Annual Report.

2020 - 2021

aurora energy

Tasmanians' energy experience reimagined

Contents.

Chair and CEO Review.

On behalf of the Board and Management of Aurora Energy we present the 2020-21 Annual Report.

When we reflect on the year that has been, we are incredibly proud of the way the business continued to adapt in a time of great change and uncertainty.

The unprecedented challenges of the COVID-19 pandemic were still in their infancy as we entered into 2020-21 but the ongoing resilience of our people and their unwavering commitment to provide value to Tasmanians and much-needed support must be acknowledged.

From a financial perspective, it is pleasing to note that Aurora Energy recorded an underlying profit before tax of $20.9M. This allowed us to meet our commitment to Shareholders, enabling the business to return $6.3M to the Tasmanian Government.

While our performance exceeded expectations, we still face a period of heightened risk as the impact of COVID-19 pandemic continues to unsettle economies and the operating environment for all businesses involved in the energy sector continues to be in a state of disruption.

In these testing times and amid so much change over the past 12 months, we are pleased Aurora Energy has still managed to progress our strategy to reimagine Tasmanians' energy experience.

We have pressed on with our internal operating model reset, which has provided challenges of its own but has seen the development of a new service delivery model capable of offering customers an end-to-end service and new career pathway options for our people.

The process of migrating customers to our new account management system also commenced, which will enable faster product development, deeper customer insights and improve our frontline service capabilities.

We have invested in developing new capabilities to empower Tasmanians to control and manage their energy usage, this year delivering new product features to our aurora+ customers as part of an ongoing evolution of the product and solid pipeline of enhancements to ensure our offerings continue meet the needs of our customers.

On top of this, we announced an exciting long-term partnership with electricity metering service provider, TasMetering. The Tasmanian-focused operation of the Intellihub Group aim to set a new benchmark in quality advanced metering to homes and businesses in the state, using modern technology to make good on this new experience.

Critically, these significant changes have taken place alongside an expansive program to embed our values, including "Customer Obsessed: Our customers come first. They drive our decisions. We give them our all." We have made enormous efforts to ensure that our people know them, understand their value, see how they underpin our operations and ultimately use them as part of how they work every day. While we have come a long way in a short period, there is still more work to do.

Along with continuing to embed our core values, we've also worked hard to support the wellbeing of our people. This has included being able to work more flexibly between the office and home; an initiative brought in at the start of the pandemic to do our bit to help limit the impacts of the virus.

In addition, we have provided a range of practical tools to support our people's wellbeing through resilience and mental health training as well as an ongoing program of wellbeing and connection activities to enable them to continue to be their best.

We have seen a significant correlation between our ongoing emphasis on employee wellbeing, including introducing flexible ways of working, and strong results across both our culture and engagement measures. Most notably, overall engagement score measured at 80 per cent in March 2021, an increase of 44 per cent, when compared to the base line measure recorded in October 2019.

While progressing these important initiatives, we have been ever mindful that the COVID-19 pandemic continues to impact our community and we have remained true to who we are at our core – Tasmanians supporting Tasmanians.

We continued to assist affected residential and small business customers through our $5M COVID-19 Customer Support Fund, specifically designed to help customers pay their energy bills. Working with the Tasmanian community-sector organisations, we also developed a new payment support program to encourage engagement with our Your Energy Support (YES) hardship program.

We recognise that there are still challenging times ahead for homes and businesses given the uncertainty surrounding the pandemic but as a proud Tasmanian owned and operated company, we are committed to doing what we can to help, however long it takes.

Mary O'Kane
Chair

Rebecca Kardos
Chief Executive Officer

2020 / 2021

Year at a glance.

Continued to deliver on our promise to reimagine Tasmanians' energy experience

Helped 636 customers get back on top of bills via the YES program

Remained committed to keeping customers connected through the COVID-19 Customer Support program

Supported around a third of YES customers by covering a regular payment

Released digital product aurora+ to Tasmanian small businesses

Assisted more Tasmanians than ever to buy energy efficient appliances through the NILS Network

Returned $6.3M to the Tasmanian Government which remains in the state

Participated at The Mind Games to raise funds for research into workplace mental health

Collaborated with Hydro and TasNetworks to develop a TasCOSS Energy Advocate

Announced a new metering service provider, TasMetering

Launched winter campaign to help customers keep on top of our energy costs

Rolled out community grants focussed on supporting organisations recover from COVID-19

Signed up to the National Customer Code for Energy Brokers, Consultants and Retailers

Further embedded our values, the Aurora Way, throughout the business

Delivering better customer outcomes.

Be invested, make a difference.

Be open, learn, and improve.

Think big, be bold.

These are the values held by The Energy Charter, a world-first voluntary commitment by energy businesses to put the customer at the centre of their businesses and deliver better outcomes for them.

In 2020-21, we continued to embrace our commitment to the Energy Charter, working on a number of activities to deliver on the Energy Charter's five key Principles:

Put customers at the centre of our business and the energy system

Improve energy affordability for customers

Provide energy safely, sustainably and reliably

Improve the customer experience

Support customers facing vulnerable circumstances

To bring our commitment to life this year, three Case Studies from our 2021 Energy Charter Disclosure Statement have been included in our Annual Report. You'll see these marked with an Energy Charter logo on pages 11 and 19.

Each of these Case Studies highlights an area where we've worked to deliver better outcomes for our customers.

You can read our full Disclosure Statement at **theenergycharterpanel.com.au**

The Energy Charter SIGNATORY | auroraenergy


taste
hot

Curiosity. Bring it. Use it.

We provide innovative solutions because we want to empower our customers.


TASMETERING
Connecting Future Energy
energy
y.com.au

Evolving aurora+ to meet customer needs

aurora+ is our digital energy management product, which leverages advanced meter data to offer customers visibility of their daily energy consumption in dollar terms, empowering them to make more informed energy choices and better manage their energy use.

In 2020-21, based on customer feedback, the aurora+ product suite was expanded to provide tailored features for a range of customer segments, including small-to-medium sized business.

The need for a digital product to support small-to-medium sized business customers was identified after a range of customer interviews and a series of workshops.

The features of aurora+ business were specifically developed to address these findings and include – a 'Predict-a-Bill' feature to help businesses forecast their next bill, usage graphs to provide insights into energy consumption, visibility of upcoming bills and when payments are due, plus convenient in-app payment options.

We also received feedback that some customers didn't enjoy the aurora+ 'pre-pay' experience, in particularly receiving notifications about topping up their account before it reached a zero dollar balance.

Based on this feedback, a new 'post-pay' experience was developed, so that customers could choose to get notifications only when – a bill is issued and there is an amount owing, two days prior to the due date if they haven't yet paid their bill and, a bill is overdue.

This option also allows customers to predict their next bill amount to help with budgeting. Importantly, customers can change experiences whenever they want to using the settings on their app.

Transforming the metering experience

In June 2021, we announced a long-term partnership with electricity metering service provider, TasMetering, to deliver advanced metering services to our residential and small business customers.

Advanced meters are the next generation of electricity meters and offer many more benefits than older style basic meters, including remote reads to prevent estimated bills.

Importantly, advanced meters also facilitate the development of modern products that empower customers to better control their energy usage and lower their energy costs.

Recognising these benefits, the Tasmanian State Government has committed to accelerate the roll out of advanced meters to all Tasmanians by 2026 and our partnership with TasMetering is a critical part of achieving this goal.

For our customers, the partnership sets a new benchmark for customer experience, with advanced digital tools that enable customers to schedule, track and give feedback on their meter installation.

For example, customers now know who their technician will be, can track when they will be arriving in real time (similar to Uber's customer experience) and are sent a photo of the installation once complete.

> "We're aiming to set a new benchmark in quality metering, and we will be bringing the best technology to showcase right here in Tasmania. This includes advanced digital tools for customers to schedule, track and give feedback on our service."
>
> **Jon Bruschi, TasMetering CEO**

Migrating customers to new account management system

In November 2020, the first customers were migrated to our new retail energy platform, HubCX.

HubCX is a fully supported and flexible customer care and billing system, which will allow us to match the pace of change within Tasmania's energy market.

Significant work went into commissioning the new system and continues to ensure that the consistency and accuracy of data is maintained at all times during the migration process to ensure a positive customer experience.

HubCX is a powerful tool which supports metering and revenue management, energy market transactions and complying with our industry obligations. It also allows us to launch new products and services to market quickly and deliver personalised experiences to our customers.

Together we thrive.

We care about the Tasmanian community because it’s our community too.

Assisting community groups to stay connected

More than $45K was provided across 5 projects in 2020-2021 as part of our community grants program.

Our round in November 2020 focussed on supporting Tasmanian community organisations to stay connected as they adapted to the new normal due to the COVID-19 pandemic.

The successful applicants were KIDS Foundation, Launceston City Mission, Cancer Patients Foundation – Look Good Feel Better, Karadi Aboriginal Corporation and Missing School Inc.

The grants helped build social connection, drive inclusion and engage communities impacted by social isolation and included events, workshops, remote digital solutions and upgraded, COVID-safe facilities.

> "I definitely felt better after the session. I hadn't even bothered with make up since I started chemo because I felt silly and self-conscious for even trying. Thanks for reinvigorating me!
>
> **Kerri, Look Good Feel Better recipient**

Doubling the reasons to give back

We have always been passionate about supporting the Tasmanian community and came up with a new way of making a difference in early 2021.

The 'Double the Plus' campaign put the power in the hands of everyday Tasmanians to decide what worthwhile cause received funding from us. With each customer signing up to our digital product, aurora+, we donated $30 to one of three charities of their choice.

There was an overwhelming response to the campaign, with more than $90K raised for the Beacon Foundation, Cancer Council Tasmania and SPEAK UP! Stay ChatTY.

Double the Plus cheque handover

Honouring a former colleague's legacy

We were excited to co-create and launch the Michael Fenton Memorial University of Tasmania Access Scholarship in June 2021.

Michael was a respected and much-loved member of the Aurora Energy Finance team, who served 21 years at our organisation before sadly and unexpectedly passing in 2020.

The Scholarship aims to celebrate his legacy, as he actively supported young people in their careers by sharing his immense expertise and knowledge.

> "I wish Aurora Energy could have seen my face when I received the email, as I was so shocked and happy to have been offered this scholarship. To me it will provide great assistance in allowing me to maintain my focus on obtaining my university education whilst easing my financial restrictions. I aim to be able to help future students by passing on my desired knowledge and expertise relevant to achieving an accounting career, similar to what Michael Fenton did."
>
> **Jade Stacey, Michael Fenton Memorial University of Tasmania Access Scholarship recipient**

Customer obsessed.

We put our customers at the heart of everything we do because we're local.


