plan assets at end of financial year	40,054	40,941
Defined benefit obligations		
Present value of obligation at beginning of financial year	188,367	192,137
Employer service costs	1,484	1,739
Interest costs	10,319	10,033
Contributions by plan participants	724	793
Benefits paid	(10,757)	(10,172)
Taxes, premiums and expenses paid	(26)	(29)
Expected defined benefit obligation at year end	190,111	194,501
Actuarial (gain)/loss arising from settlement of "one off" transfer	(1,500)	2,744
Actuarial (gain)/loss arising from changes in demographic assumptions	-	933
Actuarial (gain)/loss arising from changes in financial assumptions	2,985	(5,340)
Actuarial (gain)/loss arising from liability experience	1,963	(4,471)
Present value of defined benefit obligation at end of financial year	193,559	188,367

Effect of the asset ceiling

The asset ceiling has no impact on the net defined benefit liability.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

Recognition and measurement

F2. Defined benefit superannuation plan (continued)

Sensitivity analysis

The defined benefit obligation as at 30 June 2024 under several scenarios is presented below.

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

	Base Case	Scenario A -1% pa discount rate	Scenario B +1% pa discount rate	Scenario C -1% pa pension rate	Scenario D +1% pa pension rate
Discount rate	5.55%	4.55%	6.55%	5.55%	5.55%
Pension increase rate	2.50%	2.50%	2.50%	1.50%	3.50%
Defined benefit obligation (\$'000)	192	214	174	177	210

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

The pension increase assumptions in the above table are long term pension increase assumptions. Higher rates are assumed for the next two years. In scenarios C and D, both the short and long term assumptions have been adjusted.

Asset-Liability matching strategies

TasNetworks is not aware of any asset and liability matching strategies adopted by the Fund.

Funding arrangements

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

Expected contributions

TasNetworks expects to pay employer contributions for the year ended 30 June 2025 of \$8.311m (2024: \$6.488m).

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for TasNetworks is 12.1 years.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

F3. Key Management Personnel compensation

The aggregate compensation to key management personnel of TasNetworks is set out below:

Benefits paid	Director Remuneration		Executive Remuneration		Consolidated	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	400	405	2,796	3,279	3,196	3,684
Post-employment benefits	43	41	288	293	331	334
Other long-term employment benefits	-	-	(458)	(111)	(458)	(111)
Other non-monetary benefits	-	-	-	-	-	-
Termination Benefits	-	-	1,457	612	1,457	612
	443	446	4,083	4,073	4,526	4,519

For Director remuneration, short term employment benefits includes Director fees, Committee fees and other benefits. Post employment benefits represents superannuation contributions.

For Executive remuneration, short-term employment benefits includes base salary, vehicles, other benefits and other non-monetary benefits. Post employment benefits represents superannuation contributions and other long-term employee benefits includes leave movements. Termination benefits are as provided for below.

Remuneration for the Board of Directors

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

2024 Director Remuneration¹

Name	Position	Period	Director Fees \$'000	Committee Fees \$'000	Superannuation ² \$'000	Total \$'000
Non-Executive Directors						
Mr R Gill	Chairperson	Full term	121	-	13	134
	Director					
Dr J Beeby	Director	Full term	56	-	6	62
Mr K Kehl	Director	Full term	56	-	6	62
Ms K Schaefer	Director	Full term	56	-	6	62
Mr M Smith	Director	To 20/06/2024	55	-	6	61
Ms C Hopkins	Director	Full term	56	-	6	62
Total			400	-	43	443

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

F3. Key Management Personnel compensation (continued)

2023 Director Remuneration¹

Name	Position	Period	Director Fees \$'000	Committee Fees \$'000	Superannuation ² \$'000	Total \$'000
Non-Executive Directors						
Mr R Gill	Chairperson	Full term	121	-	13	134
	Director					
Mrs J Doyle ³	Director	to 25/11/2022	26	-	-	26
Dr J Beeby	Director	Full term	56	-	6	62
Mrs S Merridew AM	Director	to 27/04/2023	46	-	5	51
Mr K Kehl	Director	Full term	56	-	6	62
Ms K Schaefer	Director	Full term	56	-	6	62
Mr M Smith	Director	from 25/11/2022	34	-	4	38
Ms C Hopkins	Director	From 28/04/2023	10		1	11
Total			405	-	41	446

Board remuneration notes and statements

- 1 Amounts are all forms of consideration paid, payable or provided by TasNetworks.
- 2 Superannuation means the contribution to the superannuation fund of the individual, including accrued superannuation.
- 3 Mrs J Doyle's directors fees were paid directly to her employer in arrears (2023 Remuneration)

