



Modern slavery statement
December 2022

Foreword



This statement outlines the steps we are taking to minimise the risk of modern slavery across our operations and supply chains.

We acknowledge our role and responsibility in seeking to safeguard human rights through ethical and sustainable business practices. We also recognise that human rights are an area of importance to our people, shareholders, customers, and the communities in which we operate.

As one of the largest developers of capital projects in Tasmania we engage with a wide range of suppliers from small local suppliers to large multinational organisations.

We are also a large employer with staff operating in varied operating environments with many requiring highly specialised equipment, clothing and uniforms.

Like most large businesses we procure goods and services such as office stationery and equipment, technology services, cleaning services, vehicles and mechanical equipment and services.

We deal with suppliers of the chemicals we need for use in the supply of water and sewerage services, and the spare parts to maintain our water and sewerage infrastructure.

Our capital program sees us source the design and construction services needed to deliver the construction and upgrade of our water and sewerage infrastructure. Many of these are sectors with known modern slavery risks.

I am pleased that for this period, there have been no specific instances of modern slavery identified by any suppliers or their supply chains. However we are early on a journey of continuous improvement of our modern slavery risk identification and mitigation, and we are committed to continuous improvement of our policies and procedures in this area.

We are opposed to slavery in all its forms and are fully committed to adhering to the highest ethical standards.

This Statement was approved by our board on 12 December 2022 and is signed by Dr Stephen Gumley AM (Chair) and George Theo (CEO) on TasWater's behalf.

Dr Stephen Gumley AO
TasWater Chair

George Theo
TasWater CEO

Structure

The Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater, was established in 2013 under the *Corporation Act 2001* (Cth) as a Proprietary Limited Company, and its registered offices are in Moonah Tasmania.

TasWater is owned by the 29 local government councils and the Tasmanian State Government. Our governance structure is detailed on our website at <https://www.taswater.com.au/About-Us/Governance-and-Policies>. TasWater employs approximately 800 employees, has three corporate offices, and is the primary provider of water and sewerage services in Tasmania.

TasWater is not part of a corporate group of companies, and does not own or control any other entity, nor does it operate outside the state of Tasmania. TasWater is part of a middle term Alliance arrangement that provides design and construction services associated with the water and sewerage infrastructure TasWater owns.

The TasWater Board is responsible for the overall corporate governance and setting the strategic direction for the business.

The Board is responsible for ensuring that the overall objectives of the *Water and Sewerage Corporation Act 2012* are met, taking into account the Shareholders' Letter of Expectations and providing oversight of management's performance.

Role of the Tasmanian Economic Regulator

The Tasmanian Economic Regulator (TER) provides an independent cost and pricing review of TasWater. This ensures that, as a monopoly, we are operating efficiently and investing prudently in infrastructure (in the right things, for the right reasons, at the right time).

Every four years, we provide a proposal regarding our expenditure and prices for the upcoming regulatory period in a Price and Service Plan (PSP) submission to the TER.

The PSP shows proposed spending on our operations, inflationary increases, our change in number of customers and usage (demand), our infrastructure program and our depreciation and return on investment.