Community Lending for Tasmanians
nils
NETWORK
Good Shepherd
Microfinance

Keeping customers connected through COVID-19

In March 2020, we established new support measures and adapted our approach to managing our hardship program (YES) and collections processes in recognition of the impacts of the COVID-19 pandemic.

This included establishing a $5M COVID-19 Customer Support Fund pausing disconnections and YES program removals.

Along with waiving interest, fees and charges, the COVID-19 Fund continues to be used to 'top up' customer accounts, where a customer's affordability is below their usage.

Throughout 2020-21, this ensured that customers impacted by the pandemic were not accruing extra debt while they were in contact with Aurora.

To encourage customers to remain engaged with the YES program, or make contact if they were not engaged, a trial payment incentive program commenced in March 2021.

The program provides YES customers that are meeting their payment commitments at their quarterly review with a credit to the value of their next fortnightly instalment (up to $200).

The support program was developed as part of a broader "We can help" campaign highlighting the supports available.

Importantly, the campaign was timed to align with the end of some of the Federal Government's heightened COVID-19 support measures to assure Tasmanian customers that help is still available.

Recognising that vulnerable customers often seek support from community organisations, the campaign was developed utilising feedback provided by members of Aurora's Community Consultation Forum.

This feedback also led to the development of a new online Community Information Hub providing a 'one stop shop' for customer resources and a series of information sessions with key community service providers to ensure that their front line staff were empowered to have informed conversations on addressing energy debt and how to access the support available.

"I have a strong sensation to thank Aurora Energy for your compassion during these trying times... You have no idea how much this gave us room to breathe in these difficult days. Thank you."

Customer who received COVID-19 support

Helping customers to get back on top of bills

Our nationally-recognised Your Energy Support (YES) program is available to customers who need a little hand getting back on top of their energy bill.

Working closely with them, the YES team can work out an affordable payment plan to help customers to take control of their usage and bill as well as provide energy saving tips and advice.

A continued focus on expanding the reach and impact of the program enabled 636 customers to successfully complete the program in 2020-21. The program has assisted over 12,500 customers since its creation in 2014.

"The consultants told me what they could do to help me and went above and beyond to make sure I was aware of and understood everything. If it wasn't for the YES program I would still be struggling as a single mum so hats off to them. Thank you so much for the help you gave me."

YES program customer

Supporting energy efficiency for Tasmanians on low incomes

The No Interest Loans (NILS) Energy Saver Loan and Subsidy program assists to bring practical and lasting benefits to those customers most in need.

In 2020-21, we provided additional funding of $400K to the program which offers concession customers the opportunity to apply for a 50 per cent subsidy to purchase new energy efficient heat pumps (min 2.5-star energy rating) and a no-interest loan for the balance of the purchase amount.

In addition, new washing machines, fridges and freezers (min 3-star energy rating) have a subsidy of $300 taken off the purchase price. Our contribution enabled 466 low-income Tasmanians access to more than 510 energy efficient products.

Since November 2015, we have provided more than $2.4M in funding to the program.

Every day is a personal best.

We invest in our people because we believe in supporting Tasmanians.


auroraenergy.com.au
BE A GAME CHANGER
FOR MENTAL HEALTH

Embedding our values

Our values, the Aurora Way, are the heart and soul of Aurora. They shape how we work together, deliver to our customers and seek to improve every day.

Over the past 12 months we have made enormous efforts to ensure that our people know them, understand their value, see how they underpin our operations and ultimately use them as part of how they work every day.

They have become our point of reference when we face challenges and have helped us to collectively sharpen our focus on what we are all trying to achieve together. However, we understand there is still more work to do moving forward.

"There has been a noticeable shift towards going the extra mile to support other teams in solving historical pain points and legacy process issues. There's been more focus on identifying ways to help."

Alistair, Aurora Energy employee

Working from home alongside family

Supporting our people to work remotely

Our entire employee base was successfully transitioned to work remotely at the start of the COVID-19 pandemic, to do our bit to help limit the impacts of the virus.

While Tasmania has been fairly well sheltered in terms of restrictions since then, we made the decision to continue to support our people to work flexibly between the office and home.

A flexible working environment enables our employees to work at their best and strengthens our ability to be more dynamic and adaptable.

Our people's wellbeing remains a top priority and to best support them as they work flexibly, we have provided a range of practical tools through resilience and mental health training as well as an ongoing program of wellbeing and connection activities to enable them to continue to be their best.

Recognising our peers

We actively encourage employees to recognise the achievements of others who exemplify the new values of the business through our reward and recognition program.

Raising awareness for workplace mental health

The health and well-being of our people and community is a priority and that is why we were really excited to be stage sponsor of The Mind Games.

The action-packed event raises awareness and vital funds for research into workplace mental health at the Tasmanian-based Menzies Institute for Medical Research.

Over $80K was raised for the worthwhile cause in 2021, in which we also had three teams participate.

"I was a little nervous going into the Mind Games as I had no idea what we were actually going to be doing, but the event completely exceeded my expectations. Everything was super well organised, and our team was continually impressed by just how much effort the stage organisers had put in to make sure that we had both a fun and engaging day."

James, Mind Games participant

Statement of Corporate Intent

Company Overview

Aurora Energy is a State-owned Company established in 1998 under the Electricity Companies Act 1997. Aurora Energy's two shareholders are the Minister for Energy and Emissions Reduction and the Treasurer.

Aurora Energy provides electricity and gas retail services in fully competitive markets to more than 279,000 customers throughout mainland Tasmania. As part of its retail offering, Aurora Energy offers a range of electricity and gas products tailored to the needs of customers through tariffs, market contracts and payment options.

The principal objectives of the Company as outlined in the Electricity Companies Act 1997 and the Constitution:

- operate its activities in accordance with sound commercial practice; and
- maximise its sustainable return to its shareholders.

Aurora Energy pays dividends to the Shareholders, which are used by the Government for the benefit of the Tasmanian community.

Shareholders' Statement of Expectations

Aurora Energy's strategic direction for 2020-21 and beyond has been developed on the basis of a set of underlying business imperatives, outlined in the Members' Statement of Expectations.

These are to:

a) focus on its core business, the delivery of electricity retail services on mainland Tasmania;

b) operate its activities in accordance with sound commercial practice;

c) maximise its sustainable return to shareholders;

d) operate as an efficient entity providing services in a cost effective manner and target an underlying cost to serve below the regulatory allowance for a regulated retailer in the Tasmanian market;

e) prudently manage the risks of operating in a competitive retail market in the State;

f) maintain flexibility for a potential future divestment of the business; and

g) maintain a customer-centric focus and efficiently deliver the State's electricity concessions on behalf of the Government.

Aurora Energy's Strategic Direction

Aurora Energy's strategic vision, 'Tasmanians' energy experience reimagined' reflects that the energy experience it provides its Tasmanian customers is paramount to its success as a stand-alone energy retail business. In delivering this vision, Aurora Energy will engage closely with Tasmanians and leverage customer insights to provide its customers with the experience, products and services, value and choice they expect.

Key Performance Measures

Key Performance Indicator	Performance Measure	2020-21 Target	2020-21 Actual	Outcome
Customer	Customer Value Index	24.4	27.0	
People	Medically-Treated Injuries	0	3	
	Employee engagement score	58%	80%	
Profitability	Annual profit after tax target	($1.7M)	$18.9M	
	Return on equity	(9.8%)	46.6%	
	Returns to Government (Accrual)	($0.7M)	$8.1M	
Compliance	Maximum Type 1 Non Compliance events related to NECF	0	0	

Performance Commentary

Aurora Energy met or exceeded a total of six out of seven key performance indicators for 2020-21. Aurora Energy's profitability measures finished the 2020-21 financial year ahead of targets. This favourable result was primarily driven by customer payment behaviour exceeding expectations, which were set at the height of the first wave of COVID-19 restrictions. Shorter than anticipated lockdowns and a stronger than expected economic recovery within Tasmania, assisted by government support packages, helped to reduce the impact of bad and doubtful debts on Aurora Energy's profitability for the 2020-21 financial year.

The strong Customer Value Index (CVI) for 2020-21 continues to demonstrate Aurora Energy's ongoing commitment to supporting customers in Tasmania. CVI is a widely used measure of a customer's perception of value from its service provider, and is a leading indicator of a customer's propensity to switch provider. The score of 27.0 at June 2021 exceeded the target of 24.4, which was equivalent to a 7.5 per cent increase to Aurora Energy's CVI as at June 2020.

During 2020-21, Aurora Energy's employee engagement score increased notably for the second consecutive year. This has been attributed to the embedding of Aurora Energy's values and emphasis on strengthening the culture through consistent engagement and connection activities. Medically treated injuries exceeded the target of zero for 2020-21. These injuries were isolated incidents with no trends identified.

There were no major non-compliance events during the 2020-21 financial year.

Corporate Governance Statement

Aurora Energy is a proprietary limited company established under the Electricity Companies Act 1997 (Tas) and incorporated under Corporations Law. As a state-owned corporation, its Shareholders are the Minister for Energy and Emissions Reductions and Tasmanian Treasurer, on behalf of the Tasmanian community.

Aurora Energy adopts both the Tasmanian Government's Corporate Governance Principles (2008) and has early adopted the ASX Corporate Governance Council's Corporate Governance Principles & Recommendations (4th edition). If a contradiction arises between the two, Aurora Energy complies with the Tasmanian Government Principles to reflect their design specifically for government-owned enterprises. Aurora Energy's Shareholders have issued a series of other Guidelines designed to support and complement their Corporate Governance Principles.

The following information summarises Aurora Energy's disclosures against both sets of Principles. A complete set of disclosures and further supporting information is available on Aurora Energy's website: www.auroraenergy.com.au.

Board and Committee Attendance 2020-21

Board Member	Board[1]		REM Committee		BARCC		Board Strategy Day[2]	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mary O'Kane	11	11	3	3	6	6	1	1
Rebecca Kardos	11	11					1	1
Yvonne Rundle	11	11	3	3	6	6	1	1
Trevor James	11	11	3	3	6	6	1	1
Keryn Nylander	11	11	3	3	6	6	1	1

[1] Includes one circulating resolution
[2] Attended in role of CEO

Board Composition

Aurora Energy is managed by a Board of up to five directors and a management team led by the Chief Executive Officer (CEO).

The Board has two permanent committees: Board Appointments and Remuneration Committee (REM) and Board Audit, Risk and Compliance Committee (BARCC).

Professor Mary O'Kane AC

Chair
Independent Director
Member – Appointments and Remuneration Committee and Audit, Risk and Compliance Committee

Mary was appointed Chair in November 2018. She is a member of Aurora Energy's Board Appointments and Remuneration Committee and Board Audit, Risk and Compliance Committee.