Non-Executive Directors

Non-executive directors are appointed by the Shareholding Ministers. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant Guidelines for Tasmanian Government Businesses - Board Appointments. The level of fees paid to non-executive Directors is administered by the Department of Premier and Cabinet, as is additional fees paid in respect of their work on Board committees.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of reasonable 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.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

F3. Key Management Personnel compensation (continued)

Executive Remuneration

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

2024 Executive Remuneration

Name	Position	Period	Salary ¹ \$'000	Short-Term Incentive Payments ² \$'000	Other Monetary Benefits ³ \$'000	Vehicle Benefits ⁴ \$'000	Other Non- Monetary Benefits ⁵ \$'000	Superannuation ⁶ \$'000	Reported Remuneration ⁷ \$'000	Other Long-Term Benefits ⁸ \$'000	Termination Benefits ⁹ \$'000	Total \$'000
Dr S Mc Goldrick	Chief Executive Officer	Full Year	470	-	-	-	-	27	497	10	-	507
Mr A Davis	Executive Transformation, Strategy & Digital	To 09/07/2023	335	-	-	-	-	27	362	11	-	373
Mr W Tucker	Executive Growth	To 15/07/2023	12	-	-	-	-	38	50	(150)	811	711
Mr R Burridge AM	Executive Operations	Full Year	347	-	-	-	-	45	392	(29)	-	363
Mr K McGrath	Executive Operations (Incoming)	From 13/05/2024	51	-	5	-	-	4	60	4	-	64
Mr M Westenberg	Executive Finance	To 09/07/2023	299	-	-	-	-	27	326	(13)	-	313
	Executive Finance & Regulation	From 10/07/2023	-	-	-	-	-	-	-	-	-	-
Mr M Ash	Executive Stakeholders	To 15/07/2023	12	-	-	-	-	6	18	(217)	468	269
Mrs R Anderson	Executive People	To 09/07/2023	302	-	-	-	-	27	329	(13)	-	316
	Executive People & Transformation	From 10/07/2023	-	-	-	-	-	-	-	-	-	-
Mr P Stuckey	Executive Governance	Full Year	312	-	-	-	-	27	339	11	-	350
Ms C Wykamp10	CEO, Marinus Link Pty Ltd	To 22/03/2024	324	-	-	-	-	21	344	-	-	344
Ms K Walker	Head of Fortytwo24	From 22/09/2022 to 31/10/2023	82	13	-	6	-	18	119	(72)	178	225
Mr R Daley	Head of Fortytwo24	From 1/11/2023	126	29	-	11	-	15	181	(3)	-	178
Total			2,672	42	5	17	-	282	3,017	(461)	1,457	4,013
Acting arrangements Ms L Spikula	Acting Executive Finance & Regulation	From 03/04/2024 to 03/05/2024	20	-	-	-	-	2	22	3	-	25
Mr T Gowland	Acting Executive Operations	From 07/08/2023 to 08/09/2023	18	-	-	-	-	2	20	2	-	22
Mr R Daley	Acting Head of Fortytwo24	From 03/07/2023 to 12/08/2023	22	-	-	-	-	2	24	(2)	-	22
Sub-total			60	-	-	-	-	6	66	3	-	69
Total			2,732	42	5	17	-	288	3,083	(458)	1,457	4,082

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

F3. Key Management Personnel compensation (continued)

2023 Executive Remuneration

Name	Position	Period	Salary ¹ \$'000	Short-Term Incentive Payments ² \$'000	Other Monetary Benefits ³ \$'000	Vehicle Benefits ⁴ \$'000	Other Non- Monetary Benefits ⁵ \$'000	Superannuation ⁶ \$'000	Reported Remuneration ⁷ \$'000	Other Long-Term Benefits ⁸ \$'000	Termination Benefits ⁹ \$'000	Total \$'000
Dr S Mc Goldrick	Chief Executive Officer	Full Year	456	-	-	-	-	25	481	(1)	-	480
Mr A Davis	Executive Transformation and Strategy	To 19/08/2022	330	-	-	-	-	25	355	7	-	362
	Executive Transformation, Strategy and Digital	From 20/08/2022										
Mr W Tucker	Executive Growth	To 01/05/2022	299	-	-	-	-	38	337	8	-	345
		From 02/05/2022										
Mr M Paine	Executive Digital	To 19/08/2022	43	-	-	-	-	3	46	(37)	371	380
Mr R Burridge AM	Executive Operations	Full Year	341	-	-	-	-	44	385	2	-	387
Mr M Westernberg	Executive Finance	Full Year	296	-	-	-	-	25	321	10	-	331
Mr M Ash	Executive Stakeholders	Full Year	317	-	-	-	-	25	342	25	-	367
Mrs R Anderson	Executive People	Full Year	287	-	-	-	-	25	312	14	-	326
	Acting Executive Governance	From 03/12/2022 to 26/03/2023										
Mr M Chan	Executive Governance	To 02/12/2022	106	-	-	-	-	11	117	(14)	21	124
Mr P Stuckey	Executive Governance	From 27/03/2023	84	-	15	-	-	7	106	6	-	112
Ms B Clark	CEO, Marinus Link Pty Ltd	To 16/04/2023	271	-	-	-	-	20	291	(144)	220	367
Ms C Wykamp10	CEO, Marinus Link Pty Ltd	From 17/01/2023	149	-	-	-	-	13	162	-	-	162
Ms K Walker	Head of Fortytwo24	Full Year	234	35	-	16	-	32	317	13	-	330
Total			3,213	35	15	16	-	293	3,572	(111)	612	4,073