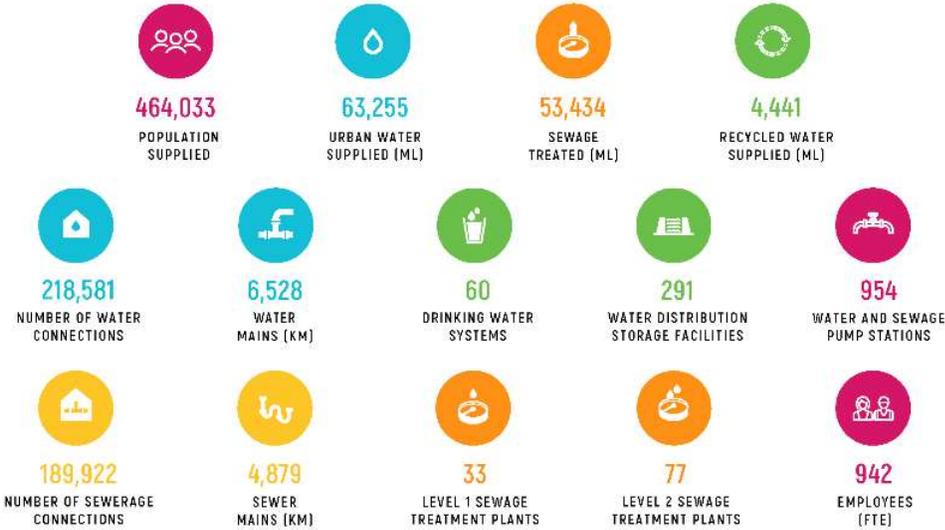
Operations

TasWater comprises seven areas of business each lead by a General Manager reporting to the CEO.

- Asset Management Services
- Service Delivery
- Finance & Commercial Services
- Customer & Corporate Relations
- People, Culture & Safety
- Governance & Assurance
- Project Delivery.

Our network

Business Snapshot as at 30 June 2022



ML – Megalitres
 KM – Kilometres
 FTE – Full-time equivalent

- Level 1 Sewage Treatment Plants are regulated by local councils and are designed to treat less than 100kL of waste per day.
- Level 2 Sewage Treatment Plants are regulated by the Environmental Protection Agency (EPA) and are designed to treat greater than 100kL of waste per day.

Capital program

TasWater Capital Delivery Office

Major projects within TasWater's accelerated capital program are delivered by the TasWater Capital Delivery Office (CDO). The CDO is a program management alliance between TasWater and UGL Limited and CPB Contractors, along with their sub alliance partner WSP.

This arrangement creates a single collaborative team where our people work alongside people employed by our partners.

In response to the strong progress of the Capital Works Program over the past two financial years, TasWater executed the option to extend our Capital Delivery Office (CDO) alliance with UGL Limited and CPB Contractors in February 2022, along with their sub alliance partner WSP.

The alliance will continue to deliver our accelerated Capital Works Program through to June 2025.

As a result of this decision, the CDO model will continue to directly support the Tasmanian economy, with over 80 per cent of the total value of packages (and 93 per cent of total contracts) awarded by the CDO to 30 June 2022, being awarded to Tasmanian-based suppliers.

The total value of packages awarded to Tasmanian-based companies by the CDO as at 1 October 2022 was \$186.0 million.

The Project Delivery Group (PDG) Renewals team is a sub-division within the Project Delivery Division.

The CDO Tendering process

Prior to releasing a tender to market, the CDO Procurement Officer, in consultation with the CDO Engineering Team, selects a minimum of three companies from a register of prequalified contractors to be invited to submit tenders.

The selection is based on information supplied as part of the prequalification process by the various contractors and covers:

- The scope of work
- Geographic location
- Scale of the project
- Technical capability
- Current capacity
- Past performance.

A Tender Evaluation Panel is selected comprising a minimum of three CDO personnel.

The tender documents are issued through a specialised software management system (Aconex) to the selected pool of tenderers with a specified tender close date and time.

Depending on the nature of the works being tendered the CDO Procurement Officer and CDO Engineering Team may provide a tender briefing and opportunity for a group site visit.

The Aconex system locks all tender submissions until the date and time of the tender close has passed, at which point the Tender Evaluation Panel can access the submissions for review and evaluation in accordance with the evaluation criteria documented prior to the tender issue.

Following completion of the tender evaluation process the Tender Evaluation Panel will select a preferred tenderer and progress with award of a contract.

Project Delivery Group (PDG) Renewals team

Separate from the CDO, the Project Delivery Group (PDG) Renewals team is responsible for delivering lower value, lower risk projects that can range from \$20k - \$1M in value but are not limited to these totals.

The PDG Renewals Team was initially located within the Capital Delivery Office (CDO) however it was identified that the CDO delivery model was not flexible enough to accommodate the lower value, lower risk projects and therefore a business decision was made to transition the Renewals Team back into TasWater.