Appointed November 2018

Current term: Three year term appointed until next 2021 AGM

Mrs Yvonne Rundle

B.Bus, FCA, FAICD
Independent Director
Chair – Audit, Risk and Compliance Committee
Member – Appointments and Remuneration Committee

Yvonne was appointed a Director in January 2015. She is Chair of Aurora Energy's Board Audit, Risk and Compliance Committee and a member of the Board Appointments and Remuneration Committee.

Appointed January 2015

Current term: Three year term appointed until 2023 AGM

Mr Trevor James

B.Bus, MAICD, FCPA
Independent Director
Chair – Appointments and Remuneration Committee
Member – Audit, Risk and Compliance Committee

Trevor was appointed a Director in April 2016. He is Chair of Aurora Energy's Board Appointments and Remuneration Committee and a member of the Board Audit, Risk and Compliance Committee

Appointed April 2016

Current term: Three year term appointed until 25 April 2022

Mrs Keryn Nylander

BA, FAICD
Independent Director
Member – Appointments and Remuneration Committee and Audit, Risk and Compliance Committee

Keryn was appointed a Director in August 2018, and Deputy Board Chair on 26 March 2020. She is a member of Aurora Energy's Board Appointments and Remuneration Committee and the Board Audit, Risk and Compliance Committee.

Appointed November 2018

Current term: Three year term appointed until 2021 AGM

Mrs Rebecca Kardos

B.CompSc, MBA, MAICD
Chief Executive Officer/Managing Director

Rebecca was appointed a Director in November 2014 following joining Aurora Energy in February 2014 as CEO-Designate preceding its commencement as a stand-alone retail business on 1 July 2014.

Mr Oliver Cousland

LLB, B.Com, GAICD, GIA (Cert)
Company Secretary/General Counsel

Oliver was appointed Company Secretary in January 2016. He joined Aurora Energy in 2014 and his responsibilities include management of legal services, procurement, risk, compliance, internal audit, government and stakeholder relations, board secretariat and corporate governance.

Leadership Team

From left to right

Ms Kate Gillies, B.Ec (Hons), CPA, GradCert Finance. General Manager People and Commercial Services

Mr Kane Ingham, B.Com, CA, GradDipACG, GAICD. Chief Operating Officer

Mrs Rebecca Kardos, B.CompSc, MBA, MAICD. Chief Executive Officer/Managing Director

Mr Andrew Crozier, Ba (Hons), GAICD. Chief Product and Customer Officer

Mr Oliver Cousland, LLB, B.Com, GAICD, GIA (Cert). Company Secretary/General Counsel

Corporate Governance Principles

Principle 1: Lay solid foundations for management and oversight

Aurora Energy complies with Principle 1.

Board members, along with their qualifications and meeting attendances, are detailed earlier in this Corporate Governance section.

The Board's role and responsibilities are articulated in the Board Charter and Matters Reserved to the Board, both of which are available on Aurora Energy's website. Amongst other things, the Board governs the business in accordance with the Electricity Companies Act 1997 (Tas); approves high level strategy, policy and risk appetite; monitors performance; oversees risk management and the internal control environment; and maintains communications with Shareholders.

The CEO and Leadership Team manage the business on a day to day basis, while the Board's Delegation Policy specifies other responsibilities and powers delegated to management.

The Board Charter also sets out the role of the Board Chair and directors' rights to access company information, professional advice and the company secretary.

The Board Charter includes the requirement to evaluate the performance of the Board annually. An evaluation review was conducted by the Board in June 2021. A list of agreed actions will be developed with the Company Secretary overseeing their implementation. An external independent review will normally be conducted every three years.

Through the Board Appointments and Remuneration Committee, the Board evaluates the performance of the CEO and Leadership Team against specific key performance indicators established at the beginning of each year. Evaluations have occurred throughout the year in accordance with the agreed process.

Relevant Charters, Codes and policies, including Matters Reserved to the Board, are available at www.auroraenergy.com.au.

Principle 2: Structure the Board to add value

Aurora Energy complies with Principle 2.

In accordance with the Constitution, the Shareholders appointed Director O'Kane Chair at the 2020 Annual General Meeting. As required under the Constitution the Chair of the Board is appointed by the Shareholders annually at the AGM.

The status of each director's independence is assessed on appointment and reconfirmed every year.

The Charter of the Board Appointments and Remuneration Committee prescribes its responsibilities regarding senior management appointments, performance and succession planning, as well as organisational and remuneration structures. Membership of the Committee and meeting attendances are listed earlier in this section.

The Shareholders' "Board Appointments Guideline" describes the composition of the Director Selection Advisory Panel. The Board prepares its optimal Skills Matrix for the Panel and this is regularly refreshed.

The Board maintains a Director Induction program. The program is managed by the Board Chair and Company Secretary.

Further information on the Board Appointments and Remuneration Committee is provided under Principle 8. It's Charter and other policies are available at www.auroraenergy.com.au.

Principle 3: Promote ethical and responsible decision making

Aurora Energy complies with Principle 3.

The Board Charter commits the Board to maintaining the highest ethical standards. Along with letters of appointment, the Charter expects directors to demonstrate the spirit and intent of Aurora Energy's Code of Conduct as well as comply with all applicable legislation, lawful direction from Shareholders and company policies.

The Board Appointments and Remuneration Committee oversees the Code of Conduct and its integration into the company's culture. In addition Aurora Energy also has a number of more specific policies and procedures that relate to our commitment to comply with our legal obligations and to act ethically and responsibly. These include the Compliance Policy, Fraud and Corruption Policy, Public Interest Disclosures ("Whistleblowers") Policy, Workplace Behaviour Policy, Procurement and Probity Policy and Conflict of Interest, Gifts and Benefits Procedure.

The Code of Conduct and other relevant policies are available at www.auroraenergy.com.au.

Right to information disclosures

Aurora Energy complies with the Right to Information Act (Tas) (RTI Act), including through active disclosure of information without the need for formal right to information requests. In accordance with the RTI Act, the following formal assessed disclosures are provided for 2020-21.

Right to Information Act statistics 2020-21	
Number of applications received for assessed disclosures	Nil
Number of applications where information was disclosed in full	Nil
Number of applications refused and the Section.	Nil
Number of applications relating to exempt information and the relevant sections	Nil
Number of applications for internal review and the outcomes	Nil

Public interest disclosures

Aurora Energy is subject to the Public Interest Disclosures Act 2002 (Tas) (PID Act). In accordance with the PID Act, the following disclosures are provided for 2020-21.

Public Interest Disclosure Act statistics 2020-21	
Number of disclosures either received, determined to be public interest disclosures, investigated, declined to be investigated or substantiated following investigation by Aurora Energy	Nil
Number of disclosures reported by Aurora Energy to Ombudsman	Nil
Number of disclosures referred by Ombudsman to Aurora Energy	Nil
Number of recommendations made by the Ombudsman to Aurora Energy	Nil

Further information on Aurora Energy's Public Interest Disclosure Policy is available at www.auroraenergy.com.au.

Principle 4: Safeguard integrity in financial reporting

Aurora Energy complies with Principle 4.

The Board Audit, Risk and Compliance Committee oversees corporate and financial reporting processes, risk management and internal control, and compliance and audit frameworks.

Membership of the Committee, and meeting attendances for 2020-21, are provided earlier in this section. It is chaired by an independent director who is not the Board Chair.

As part of the end-of year processes, the Committee received the required declarations by the CEO and General Manager People and Commercial Services (CFO-equivalent), under S295A of the Corporations Act.

As required under the Audit Act 2008 (Tas), the Tasmanian Auditor-General is appointed by the Shareholders at each AGM. The Assistant Auditor-General attended the 2020 AGM.

The Board Audit, Risk and Compliance Committee's Charter and relevant policies are available at www.auroraenergy.com.au.

Principle 5: Make timely and balanced disclosure

Aurora Energy complies with Principle 5 as it applies to its context.

The Board approved Shareholder Communications Policy addresses the principles for timely, factual, complete and balanced information. Established processes are in place to recognise and communicate material matters routinely as well as those requiring continuous disclosure. The Chair and CEO met with Shareholders (or their representatives) frequently throughout the year.

Relevant policies are available at www.auroraenergy.com.au.

Principle 6: Respect the rights of shareholders

Aurora Energy complies with Principle 6.

Under its Charter and Matters Reserved to the Board, the Board maintains the relationship with the company's Shareholders.

The Constitution and enabling legislation specify the rights and responsibilities of Shareholders. As well, Shareholders can issue various Guidelines and Directives to the company. Accordingly, Shareholders have issued a Statement of Expectations to the Board which set out the Shareholders expectations in relation to the strategic priorities and performance of the company and is incorporated in Aurora Energy's Corporate Plan and the Board agrees a Statement of Corporate Intent with Shareholders each year.

The Board Charter and relevant policies are available at www.auroraenergy.com.au.

Principle 7: Recognise and manage risk

Aurora Energy complies with Principle 7.

As stated under Principle 4, the Board Audit, Risk and Compliance Committee oversees the system of risk management and internal control, amongst other things. Membership of the Committee, and meeting attendances for 2020-21, are provided earlier in this section.

The Committee reviewed Aurora Energy's risk framework during the year. It also reviewed current and emerging risks throughout the year and monitored the status of plans and controls to manage those risks. The Committee formally reported to the Board on the status of risk and the integrity of the risk management framework.

The risk management framework addresses all emerging and current risks facing the company. Material risks were discussed directly with Shareholders at regularly scheduled meetings.

The Committee's Charter and relevant policies are available at www.auroraenergy.com.au.

Principle 8: Remunerate fairly and responsibly

Aurora Energy complies with Principle 8.

On behalf of the Board, the Board Appointments and Remuneration Committee oversees Aurora Energy's remuneration framework, including executive remuneration policy, company-wide remuneration strategies, enterprise agreement renegotiations and related matters. Membership of the Committee, and meeting attendances, are provided earlier in this section. Aurora Energy has a Board approved Executive Remuneration Policy which complies with the Shareholder's Guideline for Director and Executive Remuneration. Directors are paid remuneration as is resolved by the Shareholders from time to time. That remuneration is based on the Government Board and Committee Remuneration Framework administered by the Department of Premier and Cabinet.

The 2020-21 Financial Statements details the remuneration of directors and key management personnel, and its composition.

The Committee Charter and other policies are available at www.auroraenergy.com.au.

Shareholder Directions and Guidelines

In 2020-21 Aurora Energy received no formal directions to undertake non-commercial activities in accordance with the requirements of Section 4.4 of the Members' Statement of Expectations.

Buy Local

Under the Buy Local Guidelines for Tasmanian Government Businesses, entities are required to establish appropriate reporting regimes in relation to purchases, consultants and the engagement of Tasmanian businesses and provide details of these annually.