Notes to the consolidated financial statements (continued) For the financial year ended 30 June 2024

F3. Key Management Personnel compensation (continued)

Key management personnel services provided by separate entities

No director or executive has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' or executives' interests subsisting at year end.

Executive remuneration notes and statements

Amounts are all forms of consideration paid, payable or provided by the entity, i.e., disclosure is made on an accruals basis and includes all accrued benefits at 30 June.

- 1 Salary includes all forms of consideration paid and payable for services rendered and compensated absences during the period.
- 2 Short-term incentive payments are non-recurrent amounts paid or payable which depend on achieving specified performance goals within specified timeframes. These payments are capped at 15 per cent of salary as per the *Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration* (Revised June 2021).
- 3 Other monetary benefits includes reimbursements of relocation costs
- 4 Vehicle Benefits includes motor vehicle allowances, the personal use component of the total cost of providing and maintaining a vehicle for an executive's use, calculated using the FBT taxable value of the personal use component for the financial year plus the FBT payable.
- 5 Other non-monetary benefits includes medical care, housing, free or subsidised goods or services and reportable fringe benefits.
- 6 Superannuation means the contribution paid or payable to the superannuation fund of the individual, measured as follows:
 - for individuals in an accumulation superannuation scheme, the amount of superannuation contributions paid and accrued
 - for individuals in a defined benefits superannuation scheme, superannuation includes the relevant notional employer contributions calculated using a notional cost based on 12.95%.
- 7 Reported Remuneration includes the individual's salary, short term incentive payments, other monetary benefits, vehicle benefits, other non-monetary benefits and superannuation. For the purposes of assessing compliance with the Guidelines, Other long-term employee benefits and termination benefits are not included in the Reported Remuneration amount.
- 8 Other long-term benefits include movements in annual leave accruals and long service leave provisions. Long service leave is only recognised in this report once 10 years of service has been obtained and it is required to be paid.
- 9 Termination benefits include all forms of benefit paid or accrued as a consequence of termination, including leave entitlements paid out on termination.
- 10 Ms C Wykamp, Interim CEO was engaged under a contract for service as a sole trader commencing 17 January 2023 to 22 March 2024.

Executive Remuneration

Remuneration levels for key management personnel of TasNetworks are competitively set to attract and retain appropriately qualified and experienced Executives. The remuneration and salary review structure takes into account the capability and experience of the relevant Executive and the achievement of measurable organisational and individual goals.

Remuneration levels for future key management personnel will be set in accordance with the Director and Executive Remuneration Guidelines, (revised version dated June 2021). Under these Guidelines, remuneration bands for Chief Executive Officers (CEOs) are approved by the Treasurer, and are developed taking into consideration the principles outlined in the Guidelines, including the legal, regulatory and industrial environment, shareholder and community expectations and remuneration of the State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the remuneration band of the CEO. The appointment and setting of the initial remuneration for TasNetworks' former CEO and some of the existing Executive team predates the June 2014 Shareholder Direction to comply with the guidelines.

The CEO is appointed by the Board. Any proposed remuneration package above the approved remuneration band or terms of employment inconsistent with the Guidelines, must be approved by the Treasurer.

The employment terms and conditions of senior executives are contained in individual employment contracts, which prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, TasNetworks also provides non-monetary benefits and contributes to post-employment superannuation plans on their behalf.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

F3. Key Management Personnel compensation (continued)

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the CEO, contain a termination clause that requires the senior executive or the Board to provide a minimum notice period of up to 6 months prior to termination of the contract. CEO contracts for GBEs include a set term consistent with the requirements of the Government Business Enterprises Act 1995. Whilst not automatic, contracts can be extended.

No key management personnel appointed during the period received a payment as part of their consideration for agreeing to hold the position.

Short-term incentive payments

The Board sets fixed performance targets with goals and indicators aligned to the creation of value for employees of Fortytwo24.