Once this decision was made it enabled the newly established PDG Renewals Team to take the positive learnings from the two years within the CDO, combine this with the years of experience delivering renewals projects within TasWater and collate the two together to form a new Project Delivery Framework for the business.

Other capital spend

Projects in this category are predominantly made up of the following:

- Fleet (i.e., purchase of work vehicles)
- Facilities (upgrades/additions to TasWater buildings, access roads, etc)
- ICT (system upgrades, hardware costs, etc)

The amount spent on other projects was \$12.9M for FY21/22 including the following breakdown:

- Fleet = \$4.8M
- Facilities = \$3.0M
- ICT = \$5.1M

The forecast spend for FY22/23 is \$11.15M.

Our Supply Chains

Through our accelerated capital program, TasWater engages with a wide range of suppliers from small local suppliers to large multinational organisations.

Our supply chain partners include suppliers of a wide range of goods and services including:

- office stationery and equipment
- technology services
- cleaning services
- vehicles and mechanical equipment and services
- uniforms and clothing,
- chemical supplies for use in the supply of water and sewerage services
- spare parts for operations and maintenance of our water and sewerage infrastructure
- design and/or construction services associated with the construction and/or upgrade of our water and sewerage infrastructure.

We recognise that many of these are sectors with known modern slavery risks.

Our Supply Chain Services department is responsible for all Procure to Pay (P2P) activities including procurement, purchasing, contract management and inventory stores management. The P2P function is comprised of the three key areas of Procurement (both Operational and Project), Purchasing and Accounts Payable.

For this period, there have been no specific instances of Modern Slavery identified by any suppliers within their supply chains however we have just begun and there will ongoing monitoring of high risk service providers.

Due diligence activities during the reporting period

Over this reporting period we have maintained a Modern Slavery Policy and focused on the development of procurement templates, procedures and the implementation of contracts that ensure that all new market engagements have a mandatory Modern Slavery obligation for tenderers. This placed a legal obligation on suppliers to comply with Modern Slavery laws and provide evidence of compliance.

Specific actions have included:

1. Communicating expectations to our suppliers through documentation and briefings, outlining our expectations relating to the principles of our Modern Slavery Policy and eradicating modern slavery practices from their own organisations and supply chains. All Request for Tender engagements included this communication.
2. Undertaking an analysis of annual supplier expenditure and the risks of modern slavery associated with the materials, goods and/or services purchased. The analysis indicated a primary risk type of forced labour which could be seen in industries of low skill or qualification pools. For this type of service TasWater engages the market with a 'best value for money' approach which is not about lowest cost but focuses on a safe, reliable delivery that complies with Australian laws and regulations.
3. Obtaining statements that align with the requirements of the *Modern Slavery Act 2018* (Cth) from new suppliers through all market engagements.
4. Reviewing and amending our procurement documentation and processes to include modern slavery safeguards, including assessing the potential modern slavery risks in our operations and supply chains, with an emphasis on high-risk geographical locations and business transactions.
5. Ensuring our contract terms and conditions include specific prohibitions against slavery and/or the ability to audit our contracting partners' practices to ensure that exploitation is not occurring.
6. The development of an education program for TasWater employees is underway. This will include the risks in our supply chain, compliance with the *Modern Slavery Act 2018* (Cth) and their ability to raise any concerns, including directly with our Supply Chain Services department, line management or through our whistle-blower regime.

Ongoing activities to ensure compliance

During the next reporting period, TasWater will:

1. Implement an automated monitoring system into TasWater's contractor management software that will alert us as soon as any litigation of a Modern Slavery breach is registered in Australia for any TasWater supply chain participant.
2. Engage with Water Services Association Australia to collaborate and coordinate knowledge and risk mitigation approach to Modern Slavery – this approach will build a strong and constant approach to this management in our Supply Chains
3. Audit the effectiveness of the actions we are undertaking to identify and mitigate modern slavery risks in our operations and supply chains is scheduled for 2023.




Taswater