Details for Aurora Energy for the 2020-21 financial year are provided in the table below.

Purchases from Tasmanian Business	
% of purchases from Tasmanian businesses	91.1%
Value of purchases from Tasmanian businesses	$861,501,638.79

Consultancies valued at more than $50,000 (ex GST)				
Name of consultant	**Location**	**Description**	**Period of engagement**	**Amount**
Deloitte Risk Advisory Pty Ltd	Hobart	Internal Audit Services	1/07/2020 - 30/06/2021	$140,505
Minter Ellison	Mel-bourne	Legal Services	1/07/2020 - 30/06/2021	$59,864
12 other consultants were engaged for $50,000 or less totalling:				**$27,884**
Total payments to consultants				**$228,253**

Payment of Accounts

Payment Measure	
Creditor Days	62.9
Number of accounts due for payment	3,711
Number of accounts paid on time[1]	3,684
Amount due for payment	$963,982,162.84
Amount paid on time[1]	$962,568,439.10
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	$0.00

1 The number of overdue accounts is based on due date as included in Aurora Energy systems. A review of the process is being undertaken during 2021-22.

Payments not paid in accordance with the due date required further action to be taken before payment could be made. For example, invoices may have been incomplete or inaccurate or they may have been disputed when the invoice did not match the goods or services provided.

Overseas Travel

No Aurora Energy employees undertook overseas travel for the company during 2020-21.

Superannuation

Aurora Energy complied with its obligations under the Superannuation Guarantee (Administration) Act 1992 (Cth) in respect of employees of Aurora Energy who are members of complying superannuation schemes.

Remuneration Report

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration 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 and prescribe the total remuneration, superannuation, annual and long service leave, and salary sacrifice provisions.

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 executives or the Board to provide a minimum notice period of up to 3 months for senior executives and 6 months for the CEO prior to the termination of the contract. Whilst not automatic, contracts can be extended.

Aurora Energy's approach to executive remuneration supports the ability to attract, retain and motivate competent and experienced executive management personnel, while aligning with Aurora Energy's capacity to be a stand-alone electricity retailer in a competitive market.

Salary positioning is determined by the skills and experience the individual brings to the role, market factors (eg scarcity of particular skills in the market), performance in role and Aurora Energy's ability to fund remuneration increases year on year.

The Company has complied with the Guidelines for Tasmanian Government Business - Director and Executive Remuneration (the Guidelines), with the exception of the relativity of the senior executive remuneration to the CEO's remuneration. A temporary exception has been approved by Cabinet consistent with the requirements of the Guidelines.

For details of payments made to senior executives, refer to note D4 of the Financial Statements. Aurora Energy does not currently offer performance based payments. In the event that a program is implemented, the requirements outlined in the Guidelines will be adopted.

Financial Report.

Aurora Energy Pty Ltd Financial Report for year ended 30 June 2021

ABN 85 082 464 622

Contents.

Directors' Report

Directors' report on the operations of the company and on the Financial Statements for the Financial Year Ended 30 June 2021.

Directors and Company Secretary

The Directors of the company in office between 1 July 2020 and the date of this report were Professor M. O'Kane, Mrs R. Kardos, Mrs Y. Rundle, Mr T. James and Mrs K. Nylander.

Mr O. Cousland was the Company Secretary from 1 July 2020 to the date of this report.

Principal Activities

The primary purpose of the company is the retailing of electricity to Tasmanian customers. A further purpose is to undertake the retailing of gas.

Review and Results of Operations and State of Affairs

The following table outlines key financial information for the company:

Indicator ($M)	2020-21	2019-20	Var.
Operating Revenue	941.8	994.8	(53.0)
Profit Before Tax	27.0	(7.7)	34.7
Total Comprehensive Income	43.3	(73.1)	116.4
Underlying Profit Before Tax[1]	20.9	(12.1)	33.0
Net assets	62.2	18.9	43.3
Cash on Hand	33.2	31.1	2.1
Shareholder Returns[2]	6.3	37.7	(31.4)

1 Underlying Profit Before Tax is Profit Before Tax excluding unrealised derivative fair value movements and onerous contract provision movements.

2 Shareholders returns is calculated on a cash basis and includes dividends paid and other distributions.

Aurora Energy reported a Profit Before Tax of $27.0M for 2020-21, reflecting continued strong underlying business profitability. The 2020-21 result represents an improved performance from the prior year Loss Before Tax of ($7.7M). 2019-20 was heavily impacted by COVID, including elevated bad and doubtful debts expense and the small business bill waiver that resulted in a total value of $17.3 M in customer bills being waived. During 2020-21 bad and doubtful debts remained elevated, but the overall financial impact resulting from COVID was lower than 2019-20.

Aurora Energy's net asset position as at 30 June 2021 was $62.2M, an increase of $43.3M from the previous year. The driver of the increased net asset position was the 30 June 2021 electricity derivative revaluation, which resulted in an increase to the value of Aurora Energy's electricity hedges driven by a rise in forward contract prices. Aurora Energy's cash position remains steady, with $33.2M cash on hand as at 30 June 2021. In line with the requirements of Aurora Energy's Constitution and the Dividend Guideline for Tasmanian Government Businesses, the dividend related to 2020-21 profits will be recommended prior to 31 October 2021.

Likely Future Developments

While the economic impact has not been as severe as initially expected, the COVID-19 pandemic continues to present financial risk to Aurora Energy. Aurora Energy is currently working with customers to address the increased debt accumulated during the height of the COVID pandemic. In addition, the economic impact of continued sporadic lockdowns and the resulting impact on customer payment behaviour will continue to be monitored. Aurora Energy is not currently anticipating the need to access borrowings, however it retains access to increased financial facilities with the Tasmanian Public Finance Corporation (TASCORP) to ensure it can fund downside scenarios if required. The Treasurer has provided explicit support to TASCORP to guarantee Aurora Energy's borrowings.

The trend of ongoing energy industry disruption is also expected to endure well into the future, including changing energy consumption patterns, the uptake of digital technologies and continuing energy market reform. Aurora Energy will continue to meet these challenges through its strategic response, in particular focusing on digitising the customer experience and continuing the shift of the company's operations to a more automated, digital-based operating model. A key component of the operating model shift is the incremental transition of its core billing system to a new platform. This is part of a strategy to modernise its technology platforms, resulting in a transition to Software as a Service.

Lastly, Aurora Energy will be subject to a new Price Determination from 1 July 2022, which will determine the maximum revenue that Aurora Energy can earn from its small customer base. As required by law, the Tasmanian Economic Regulator is currently undertaking an investigation to determine the prices that reflect Aurora Energy's efficient operating costs, with the Regulator to release a Draft Determination in February 2022.

Environmental Regulation

The operations of the company are subject to State and Commonwealth environmental legislation including the Tasmanian Environmental Management and Pollution Control Act 1994 and Commonwealth Environmental Protection and Biodiversity Conservation Act 1999. No environmental protection notices were served, prosecutions launched or fines issued against Aurora Energy under environmental legislation during the year under review.

Indemnification and Insurance

Aurora Energy has indemnified its directors and executive officers to the extent permitted by law against liabilities and legal costs incurred by them while acting in their capacity as directors and executive officers of the company.

The company has insured its directors, company secretary and executive officers of the company against liabilities as permitted by the Corporations Act 2001.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Rounding of Amounts

Amounts in the Financial Statements have been rounded off in accordance with Class Order 98/100 to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors:

Professor M. O'Kane
Chair
12 August 2021

Mrs Y. Rundle
Director
12 August 2021

Tasmanian
Audit Office

Level 8, 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

12 August 2021

The Board of Directors
Aurora Energy Pty Ltd
GPO Box 191
HOBART TAS 7000

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 Aurora Energy Pty Ltd for the financial year ended 30 June 2021, 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

Rod Whitehead
Auditor-General

Financial Statements.

Directors' Declaration

In accordance with a resolution of the directors of Aurora Energy Pty Ltd, we state that:

In the opinion of the directors:

a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including

(i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year ended on that date;

(ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note A;

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Professor M. O'Kane

Chair
12 August 2021

Mrs Y. Rundle

Director
12 August 2021

Statement of comprehensive income for the financial year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue			
Sales revenue from contracts with customers		892,257	945,025
Interest revenue	B1(a)	844	1,020
Other revenue	B1(b)	48,750	48,766
Total revenue		941,851	994,811
Expenses			
Energy and network purchases		(799,934)	(871,772)
Electricity derivative fair value movements	B1(c)	124	501
Functional expenses	B1(d)	(53,873)	(50,780)
Finance expenses	B1(e)	(2,000)	(2,803)
Depreciation and amortisation expense	B1(f)	(7,731)	(5,929)
Other expenses from operating activities	B1(g)	(51,423)	(71,731)
Total expenses		(914,837)	(1,002,514)
Profit/(Loss) before income tax equivalent expense		27,014	(7,703)
Income tax equivalent (expense)/benefit	B2	(8,107)	2,308
Profit/(Loss) for the year		18,907	(5,395)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial superannuation re-measurement (losses)/gains	D(i)	637	307
Income tax equivalent relating to items that will not be reclassified subsequently	B2(b)	(191)	(92)
		446	215
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
Gain/(loss) taken to equity	F3(b),E1(h)	45,613	(41,795)
Transferred to profit for the year	F3(b),E1(h)	(11,396)	(55,193)
Income tax equivalent relating to item that may be reclassified subsequently	B2(b),F3(b)	(10,265)	29,096
		23,952	(67,892)
Other comprehensive income for the year net of income tax equivalent		24,398	(67,677)
Total comprehensive income for the period		43,305	(73,072)

Notes to and forming part of the accounts are included on pages 49 to 82

Statement of financial position as at 30 June 2021

	Note	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	B3	33,235	31,068
Trade and other receivables	C1	148,626	161,968
Inventories	C2	17,740	11,196
Current tax asset	B2(c)	2,027	4,171
Financial assets	C3	31,700	14,337
Other current assets	C4	3,502	3,164
Total current assets		236,830	225,904
Non-current assets			
Property, plant and equipment	C5	5,577	2,203
Right-of-use assets	C12(a)	6,500	-
Deferred tax assets	B2(d)	24,568	35,211
Intangible assets	C6	14,133	15,607
Financial assets	C7	17,813	28,745
Total non-current assets		68,591	81,766
Total assets		305,421	307,670
LIABILITIES			
Current liabilities			
Trade and other payables	C8	126,310	143,194
Provisions	C9	8,429	9,659
Lease liabilities	C12(b)	696	-
Contract liabilities	C10	32,081	29,999
Financial liabilities	C11	17,801	25,582
Total current liabilities		185,317	208,434
Non-current liabilities			
Deferred tax liabilities	B2(d)	15,139	14,420
Provisions	C9	20,642	25,594
Lease liabilities	C12(b)	7,028	-
Financial liabilities	C11	15,075	40,307
Total non-current liabilities		57,884	80,321
Total liabilities		243,201	288,755
Net assets		62,220	18,915
EQUITY			
Issued capital	F1	50,212	50,212
Reserves	F3	7,969	(15,983)
Retained earnings	F2	4,039	(15,314)
Total Equity		62,220	18,915