Short-term incentive payments awarded during the current year included:

- Ms K Walker was granted a bonus of \$12,593 for exceeding performance benchmarks.
- Ms R Daley was granted a bonus of \$28,500 for exceeding performance benchmarks.

Termination benefits

Termination payments during the current year included:

- Mr W Tucker ceased employment effective 15 July 2023 and was paid \$811,166 representing the balance of his accrued annual and long service leave entitlements of \$151,168, a payment in lieu of notice of \$75,098, a lump sum payment of \$170,653 plus a termination payment in accordance with the terms of his contract of \$414,246.
- Mr M Ash ceased employment effective 15 July 2023 and was paid \$467,974 representing the balance of his accrued annual and long service leave entitlements of \$216,357, a payment in lieu of notice of \$79,162, a lump sum payment of \$94,661 plus a termination payment in accordance with the terms of his contract of \$77,798.
- Ms K Walker ceased employment effective 31 October 2023 and was paid \$177,984 representing the balance of her accrued annual and long service leave entitlements \$71,763, a payment in lieu of notice of \$58,312 plus a termination payment in accordance with the terms of her contract of \$47,910.

Acting arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence.

Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

During the current financial year the following acting arrangements were in place:

- During a period of leave for Mr M Westenberg, Ms L Spikula performed the duties of the Executive Finance & Regulation.
- During a period of leave for Mr R Burridge, Mr T Gowland performed the duties of the Executive Operations.
- During a period of leave for Ms K Walker, Mr R Daley performed the duties of the Head of Fortytwo24.

Statement of compliance

TasNetworks has complied with the Government's Director and Executive Remuneration Guidelines, applicable at the time, for the year ended 30 June 2024 with the exception of three variations. These are the confidentiality and termination provisions contained in executive contracts which pre-date the June 2014 Shareholders Direction to comply with the Guidelines.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

F4. Related party disclosures

For all Tasmanian Government businesses, related parties are considered to include:

- a subsidiary or joint venture;
- key management personnel or close family members of key management personnel;
- Ministers or close family members of Ministers;
- any entities controlled or jointly controlled by Ministers or their close family members; and
- any entities controlled or jointly controlled by key management personnel or their close family members.

Equity interest in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note H3 to the financial statements.

Key management personnel compensation

Details of key management personnel compensation are disclosed in note F3 to the financial statements.

Transactions with key management personnel and related parties

Some key management persons, or their related parties, transacted with TasNetworks in the reporting period as residents or owners of properties to which TasNetworks provides network services. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel.

Apart from the details disclosed in note F3, no director or executive has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' or executives' interests subsisting at year end.

Balances and transactions between TasNetworks and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Macquarie Soul Catering is a related party of TasNetworks as it is owned by a close family member of Minister Nic Street. During the year TasNetworks made purchases of \$14,623 from Macquarie Soul Catering, there was no amount owing at 30 June 2024.

There are no other material related party transactions requiring disclosure in accordance with the Tasmanian Government Business Guideline.

Controlling entity

The shares of the parent entity of Tasmanian Networks Pty Ltd are held in trust for the Crown in Right of the State of Tasmania.

The group transmits and distributes electricity and provides telecommunication services and undertakes other transactions with government entities on an arm's length basis in the normal course of business and on commercial terms and conditions.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

Commitments

This section contains information about the commitments TasNetworks has made.

G1. Leases

Leases as lessee

TasNetworks leases communication sites, land and some office space and equipment under various leases (note B3).

(a) Amounts recognised in the profit or loss

	2024	2023
	\$'000	\$'000
Interest on lease liability	(336)	(385)
Amortisation of lease assets	(854)	(783)
Expenses relating to short-term leases	(36)	(37)
Expenses relating to low value assets	(18)	(40)
	(1,244)	(1,245)

(b) Amounts recognised in the statement of cash flows

Total cash outflow for leases	(1,129)	(1,067)
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(c) Extension options

Some leases contain extension options exercisable by TasNetworks up to one year before the end of the initial period. Where practicable, TasNetworks assesses at lease commencement whether it is reasonably certain to exercise the options. TasNetworks reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes.

Operating leases as lessor

TasNetworks leases out part of its business premises, transmission system assets and distribution power poles under operating leases.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2024	2023
	\$'000	\$'000
Less than 1 year	3,630	3,623
1 to 2 years	3,661	3,415
2 to 3 years	3,693	3,662
3 to 4 years	3,616	3,700
4 to 5 years	3,679	3,604
More than five years	34,572	36,933
	52,851	54,937

Recognition and measurement

Operating lease payments are recognised as expenses on a straight-line basis as this reflects the pattern in which economic benefits of the leased assets are consumed.