Notes to and forming part of the accounts are included on pages 49 to 82

Statement of changes in equity for the financial year ended 30 June 2021

	Note	Share Capital $'000	Asset revaluation reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total equity $'000
Balance 30 June 2019		50,212	33	51,909	17,894	120,048
Loss for the period		-	-	-	(5,395)	(5,395)
Disposal of assets - revalued amount	F3	-	(33)	-	33	-
Other comprehensive income		-	-	(67,892)	215	(67,677)
Total comprehensive income for the period		-	(33)	(67,892)	(5,147)	(73,072)
Transactions with owners in their capacity as owners:						
Dividends paid	B4	-	-	-	(28,061)	(28,061)
Balance 30 June 2020		50,212	-	(15,983)	(15,314)	18,915
Profit for the period		-	-	-	18,907	18,907
Other comprehensive income		-	-	23,952	446	24,398
Total comprehensive income for the period		-	-	23,952	19,353	43,305
Transactions with owners in their capacity as owners:						
Dividends paid	B4	-	-	-	-	-
Balance 30 June 2021		50,212	-	7,969	4,039	62,220

Notes to and forming part of the accounts are included on pages 49 to 82

Statement of cash flows for the financial year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		994,585	1,019,665
Interest received		846	1,018
Payments to suppliers and employees		(979,397)	(1,009,178)
Interest and other finance costs paid		(408)	(532)
Income tax equivalents paid		(5,057)	(8,370)
Net cash provided by operating activities	B3(b)	10,569	2,603
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		21	-
Payment for property, plant and equipment		(3,128)	(1,433)
Payment for intangible assets		(4,769)	(4,392)
Net cash used in investing activities		(7,876)	(5,825)
Cash flows from financing activities			
Proceeds from borrowings		15,000	-
Repayment of borrowings		(15,000)	-
Repayment of lease liabilities		(526)	-
Dividend paid	B4	-	(28,061)
Net cash used by financing activities		(526)	(28,061)
Net (decrease)/increase in cash and cash equivalents		2,167	(31,283)
Cash and cash equivalents at the beginning of financial year		31,068	62,351
Cash and cash equivalents at the end of financial year	B3	33,235	31,068

Notes to and forming part of the accounts are included on pages 49 to 82

Section A: Corporate information and basis of preparation

A1 Company information

Aurora Energy Pty Ltd is a private company (the company), incorporated in Australia and operating in Australia.

Aurora Energy's registered office and its principal place of business are as follows:

Registered office: Level 4, 50 Elizabeth St HOBART TAS 7000

Principal place of business: Level 4, 50 Elizabeth St HOBART TAS 7000

The primary purpose of the company is the retailing of electricity to Tasmanian customers. A further purpose is to undertake the retailing of gas.

The financial statements were authorised for issue by the directors on 12 August 2021.

A2 Basis of preparation

The financial report is a general purpose financial report prepared on an accrual basis under the historical cost convention with the exception of certain plant and equipment and corresponding depreciation, and derivative financial instruments which are carried at fair value.

The financial report has been prepared on a going concern basis, presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated.

A3 Statement of compliance

The financial report is prepared in accordance with:

- Corporations Act 2001 as amended;
- Electricity Companies Act 1997 and Treasurer's Instructions issued under the Government Business Enterprises Act 1995; and
- Australian Accounting Standards (AASBs), and complies with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), and considered the effect of International Accounting Standards not yet issued by the AASB, that are relevant to its operations and effective for the current annual reporting period.

A4 New and revised standards

The adoption of the following new and revised Standards have no material impact on the financial statements of the company.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Revised conceptual Framework for Financial Reporting*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5 *Disclosure of the effect of new IFRS standards not yet issued in Australia*
- AASB 2020-4 *COVID-19-related rent concessions*

The following standards and amendments were available for early adoption but have not been applied by the company in these financial statements:

- AASB 2020-2 and AASB 1060 *Amendments to Australian Accounting Standards – removal of special purpose financial reports and new simplified disclosures* for annual reporting period periods on or after 1 July 2021.
- AASB 2020-1 and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of liabilities as current or non-current* for annual reporting periods on or after 1 January 2023.
- AASB 2020-3 *Narrow Scope Amendments & Improvements to Australian Accounting Standards – AASB 116, AASB 13, AASB 3, AASB 1, AASB 9, AASB 16 &AASB141* for annual reporting periods on or after 1 January 2022.
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* for annual reporting periods on or after 1 January 2021.
- AASB 17 *Insurance Contracts and AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts* for annual reporting periods on or after 1 January 2023.
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* for annual reporting periods on or after 1 January 2023.

The company anticipates that the adoption of these Standards in future periods will have no material financial impact on the financial statements of the company. There may be some changes in the disclosures made.

These Standards and Interpretations will be first applied in the financial report of the company that relates to the annual reporting period beginning after the effective date of each pronouncement.

A5 Significant accounting judgements

Judgements made by Aurora Energy in the application of accounting standards that have significant effects on the financial statements and estimated with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note E3.

A6 Comparisons with previous year

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

Section B: Detailed information on financial performance

B1 Operating Profit

Accounting Policy

Revenue recognition and unbilled electricity sales

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 the entity and the revenue can be reliably measured.

Sales revenue from contracts with customers

Revenue from the sale of electricity to retail customers is recognised at the time of the provision of the electricity to the customer. Income from the sale of retail electricity is the value of electricity units supplied to customers during the year. Included in this income is unbilled electricity (a contract asset). Unbilled electricity sales is an estimate of the value of electricity units supplied to customers between the date of the last meter reading and the year end, and is included in electricity sales (refer notes C1 and E3). Electricity and gas sales are recognised at a point in time when they pass through a meter and this is regarded as the satisfaction of performance obligations by Aurora Energy. No costs incurred in obtaining contracts with customers are recognised as contract assets.

As a practical expedient, the performance obligations remaining on contracts with customers are not disclosed as Aurora Energy has a right to consideration from customers in an amount that corresponds directly with the value to the customers of the performance obligations completed to date.

Revenues are not accrued or deferred for amounts that are allowed to be recovered from customers (or credited to them) through regulatory pricing mechanisms in future years. These include amounts that are recoverable or will result in credits to customers as a direct result of under or over recoveries in the current and prior periods.

		2021 $'000	2020 $'000
B1(a)	**Interest revenue**		
	Money market investments	58	547
	Bank investments	51	16
	Trade receivables	735	457
		844	1,020
B1(b)	**Other revenue**		
	Community service agreements1	43,681	41,771
	Tasmanian government energy rebates2	202	2,538
	Connection & services order fees	3,876	3,881
	Other	991	576
		48,750	48,766

[1] Aurora Energy has an agreement with the Crown in right of the State of Tasmania to provide community services (concession discounts) and for Aurora Energy to be reimbursed for the community services costs and administration costs.

[2] Aurora Energy had an agreement with the Crown in right of the State of Tasmania to provide rebates to large Tasmanian electricity customers to reduce the impact from volatility in mainland wholesale electricity markets which had resulted in increases in the Tasmanian wholesale electricity price and for Aurora Energy to be reimbursed for the rebate costs. This agreement ended on 30 June 2020. Due to the timing of customer bills, there was some residual rebate revenue received in the 2020-21 financial year.

B1 Operating Profit (continued)

		2021 $'000	2020 $'000
B1(c)	**Electricity derivative fair value movements**		
	(Loss)/gain on derivatives in a fair value hedge accounting relationship (note E1(h))	(9,227)	(77,709)
	Gain/(loss) on adjustment to hedged item in a fair value hedge accounting relationship (note E1(h))	9,351	78,210
		124	501

		2021 $'000	2020 $'000
B1(d)	**Functional expenses**		
	Labour	(27,702)	(26,010)
	Short term lease expense (note C12)	(241)	(1,027)
	IT, communication and other service fees and charges	(25,930)	(23,743)
		(53,873)	(50,780)

		2021 $'000	2020 $'000
B1(e)	**Finance expenses**		
	Interest expense on leasing arrangements (note C12(c))	(265)	-
	Unwinding of Discount on Onerous Contracts (note C9)	(1,735)	(2,714)
	Net interest cost regarding RBF provision (note D(i))	-	(89)
		(2,000)	(2,803)

		2021 $'000	2020 $'000
B1(f)	**Depreciation and amortisation**		
	Property, plant and equipment depreciation (note C5)	(819)	(369)
	Intangibles amortisation (note C6)	(6,264)	(5,560)
	Right-of-use assets (note C12(c))	(648)	-
		(7,731)	(5,929)

		2021 $'000	2020 $'000
B1(g)	**Other expenses**		
	Credit losses on trade receivables (note C1(a))	(7,360)	(10,132)
	Community service agreements - discounts allowed (note B1(b))	(43,681)	(41,771)
	Tasmanian government energy rebates paid (note B1(b))	(202)	(2,538)
	Small Business Waiver3	**(180)**	**(17,290)**
		(51,423)	**(71,731)**

[3] In 2019-20, the shareholding Ministers issued a members' direction to the directors to fund a bill waiver for small business customers for either their first quarterly electricity bill, or their first three months of electricity bills, issued on or after 1 April 2020. This was in response to the COVID-19 pandemic.

B2 Income Tax

Accounting Policy

The Electricity Companies Act 1997 section 14 requires the company to comply with part 10 of the Government Business Enterprises Act 1995. The company is required to calculate a tax equivalent as if it were a company subject to Commonwealth income tax laws.

(i) Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) Deferred tax is accounted for using the comprehensive balance sheet 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.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax 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 tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the period is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

	2021 $'000	2020 $'000
(a) Income tax recognised in profit		
Tax expense comprises:		
Current tax expense	7,201	-
Deferred tax expense relating to the origination and reversal of temporary differences	906	(2,308)
Total tax expense/(benefit) from continuing operations	8,107	(2,308)
Profit/(loss) before income tax equivalent expense	27,014	(7,703)
Income tax equivalent expense/(benefit) calculated at 30%	8,104	(2,311)
Non-deductible expenses	3	3
Income tax equivalent expense/(benefit)	8,107	(2,308)
Under/(over) provision of income tax in prior years	-	-
Income tax equivalent expense/(benefit)	8,107	(2,308)

B2 Income Tax (continued)

	2021 $'000	2020 $'000
(b) Income tax recognised directly in equity		
The following current and deferred amounts were charged directly to equity during the period:		
Deferred tax:		
Financial instruments	(10,265)	29,096
Provisions	(191)	(92)
	(10,456)	29,004
(c) Current tax assets and liabilities		
Income tax (receivable)/payable:	(2,027)	(4,171)
(d) Deferred tax balances		
Deferred tax assets comprise:		
Tax losses – revenue	-	1,132
Temporary differences	24,568	34,079
Deferred tax liabilities comprise:		
Temporary differences	(15,139)	(14,420)
Net deferred liability	9,429	20,791

Taxable and deductible temporary differences arise from the following:

2021	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing Balance $'000
Gross deferred tax liabilities:				
Property, plant and equipment	1,540	320	-	1,860
Financial instruments	12,880	(9,866)	10,265	13,279
	14,420	(9,546)	10,265	15,139
Gross deferred tax assets:				
Provisions	14,287	(31)	(191)	14,065
Tax losses - revenue	1,132	(1,132)	-	-
Financial instruments	19,792	(9,904)	-	9,888
Property, plant & equipment	-	615	-	615
	35,211	(10,452)	(191)	24,568
	20,791	(906)	(10,456)	9,429

B2 Income Tax (continued)

2020	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing Balance $'000
Gross deferred tax liabilities:				
Property, plant and equipment	1,867	(327)	-	1,540
Financial instruments	53,249	(11,273)	(29,096)	12,880
	55,116	(11,600)	(29,096)	14,420
Gross deferred tax assets:				
Provisions	13,382	997	(92)	14,287
Tax losses - revenue	-	1,132	-	1,132
Financial instruments	31,212	(11,420)	-	19,792
	44,594	(9,291)	(92)	35,211
	(10,522)	2,309	29,004	20,791

B3 Cash and short term deposits

Accounting Policy

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Any bank overdrafts are included within trade and other payables on the statement of financial position.

	2021 $'000	2020 $'000
Bank balances	16,735	946
Money market investments	16,500	30,122
Cash and cash equivalents	33,235	31,068

(a) Financing facilities

The Company has access to finance facilities at 30 June 2021 as indicated below:

2021	Facility Limit $'000	Facility Used $'000	Balance $'000
Borrowing Facilities	287,000	-	287,000
Bank Guarantee Facilities	140,000	82,700	57,300
	427,000	82,700	344,300

B3 Cash and short term deposits (continued)

2020	Facility Limit $'000	Facility Used $'000	Balance $'000
Borrowing Facilities	287,000	-	287,000
Bank Guarantee Facilities	244,000	95,800	148,200
	531,000	95,800	435,200

The Facility Limit under the Master Loan Facility Agreement was increased in 2020 in response to the COVID-19 pandemic. On 15 June 2020 the Treasurer provided explicit support to the Tasmanian Public Finance Corporation for Aurora Energy's maximum borrowing limit of $529M.

(b) Reconciliation of profit for the period to net cash provided by operating activities

	2021 $'000	2020 $'000
Operating (loss)/profit after income tax equivalents	18,907	(5,395)
Depreciation & amortisation costs	7,732	5,929
Fair value through (profit) or loss of financial instruments	(124)	(501)
(Decrease)/increase in onerous contract provision	(6,017)	(3,910)
Decrease/(increase) in accrued interest/market traded receivables	(5,102)	19,123
(Increase)/decrease in other assets	(348)	(411)
(Increase)/decrease in inventories	(6,544)	(1,938)
Decrease/(increase) in trade and other receivables	13,342	4,421
Decrease/(increase) in deferred and current taxes	3,050	(10,678)
(Decrease)/increase in trade and other payables	(16,880)	(6,273)
(Decrease)/increase in employee provisions	472	(249)
Increase in contract liabilities	2,081	2,485
Net cash provided by operating activities	10,569	2,603

B4 Dividends

	2021 $'000	2020 $'000
Declared and paid, dividends on ordinary shares	-	28,061

There was no dividend declared or paid during the 2020-21 financial year as a result of Aurora Energy making an underlying loss after tax in 2019-20. In line with the requirements of Aurora Energy's Constitution and the Dividend Guideline for Tasmanian Government Businesses, the dividend related to 2020-21 profits will be recommended prior to 31 October 2021.

Section C: Detailed information on statement of financial position items

C1 Current trade and other receivables

Accounting Policy

Trade receivables and other receivables are recorded at amounts due less any allowance for expected credit losses (ECLs). Due to their short term nature they are not discounted. Trade receivables are non-interest bearing and are generally on terms from 14 to 30 days. The balance of the allowance for ECLs is reviewed monthly using a provision matrix to measure credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

At 30 June 2020 the COVID-19 pandemic was widely expected to have a significant negative impact on the Australian economy. As such, the ECLs were increased to reflect higher forecast default probabilities based on the Reserve Bank of Australia' Statement on Monetary Policy – May 2020. The value of Aurora Energy's trade receivables past due has increased over 2020-21. However, the economic impact of COVID-19 has not been as significant as initially forecast. The provision rates for the allowance for ECLs as at 30 June 2021 have been reviewed to reflect the experience of credit losses in the months leading up to 30 June 2021 and consideration of the improved economic outlook included in the Reserve Bank of Australia's Statement on Monetary Policy – May 2021.

	2021 $'000	2020 $'000
Trade receivables	61,851	53,214
Accrued income	24,978	25,220
Unbilled energy sales	79,485	95,910
Provision for expected credit losses	(17,688)	(12,376)
	148,626	161,968

Of the total $61.851M (2020: $53.214M) of trade receivables, $30.448M (2020: $27.566M) are current with an average of 16 days. It is considered that there are no indications as of the reporting date that the debtors will not meet their payment obligations, unless otherwise provided.

(a) Movement in the allowance for expected credit losses of debts:

	2021	2020
Balance at the beginning of the year	12,376	4,894
Credit losses recognised on receivables	7,360	10,132
Amounts written off as uncollectable	(3,068)	(4,173)
Amounts recovered during the year	1,020	1,523
Balance at the end of the year	17,688	12,376

C1 Current trade and other receivables (continued)

(b) Credit risk exposure of trade receivables and contract assets

2021	Trade receivables							
			Days past due					
	Accrued Income & Unbilled Energy	Current	<30 days	30-60 days	61-180 days	>180 days	Total Receiv-ables	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	2.84%	2.84%	8.97%	25.56%	50.63%	77.43%		
Gross carrying amount	104,463	30,448	9,363	3,947	7,476	10,617	61,851	166,314
Expected credit loss	2,967	866	840	1,009	3,785	8,221	14,721	17,688

2020	Trade receivables							
			Days past due					
	Accrued Income & Unbilled Energy	Current	<30 days	30-60 days	61-180 days	>180 days	Total Receiv-ables	Total
	$'000	$'000	$'000	$'000	$'000	$'000		$'000
Expected credit loss rate	1.80%	1.81%	6.44%	23.08%	56.35%	85.38%		
Gross carrying amount	121,130	27,566	10,299	3,388	6,777	5,184	53,214	174,344
Expected credit loss	2,186	500	663	782	3,819	4,426	10,190	12,376

The Company holds no collateral over these balances.

(c) Of the total receivables, $7.981M (2020: $6.436M) are renegotiated receivables and Aurora Energy has assessed on the basis of historical experience that not all will be recoverable and an allowance for credit loss of $3.330M (2020: $2.323M) has been recorded. As a result of customer payment difficulties during the height of the pandemic, receivables greater than 180 days past due has increased over 2020-21. Aurora Energy is currently working with customers to manage these balances.

C2 Inventories

Accounting Policy

Inventories including renewable energy certificates are carried at the lower of cost and net realisable value.

Renewable Energy Target measures are contained in the Federal renewable energy legislation that commenced on 1 April 2001. The aims of the measures are to increase the proportion of energy from renewable generators. Renewable energy generators are able to issue RECs (Renewable Energy Certificates), where 1 REC is 1MWh of electricity based on the amount of renewable energy generated from a defined renewable source. From 1 January 2011, the scheme was split into two parts, the Large-scale Renewable Energy Target (LRET) and the Small-scale Renewable Energy Scheme (SRES). Retailers are required to purchase sufficient large-scale generation certificates (LGCs) and small-scale technology certificates (STCs) (based on a percentage of the retailers' energy acquisitions) to meet their obligations under the Act for each calendar year. STCs are submitted to the Regulator on a quarterly basis and LGCs in February of each year. The price of RECs (LGCs and STCs) varies, so the company has implemented a purchasing target to mitigate market risk. Aurora Energy, to mitigate its market risk, acquires its RECs by forward REC purchase contracts in accordance with the benchmark, with purchases on the spot market and from the STC Clearing House. This allows Aurora Energy to lock in a price for the future delivery and settlement of RECs. The liability for the acquittal of RECs is recognised in the statement of financial position, trade and other payables, on a continuous basis as electricity is purchased. The expense for RECs is recognised on the statement of comprehensive income, within energy and network purchases, on a continuous basis as electricity is purchased.

Any RECs purchased but not yet remitted to the Regulator are included in inventory.

	2021 $'000	2020 $'000
Renewable energy certificates (valued at cost or net realisable value)	17,740	11,196
	17,740	11,196

Renewable energy certificates recognised as an expense for the year ended 30 June 2021 totalled $74.729M (2020: $78.392M).

C3 Current financial assets

Interest accrued	149	151
Market traded receivables[4]	5,104	-
Derivative contracts (at fair value) (note E1)	26,447	14,186
Total current financial assets	31,700	14,337

[4] The market traded receivables relate to contracts for difference for energy purchases and are neither past due nor impaired. There are no indications that these debtors will not meet their payment obligations.

C4 Other current Assets

Prepayments	65	150
Customer services obligation recoveries (note B1(b))	3,409	3,008
Payroll prepaid	28	6
	3,502	3,164

C5 Property, plant and equipment

Accounting Policy

(i) Valuation

The value of property, plant and equipment is recorded at depreciated cost adjusted for any accumulated impairment losses.

(ii) Depreciation

Depreciation on property, plant and equipment is based on the straight-line method so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

In accordance with Australian Accounting Standard AASB 116 Property, Plant and Equipment balances of accumulated depreciation are transferred to the appropriate asset accounts when assets are revalued each year.