Notes to the consolidated financial statements (continued)
For the financial year ended 30 June 2024

G2. Commitments for expenditure

	2024	2023
	\$'000	\$'000
Capital expenditure commitments*:		
Marinus Link intangible assets		
Within one year	-	3,901
One year or later and no later than five years	-	3,828
Greater than five years	-	460
	-	8,189
Property, plant and equipment		
Within one year	115,939	101,980
One year or later and no later than five years	44,856	51,697
Greater than five years	9,318	12,694
	170,113	166,371
Operating expenditure commitments*:		
Other expenses (excluding leases disclosed in note G1)		
Within one year	77,900	105,844
One year or later and no later than five years	22,370	37,077
Greater than five years	99	152
	100,369	143,073

*Capital expenditure commitment increases predominately relate to contracts entered to purchase long-lead time materials required for the future capital program, as well as contracts relating to the North-West transmission Development component of Project Marinus. The commitment for the North-West Project is \$3.99m.

*Operating expenditure commitments relate predominately to asset maintenance services.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

G3. Contingent liabilities and contingent assets

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding any possible amount or timing of any possible underlying claim or obligation.

Contingent assets

North Hobart Cable Claim

TasNetworks has commenced legal proceedings to address damages sustained to its infrastructure. Currently, there is an ongoing case in the Supreme Court of Tasmania, where TasNetworks is seeking to recover funds expended due to damages caused by third parties. A provision for this matter has been included in the financial statements. However, additional revenue may be recovered contingent upon the outcome of the settlement proceedings.

Contingent liabilities

At the time of publication of these accounts there were no contingent claims related to property loss, where TasNetworks is the defendant, personal injury (with the exception of claims by employees for personal injuries related to legacy herbicide exposure as mentioned below), contractual and other matters with TasNetworks (2023: nil). The directors are of the opinion, based on legal advice, that no provision for a liability is required.

TasNetworks has completed its investigation of a legacy herbicide exposure attributable to former Hydro Electric Commission (Hydro) employees spraying vegetation dating back to the 1960-70's. The possible exposure passed to TasNetworks under the respective transfer notices for business restructuring in 1998 (from Hydro to Transend Networks Pty Ltd) and 2014 (from Transend Networks Pty Ltd) respectively. A Claims Settlement Protocol and a Quantum Framework was established with a sunset date of 31 December 2025. TasNetworks currently has no notice of any claims and the potential for future claims is assessed as very unlikely.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

Other information

This sections includes additional information that is required by either accounting standards or Guidelines for Tasmanian Government Businesses.

H1. Auditor's remuneration

Amounts received, or due and receivable:

Audit of financial statements for the group

Audit of Regulatory Information Notice*

2024	2023
\$	\$
291,900	270,000
251,957	242,550
543,857	512,550

*A Regulatory Information Notice is an annual data gathering instrument that is issued by the Australian Energy Regulator to all network businesses. This is a mandatory requirement that must be complied with.

H2. Overseas travel

During the financial year 2023-24, seven employees undertook five overseas trips, costing \$156,668 (2023: \$53,753)

The main purposes of trips were to:

- Attend the Digital Transformation in the Energy Sector Forum in the Netherlands and visit leading utilities in the area.
- Present at the NetApp Insight Global Technology Conference in Las Vegas, USA.
- Attend the EEI Global Electrification Forum in Washington, USA.
- Meet with UK Energy Distributors including Entergy, UK Power Networks and National Grid.
- Meeting with Insurance brokers ahead of annual renewals in London, UK.

H3. Returns to Government

During the year the following payments were made to the Tasmanian Government*

Income Tax Equivalents paid

Government guarantee fees paid

Dividends paid

40,872	31,472
6,967	6,685
11,721	22,583
59,560	60,740

*Returns to Government are measured in cash payments made during the financial year.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H4. Controlled entities

The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the Group, being the company (the parent entity) and its controlled entities. Controlled entities are all those entities over which the parent entity has the power to govern the financial and operating policies so as to obtain benefits from their activities. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control that entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group, are eliminated in full.

Reference to TasNetworks in these financial statements is referring to the Group.

Name of entity	Footnote	Country of incorporation	Ownership interest	
			2024	2023
Parent entity			%	%
Tasmanian Networks Pty Ltd		Australia		
Subsidiaries				
TasNetworks Holdings Pty Ltd	1	Australia	100	100
Fortytwo24 Pty Ltd*	2	Australia	100	100
Marinus Link Pty Ltd*	3	Australia	-	100
TasNet Connections Pty Ltd*	4	Australia	100	100

* Fortytwo24 Pty Ltd and TasNet Connections Pty Ltd are 100% owned subsidiaries of TasNetworks Holdings Pty Ltd. Marinus Link Pty Ltd was a 100% owned subsidiary of TasNetworks Holdings Pty Ltd up to 22 March 2024.

+ On 22 March 2024 TasNetworks executed the sale of its 100% owned subsidiary, Marinus Link Pty Ltd to the Commonwealth Government, Victorian Government and the Tasmanian Government ("Shareholders") through a tripartite ownership agreement.

Footnotes

1. TasNetworks Holdings Pty Ltd was incorporated on 24 May 2018.
2. Fortytwo24 Pty Ltd was incorporated on 14 February 2006.
3. Marinus Link Pty Ltd was incorporated on 23 November 2018 and sold on 22 March 2024.
4. TasNet Connections Pty Ltd was incorporated on 20 May 2019 and is not operational.

Recognition and measurement

When TasNetworks loses control of a subsidiary, the gain or loss on disposal recognised in the profit or loss is calculated as the difference between (i) the aggregate fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as cost on initial recognition of an investment in an associate or joint venture.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H5. Interest in associates and joint ventures

Details of TasNetworks' joint venture as at the end of the reporting periods are disclosed in the table below, summarised financial information of the joint venture is set out in note B4.

		Consolidated		Parent	
		Share Ownership	Joint Venture voting rights	Share Ownership	Joint Venture voting rights
		2024	2023	2024	2023
Joint Venture	Principal activity	%	%	%	%
Virtual Twin TAS Pty Ltd ⁵	Provide a digital twin of Tasmania	50	50	50	50

Footnotes

5. Virtual Twin TAS Pty Ltd was incorporated on 18 May 2022.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

When a Group entity transacts with a joint venture of TasNetworks, profits and losses resulting from the transactions with the joint venture are recognised in TasNetworks' financial statements only to the extent of interests in the joint venture that are not related to the Group.

Summarised statement of financial position

	Virtual Twin Tas Pty Ltd	
	2024	2023
	\$'000	\$'000
Current assets	1,900	1,736
Non-current assets	6,905	4,093
Total Assets	8,805	5,829
Current liabilities	2,847	1,355
Total liabilities	2,847	1,355
Net assets/(liabilities)	5,958	4,473
Elimination of TasNetworks' intercompany transactions (50%)	(307)	(203)
TasNetworks share of net assets/(liabilities) (50%)	2,672	2,034

Summarised statement of profit or loss and other comprehensive income

	2024	2023
Total revenue	3,554	2,878
Total expenses	(1,416)	(1,035)
Income tax expense	(761)	(553)
Profit/(loss) after tax	1,377	1,291
Elimination of 42-24 intercompany transactions (50%)	180	141
Elimination of TasNetworks' intercompany transactions (50%)	(1,012)	(1,363)
Total comprehensive income/(loss) for the year	545	68
TasNetworks share of total income/(loss) for the year (50%)	273	34

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H6. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2024, the parent entity of the Group was Tasmanian Networks Pty Ltd.

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

	Parent	
	2024	2023
	\$'000	\$'000
Result of parent entity		
Profit/(Loss) for the year	(47,503)	31,182
Other comprehensive income for the period	103,187	164,995
Total comprehensive income for the period	55,684	196,177
Financial position of parent entity at year end		
Current assets	120,748	129,973
Intercompany receivable	(20)	1,527
Non-current assets	4,134,474	3,909,557
Intercompany loan	-	78,025
Total assets	4,255,202	4,119,082
Current liabilities	446,649	418,010
Non-current liabilities	2,458,910	2,387,084
Total liabilities	2,905,559	2,805,094
Net assets	1,349,643	1,313,988
Total equity of the parent entity comprising of:		
Contributed equity	62,724	62,724
Reserves	1,151,399	1,045,409
Retained earnings	135,520	205,855
Total equity	1,349,643	1,313,988

Parent entity notes

Contingent liabilities of the parent entity are set out in note G3 and are the same for the consolidated entity. Capital commitments for the acquisition of property plant and equipment for the parent are as below:

Capital expenditure commitments+:

Property, plant and equipment	115,528	101,980
Within one year	44,834	51,697
One year or later and no later than five years	9,318	12,694
Greater than five years	169,680	166,371

+Capital expenditure commitment increases predominately relate to contracts entered to purchase long-lead time materials required for the future capital program.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H7. Subsequent events

Dividends

Subsequent to the end of the financial year, the Board has not recommended a dividend due to the loss position resulting from the sale of its subsidiary Marinus Link Pty Ltd during the 2023-24 financial year.