The depreciation rates used for each class of assets were:

Class of non-current asset	Depreciation Rate
Computer equipment	33.3%
Computer equipment	10% - 67%
Other	10% - 33.3%

	Payguards at fair value $'000	Other at cost $'000	Total $'000
Gross carrying amount			
Balance as at 30 June 2019	1,107	3,221	4,328
Additions		362	362
Disposals	(1,107)	(150)	(1,257)
Balance as at 30 June 2020	-	3,433	3,433
Additions	-	5,743	5,743
Disposals	-	(37)	(37)
Balance as at 30 June 2021	-	9,139	9,139
Accumulated depreciation and impairment losses			
Balance as at 30 June 2019	(1,107)	(2,551)	(3,658)
Disposals	1,107	150	1,257
Depreciation expense (i)	-	(369)	(369)
Balance as at 30 June 2020	-	(2,770)	(2,770)
Disposals		24	24
Depreciation expense (i)		(819)	(819)
Balance as at 30 June 2021		(3,565)	(3,565)
Net book value – at recoverable amount			
As at 30 June 2020	-	663	663
As at 30 June 2021	-	5,574	5,574
Capital works in progress – at cost			
As at 30 June 2020	-	1,540	1,540
As at 30 June 2021	-	4	4
Total property, plant and equipment			
As at 30 June 2020	-	2,203	2,203
As at 30 June 2021	-	5,577	5,577

(i) Aggregate depreciation allocated during the year is recognised as an expense in the line item 'depreciation and amortisation expense' in the statement of comprehensive income.

C6 Intangible assets

Accounting Policy

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 profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The customer care and billing system is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life. The estimated useful life of the current billing system is 12 years, ending 30 June 2022. Aurora Energy is currently in the process of migrating its customer base to a new Software-as-a-Service (SaaS) based billing platform.

SaaS arrangements are service contracts providing the company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

	Computer software $'000
Gross carrying amount	
Balance as at 30 June 2019	63,995
Additions	2,587
Balance as at 30 June 2020	66,582
Additions	4,588
Balance as at 30 June 2021	71,170
Accumulated amortisation and impairment losses	
Balance as at 30 June 2019	(48,650)
Amortisation expense (i)	(5,560)
Balance as at 30 June 2020	(54,210)
Amortisation expense (i)	(6,264)
Balance as at 30 June 2021	(60,474)
Net book value	
As at 30 June 2020	12,372
As at 30 June 2021	10,696
Software works in progress – at cost	
As at 30 June 2020	3,235
As at 30 June 2021	3,438
Total intangible assets	
As at 30 June 2020	15,607
As at 30 June 2021	14,133

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the statement of comprehensive income.

C7 Non-current financial assets

	2021 $'000	2020 $'000
Derivative contracts (at fair value) (note E1)	17,813	28,745
	17,813	28,745

C8 Current trade and other payables

Accounting Policy

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. Due to their short-term nature they are not discounted.

Trade payables	103,928	111,447
Accrued expenses	226	950
Accrued REC expenses	22,156	30,797
	126,310	143,194

All trade payables and accrued expenses are unsecured.

C9 Provisions

Accounting Policy

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company 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.

Provisions are measured at the present value of Aurora Energy's best estimate of the expenditure required to settle the present obligation at the reporting date. 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. The increase in the provision resulting from the passage of time (unwinding of discount) is recognised in finance costs on the statement of comprehensive income.

If Aurora Energy has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

C9 Provisions (continued)

	2021 $'000	2020 $'000
Current employee provisions (note D1)	3,386	3,248
Current onerous contract provision*	5,043	6,411
	8,429	9,659
Non-current employee provisions (note D2)	2,769	3,071
Non-current onerous contract provision*	17,873	22,523
	20,642	25,594
Provision for onerous contract*		
Opening balance	28,934	32,844
Provision reassessment	(2,392)	(6,219)
Utilised	(5,360)	(405)
Unwinding of discount	1,735	2,714
Closing balance	22,917	28,934

* Aurora Energy has a contract for the purchase of an energy related product at a price materially higher than the forward market prices and the economic value that Aurora Energy can obtain from the product. The reassessments of the provision are included in the line item energy and network purchases on the statement of comprehensive income.

C10 Contract liabilities

Income received in advance	32,081	29,999
	32,081	29,999

C11 Financial liabilities

Current financial liabilities (note E1):		
Derivative contracts (at fair value)	11,983	19,429
Fair value adjustment to hedged item designated in a fair value hedge accounting relationship	5,818	6,153
Total current financial liabilities	17,801	25,582
Non-current financial liabilities (note E1):		
Derivatives contracts (at fair value)	9,982	26,197
Fair value adjustment to hedged item designated in a fair value hedge accounting relationship	5,093	14,110
Total non-current financial liabilities	15,075	40,307

C12 Lease commitments

Accounting Policy

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in for consideration.

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the company's incremental borrowing rate. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Both the right-of-use assets and lease liabilities have been presented as separate line items in the statement of financial position.

At 30 June 2021, Aurora Energy has two lease commitments relating to two office buildings in Hobart and Launceston.

		2021 $'000	2020 $'000
(a)	Rights-of-use assets		
	Opening balance	-	-
	Additions	7,148	-
	Disposals		-
	Depreciation	(648)	-
	Balance at 30 June 2021	6,500	-
(b)	Lease liabilities		
	Non-cancellable lease payments		
	Less than one year	696	-
	One to five years	3,783	-
	Longer than five years	3,245	-
	Total discounted lease liabilities	7,724	-
	Current	696	-
	Non-current	7,028	-
	Lease liabilities in statement of financial position	7,724	-
(c)	Amounts recognised in profit and loss		
	Depreciation expense on right-of-use assets	648	-
	Interest expense on lease liabilities	265	-
	Expense relating to short-term leases	241	240
		1,154	240

The Elizabeth Street (Office) lease contains an extension option exercisable by the company before the end of the lease period. The extension option is only exercisable by the company and not the lessor. The company has assessed that it is not reasonably certain to exercise the extension option at the commencement of the lease and therefore has not recognised the extension as part of its leases.

The company has estimated that the potential future lease payments, should it exercise the extension, would result in an increase in lease liability of $3.8M.

Section D: Employee benefits

Accounting Policy

(i) Superannuation

The Retirement Benefits Fund (RBF) is a defined benefits superannuation scheme for Tasmanian Government employees. The RBF liability carried represents the present value of the defined benefit obligation adjusted for unrecognised service cost net of the fair value of the plan assets. The net assets, operating costs and investment returns of the RBF are allocated to Aurora Energy based on the percentage of funded past service liabilities for Aurora Energy compared to the funded past service liabilities for the whole of government. The RBF scheme was closed to new members from 15 May 1999.

The RBF is funded by employee and employer contributions. Employee contributions to the funds are transferred to RBF. An internal net interest charge, calculated by the application of market-related interest rates and after advice from the company's actuary, is added to this provision each year.

Actuarial gains or losses are recognised in the statement of other comprehensive income and are recorded as a movement in retained earnings.

(ii) Other employee entitlement provisions

Contributions to these provisions are charged directly to cost centres as part of employment costs. The company adopts the present value basis of measurement methodology where the liability recognised is the present value of expected non-current future payments to be made in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. 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.

D1 Current employee provisions

	2021 $'000	2020 $'000
Employee entitlements:		
Annual leave	1,828	1,664
Long service leave	1,036	1,036
Superannuation	279	313
Retirements Benefits Fund (note D(i))	51	50
	3,194	3,063
Other current provisions:		
Payroll tax	192	185
	192	185
Total current provisions	3,386	3,248

D2 Non-current employee provisions

	2021 $'000	2020 $'000
Employee entitlements:		
Long service leave	1,229	975
Superannuation	123	93
Retirements Benefits Fund (note D(i))	1,333	1,938
	2,685	3,006
Other non-current provisions:		
Payroll tax	83	65
Total non-current provisions	2,768	3,071

D3 Net transfer (to)/from employee provisions:

Employee entitlements	190	572
Payroll tax	(25)	(14)
	165	556

D4 Key management personnel compensation

The key management personnel of the company during the year were:

Professor M. O'Kane (Chair, non-executive director)

Mrs Y. Rundle (non-executive director)

Mr T. James (non-executive director)

Mrs K. Nylander (non-executive director)

Mrs R. Kardos (Chief Executive Officer/managing director)

Mr K. Ingham (General Manager People and Commercial Services (01/07/20 – 15/09/20), (Chief Operating Officer commenced 16/09/20)

Mr H. Moore (Acting General Manager People and Commercial Services)(16/09/20 – 13/11/20)

Mr G. Russell (Chief Operating Officer (01/07/20 – 15/09/20)

Mr O. Cousland (Company Secretary/General Counsel)

Mr A. Crozier (Chief Product and Customer Officer)

Ms K. Gillies (General Manager People and Commercial Services commenced 16/11/20)

D4 Key management personnel compensation (continued)

The aggregate compensation of the key management personnel of the company is set out below:

	2021 $	2020 $
Short-term employee benefits	1,528,291	1,637,502
Post-employment benefits	135,408	146,323
Other long-term benefits	52,003	(52,049)
Termination benefits	-	261,095
	1,715,702	1,992,871

There were no short-term incentive payments in 2020 or 2021.

Director remuneration

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

2021

Director	Directors' Fees $	Committee Fees $	Super-annuation[1] $	Other[2] $	Total 2020 $
Prof M. O'Kane – Chair	57,289	5,172	5,934	1,200	69,595
Mrs Y. Rundle	38,563	7,796	4,404	1,200	51,963
Mr T. James	38,563	7,796	4,404	1,200	51,963
Mrs. K. Nylander	38,563	5,198	4,157	1,200	49,118
Total	**172,978**	**25,962**	**18,899**	**4,800**	**222,639**

2020

Director	Directors' Fees $	Committee Fees $	Super-annuation[1] $	Other[2] $	Total 2020 $
Prof M. O'Kane – Chair	57,289	5,172	5,934	1,200	69,595
Mrs Y. Rundle	38,563	7,796	4,404	1,200	51,963
Mr T. James	38,563	7,796	4,404	1,200	51,963
Mrs. K. Nylander	38,563	5,198	4,157	1,200	49,118
Total	**172,978**	**25,962**	**18,899**	**4,800**	**222,639**

[1] Superannuation means the contribution to the superannuation fund of the individual.

[2] Other includes travel and other expenses.