Project Marinus - Equity Injection

On 22 March 2024 TasNetworks executed the sale of its entire shareholding in MLPL to the Commonwealth, Victorian and Tasmanian Governments ("shareholders") through a tripartite ownership agreement. This was undertaken at the direction of the TasNetworks' Shareholders.

As part of the sale process, prior to execution of the agreement, the Shareholding Ministers advised the Board of TasNetworks that funding equivalent to its investment in MLPL would be provided to TasNetworks by way of an equity contribution during 2024-25, subject to Parliamentary approval. The equity contribution value and timing of receiving has yet to be confirmed.

Other

Apart from the items discussed above, there have been no material or unusual items, transactions, or events arising between the end of the financial year and the date of this report that, in the opinion of the directors, are likely to significantly impact the operations, results, or state of affairs of TasNetworks in future financial years.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H8. Changes in accounting policies

Accounting standards adopted

In the current year, TasNetworks has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. TasNetworks has adopted the following relevant standards:

AASB amendment	Affected standard	Nature of change to accounting policy
AASB 2021-2	Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates	Amends AASB Standards to improve accounting policy disclosures and clarify the distinction between accounting policies and accounting estimates; specifically <ul style="list-style-type: none"> AASB 7 <i>Financial Instruments Disclosures</i>, to clarify that measurement bases for financial instruments are material. AASB 101 <i>Presentation of Financial Statements</i>, requirement to disclose material accounting policies not significant policies. AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, to clarify what are changes in policies versus changes in estimates. AASB Practice Statement 2 <i>Making Materiality Judgements</i>, non-mandatory guidance of how to apply materiality.
AASB 2020-1	AASB 101 <i>Presentation of financial statements</i>	The amendments to AASB 101 <i>Presentation of Financial Statements</i> affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
AASB 2021-5	AASB 112 <i>Income Taxes</i>	The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.
AASB 2022-7	Editorial Corrections to Australian Accounting Standards and repeal of superseded and redundant standards.	Makes editorial corrections to six standards and AASB Practice Statement 2 <i>Making Materiality Judgements</i> . The corrections include corrections made by the IASB to IFRS Accounting Standards since June 2021.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H8. Changes in accounting policies (continued)

Future pronouncements

The following standards and amendments were available for early adoption but have not been applied by TasNetworks in these financial statements.

AASB amendment	Affected standard	Nature of change to accounting policy	Effective date	Application date for TasNetworks
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date and 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	AASB 101 <i>Presentation of financial statements</i>	<p>The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items:</p> <ul style="list-style-type: none"> Introduce a definition of 'settlement' that makes it clear that settlement refers to the transfer to the counterparty of cash, other economic resources (such as goods or services) or an entity's own equity instruments Clarify that the classification of liabilities as current or non-current is based on rights that exist at the end of the reporting period Specify that classification is unaffected by the likelihood that the entity will exercise its right to defer settlement of a liability (e.g. if management intends to settle the liability within 12 months after the reporting date) Specify the impact of covenants on an entity's right to defer settlement for at least 12 months (in that only covenants which the entity is required to comply with on or before the reporting date affect that right) Introduce a requirement to disclose information in the notes which enables users of financial statements to understand the risk that non-current liabilities with covenants may become repayable within 12 months Defer the application of the amendments to financial reporting periods beginning on or after 1 January 2024. This is not expected to have a material impact on TasNetworks. 	1 January 2024	30 June 2025

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H8. Changes in accounting policies (continued)

Future pronouncements (continued)

AASB amendment	Affected standard	Nature of change to accounting policy	Effective date	Application date for TasNetworks
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>	The amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. This is not expected to have a material impact on TasNetworks.	1 January 2025	30 June 2026

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H8. Changes in accounting policies (continued)

Future pronouncements (continued)

AASB amendment	Affected standard	Nature of change to accounting policy	Effective date	Application date for TasNetworks
AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	AASB 16 <i>Leases</i>	Amends AASB 16 <i>Leases</i> to require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retains. This is achieved by requiring the expected variable lease payments to be included in the lease liability. This is the only type of lease liability that includes variable payments as all 'normal' lease liabilities only include fixed payments. This is not expected to have a material impact for TasNetworks.	1 January 2024	30 June 2025
AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements	AASB 107 <i>Statement of Cash Flows</i> AASB 7 <i>Financial Instruments: Disclosures</i>	Amends: <ul style="list-style-type: none"> AASB 107 <i>Statement of Cash Flows</i> to require entities to provide qualitative and quantitative information about its supplier finance arrangements AASB 7 <i>Financial Instruments: Disclosures</i> by adding supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. Transitional reliefs (which include not requiring the disclosure of comparative information) are available for the first annual reporting period in which an entity applies the amendments. These amendments are not expected to have a material impact on TasNetworks. 	1 January 2024	30 June 2025

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

H8. Changes in accounting policies (continued)

Pronouncements issued by the IASB or IFRS Interpretations Committee where an equivalent pronouncement has not been issued by the AASB

AASB amendment	Affected standard	Nature of change to accounting policy	Effective date	Application date for TasNetworks
IFRS 18 Presentation and Disclosure in Financial Statements	IAS 1 <i>Presentation of Financial Statements</i>	<p>Replaces IAS 1 Presentation of Financial Statements, introducing enhanced requirements for the presentation of financial statements, including:</p> <ul style="list-style-type: none"> In the statement of profit or loss, introducing new required categories (operating, investing and financing) and subtotals ('operating profit' and 'profit before financing and income taxes') Disclosures about management-defined performance measures (MPMs), limited to subtotals of income and expenses and requiring: A reconciliation of the MPM to an IFRS-defined subtotal An explanation of why the MPM is reported An explanation of how the MPM is calculated An explanation of any changes to the MPM Enhanced guidance on grouping of information (aggregation and disaggregation), including guidance on whether information should be presented in the primary financial statements or disclosed in the notes, and disclosures about items labelled as 'other'. <p>Not applicable to TasNetworks.</p>	1 January 2027	30 June 2028

These standards and interpretations will be first applied in the financial report of TasNetworks that relates to the annual reporting period beginning after the effective date of each pronouncement.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

11. Discontinued operations

MLPL was a solely-owned subsidiary of TasNetworks. It was established in December 2021 to progress the development of an HVDC interconnector between Tasmania and Victoria known as Marinus Link. The main purpose of creating the company was to enable better management of the Marinus Link project and allow for third party investment or divestment in the future.

On 22 March 2024 TasNetworks executed the sale of its entire shareholding in MLPL to the Commonwealth, Victorian and Tasmanian Governments ("shareholders") through a tripartite ownership agreement. This was undertaken at the direction of the TasNetworks' Shareholders.

The results of the discontinued operations, which have been included in the consolidated statement of comprehensive income, are as follows:

(a) Profit or Loss

	2024	2023
	\$'000	\$'000
Revenue	2,895	7,326
Expenses	(13,785)	(12,673)
Loss before tax	(10,890)	(5,347)
Tax expense	3,761	1,604
Loss after tax	(7,129)	(3,743)

(b) Cash flow from discontinued operations

The net cash flows incurred by the discontinued operations are as follows:

	2024	2023
	\$'000	\$'000
Operating activities	(6,339)	(9,042)
Investing activities	2,947	(39,194)
Financing activities	3,420	48,261
Net cash inflow/(outflow)	28	25

(c) Loss on sale

The loss on the sale of Marinus Link was calculated as follows:

	2024
	\$'000
Sale proceeds*	1
Net assets sold	11,239
Less: Forgiveness of intercompany loan	(81,521)
Loss on sale	(70,281)

*TasNetworks sold its shareholding in MLPL at a nominal \$1,000.00 at the Direction of its Shareholders.

A loss of \$70.3 million arose on the disposal of MLPL, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets.

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2024

11. Discontinued operations (continued)

(d) Disposal of subsidiary

The net assets of Marinus Link at the date of disposal were as follows:

	Note	22 March 2024 \$'000
Assets		
Non-current assets		
Property, plant and equipment	B2	38,394
Intangible assets	B1	36,320
Right-of-use assets	B3	124
Other non current assets		22
Total non-current assets		74,860
Current assets		
Cash and cash equivalents		64
Trade and other receivables		49
Other current assets		327
Total current assets		440
Total assets classified as held for sale		75,300
Equity and Liabilities		
Equity attributable to equity holders of the parent		
Retained earnings		(11,240)
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale		79,535
Total equity		68,295
Non-current liabilities		
Employee benefits		191
Lease liabilities		40
Total non-current liabilities		231
Current liabilities		
Trade and other payables		5,981
Employee benefits		703
Lease liabilities		89
Other current liabilities		1
Total current liabilities		6,774
Total liabilities		7,005
Total equity and liabilities		75,300

Director's declaration

For the financial year ended 30 June 2024

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that Tasmanian Networks Pty Ltd will be able to pay its debts as and when they become due and payable;
- (b) the financial statements comply with international financial reporting standards as disclosed in these notes to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including being in compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of Tasmanian Networks Pty Ltd; and
- (d) the directors have been provided with declarations from the Chief Executive Officer and the Executive Finance for the financial year.

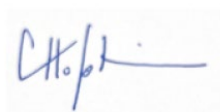
Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors



Mr Roger Gill
Chairman

Hobart
12 August 2024



Ms Cheryl Hopkins
Director

Hobart
12 August 2024