D4 Key management personnel compensation (continued)

Executive remuneration

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

2021

Executive Remuneration	Salary[1] $	Short term incentive payments[2] $	Super-annuation[3] $	Other monetary benefits[4] $	Total Remun-eration $	Termination benefits[5] $	Other long term benefits[6] $	Total 2021 $
Mrs R. Kardos	354,170	0	25,096	0	379,266	0	12,500	391,766
Mr K. Ingham	247,245	0	23,501	0	270,746	0	7,254	278,000
Mr H. Moore 16/09/20 to 13/11/20	32,835	0	2,625	0	35,460	0	1,966	37,426
Mr G. Russell to 15/09/20	67,026	0	6,057	0	73,084	0	846	73,930
Mr O. Cousland	209,716	0	19,705	0	229,421	0	10,802	240,223
Mr A. Crozier	280,777	0	26,688	0	307,465	0	14,843	322,308
Ms K. Gillies from 16/11/20	132,782	0	12,837	0	145,619	0	3,792	149,411
Total	**1,324,551**	**0**	**116,509**	**0**	**1,441,061**	**0**	**52,003**	**1,493,064**

2020

Executive Remuneration	Salary[1] $	Short term incentive payments[2] $	Super-annuation[3] $	Other monetary benefits[4] $	Total Remun-eration $	Termination benefits[5] $	Other long term benefits[6] $	Total 2020 $
Mrs R. Kardos	355,159	0	25,213	0	380,372	0	27,477	407,849
Mr K. Ingham	243,506	0	23,145	0	266,651	0	14,439	281,090
Mr H. Moore 06/01/20 to 20/03/20	48,666	0	4,626	0	53,292	0	2,062	55,354
Mr G. Russell	278,348	0	25,310	0	303,658	0	9,229	312,887
Mr O. Cousland	193,671	0	18,922	0	212,593	0	10,825	223,418
Mr A. Crozier from 21/10/19	195,791	0	18,610	0	214,401	0	14,786	229,187
Ms M. Brooks to 02/08/19	18,195	0	1,729	0	19,924	92,380	(49,105)	63,199
Ms M. Percival to 30/08/19	35,985	0	3,744	0	39,729	77,507	(28,279)	88,957
Mr S. Weber to 29/10/19	64,441	0	6,125	0	70,566	91,208	(53,483)	108,291
Total	**1,433,762**	**0**	**127,424**	**0**	**1,561,186**	**261,095**	**(52,049)**	**1,770,232**

D4 Key management personnel compensation (continued)

Note: Vehicles are included in Salaries as they are optional and form part of the Total Employment Package.

[1] Salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

[2] Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes.

[3] Superannuation means the contribution to the superannuation fund of the individual.

[4] Other monetary benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.

[5] Termination benefits include all forms of benefits paid or accrued as a consequence of termination.

[6] Other long term benefits include annual and long service leave movements.

Remuneration Principles

Non-Executive Directors

Non-executive directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be reappointed. The level of fees paid to the 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.

Executive remuneration

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration 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 and prescribe the total remuneration, superannuation, annual and long service leave, and salary sacrifice provisions.

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 executives or the Board to provide a minimum notice period of up to 3 months for senior executives and 6 months for the CEO prior to the termination of the contract. Whilst not automatic, contracts can be extended.

Short term incentive payments

Aurora Energy does not currently offer performance based payments. In the event that a program is implemented, the requirements outlined in the Guidelines will be adopted.

Acting Arrangements

Mr H. Moore was acting General Manager People and Commercial Services for the period 16 September 2020 to 13 November 2020 while the position was vacant.

Section E: Risk and fair value

E1 Financial instruments

Accounting Policy

Derivative Financial Instruments

The company enters into various financial instruments in the form of electricity swaps in order to manage financial exposures faced by the company from its operations. In accordance with its Treasury and Energy Risk Policies, the company 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 recognised in profit or loss on the statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss on the statement of comprehensive income depends on the nature of the hedge relationship. On the date the contract is entered, each contract is recorded in Aurora Energy's hedge accounting system where the relevant effectiveness tests and documentation is created at inception and all further designation and valuation data is recorded. 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.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risk and characteristics are not closely related to those host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss on the statement of comprehensive income.

Hedging

The company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities of firm commitments (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss on the statement of comprehensive income immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss on the statement of comprehensive income from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or losses relating to ineffective portions are recognised immediately in profit or loss on the statement of comprehensive income. Amounts deferred in equity are recycled in profit or loss on the statement of comprehensive income in the periods when the hedged item is recognised in profit or loss on the statement of comprehensive income. 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 at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss on the statement of comprehensive income. 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 on the statement of comprehensive income.

E1 Financial instruments (continued)

(a) Capital risk management

The company's objective is to have an appropriate capital structure that ensures financial flexibility and fiscal discipline and therefore ongoing viability to continue to provide returns for shareholders.

In late 2019-20, in response to concerns regarding the potential financial impact of the COVID-19 pandemic on Aurora Energy, the Shareholder provided a letter of guarantee to Tasmanian Public Finance Corporation (TASCORP) for Aurora Energy's obligations. However, as the impact of COVID-19 on the Tasmanian economy and Aurora Energy's customers was not as severe as initially forecast, Aurora Energy holds no debt as at 30 June 2021. As at 30 June 2021, this guarantee remains in place.

(b) Categories of financial instruments

	2021 $'000 Carrying amount	2020 $'000 Carrying amount
Financial assets		
Amortised cost		
- Cash and cash equivalents	33,235	31,068
- Trade and other receivables	61,851	53,214
- Market traded receivables	5,104	-
Financial liabilities		
Amortised cost		
- Trade and other payables	103,928	111,447
Derivative instruments		
- Electricity swaps – note E1(f)[1]	11,383	(22,958)

(c) Financial risk management

The company's Treasury function coordinates access to financial markets, and manages the risks relating to the operations of the company. Risk management in respect of energy commodity exposures is managed under board approved Energy Risk Management (ERM) principles. Treasury and ERM operate under policies approved by the Board.

The company's activities exposed it primarily to the financial risks of changes in energy consumption and price. The company enters into a variety of derivative financial instruments to manage its exposure to these risks, including:

- electricity swaps to hedge the energy consumption and price risk arising on purchases and sales of electricity to customers.

E1 Financial instruments (continued)

(d) Credit risk management

Credit risk represents the loss that would be recognised at the reporting date if counterparties failed to meet their contractual obligations. The company measures credit risk as the positive revaluation of financial instruments plus the potential credit exposure and an amount for settlement risk.

Credit risk associated with receivables is described in note C1.

A Board approved Counterparty Credit Risk Framework establishes credit limits for parties depending on their credit rating. The company also uses ISDA agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties. The Framework is overseen by the company's Energy Risk and Compliance Committee and Treasury Committee with delegations set by Board approved policies.

The majority of the company's counterparty credit risk is to Australian based banks, financial institutions and electricity generators. At balance date, the only significant concentration of credit risk with any counterparty is to Hydro Tasmania as the dominant generator in Tasmania and the Westpac Bank and Commonwealth Bank for bank deposits. There is no material concentration risk in retail customers.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk at reporting date. In respect to those financial assets and the credit risk embedded within them, the company holds no significant collateral as security and there are no other significant credit enhancements in respect of these assets.

The company accepts guarantees from Australian financial institutions on behalf of major customer and supply contracts as collateral in respect of the financial assets/receivables.

(e) Liquidity risk management

Prudent liquidity management involves maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. To help counter this risk, the company has adequate stand-by facilities and other funding arrangements in place as disclosed in note B3(a) and only uses financial instruments that are highly tradable. Aurora Energy's facilities are reviewed periodically to ensure it retains access to appropriate financing facilities to fund a range of downside scenarios.

The company also continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following tables detail the company's remaining contractual maturity for its financial assets and liabilities and expected maturity of derivative instruments. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the company can be required to pay its financial liabilities and receive its financial assets and is expected to settle its derivative instruments.

2021	Weighted average effective interest rate %	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000
Financial assets					
Cash and short term deposits	0.35	33,235	-	-	-
Trade and other receivables	-	61,851	-	-	-
Market traded receivables	-	5,104	-	-	-
Electricity derivatives	-	26,458	13,945	4,155	-
		126,648	13,945	4,155	-
Financial liabilities					
Trade and other payables	-	103,928	-	-	-
Electricity derivatives	-	17,809	11,801	3,546	-
		121,737	11,801	3,546	-

E1 Financial instruments (continued)

2020	Weighted average effective interest rate %	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000
Financial assets					
Cash and short term deposits	0.45	31,068	-	-	-
Trade and other receivables	-	53,214	-	-	-
Market traded receivables	-	-	-	-	-
Electricity derivatives	-	14,206	14,874	14,395	-
		98,488	14,874	14,395	-
Financial liabilities					
Trade and other payables	-	111,447	-	-	-
Electricity derivatives	-	25,602	22,745	18,097	-
		137,049	22,745	18,097	-

(f) Market risk management

Price risk management

The company is exposed to commodity price risk from electricity associated with the purchase and/or sale of electricity. To manage its commodity price risks in respect to electricity, the company enters into electricity derivatives, including caps and swaps.

The key elements of the company's strategy include:

- Energy trading risks being actively managed and monitored against Board approved limits. These limits cover relative and absolute trading limits;
- Incorporating sufficient margin within contestable retail customer contract pricing to adequately cover costs and generate the required return for risk; and
- Ensuring alignment between key terms of customer sales and associated hedge contracts.

The company's overall strategy provides for the utilisation of market exposure as per limits set out in the Board approved Energy Risk Policy.

The following tables detail the remaining terms of energy derivatives contracts outstanding as at reporting date and their fair values.

2021	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
Assets					
Derivatives designated hedge in a cash flow relationship	20,630	11,100	1,798	-	33,528
Derivatives designated in a fair value hedge relationship	5,817	2,797	2,296	-	10,910
	26,447	13,897	4,094	-	44,438
Liabilities					
Derivatives designated hedge in a cash flow relationship	(11,983)	(8,958)	(1,203)	-	(22,144)
Derivatives designated in a fair value hedge relationship	(5,818)	(2,797)	(2,296)	-	(10,911)
	(17,801)	(11,755)	(3,499)	-	(33,055)
Total asset/(liability)	8,646	2,142	595	-	11,383

E1 Financial instruments (continued)

2020	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
Assets					
Derivatives designated hedge in a cash flow relationship	8,035	10,917	4,054	-	23,006
Derivatives designated in a fair value hedge relationship	6,151	3,887	10,099	-	20,137
	14,186	14,804	14,153	-	43,143
Liabilities					
Derivatives designated hedge in a cash flow relationship	(19,428)	(18,721)	(7,689)	-	(45,838)
Derivatives designated in a fair value hedge relationship	(6,153)	(3,901)	(10,209)	-	(20,263)
	(25,582)	(22,622)	(17,898)	-	(66,102)
Total asset/(liability)	(11,395)	(7,818)	(3,745)	-	(22,958)

Price sensitivity

The following table summarises the impact of increases/decreases of the relevant forward prices for electricity on the company's post tax profit for the year and on other components of equity. The sensitivity analysis is calculated based on a calculation of the region's volatility of price as observed over the past year to provide an indicator of likely potential variation to profit and equity of the company. A ten dollar per megawatt hour rate variation (2020: $10), up and down, has been used in the analysis for 30 June 2021. Actual results may differ dependent on future market conditions. All variables other than the relevant primary risk variable identified are held constant in the analysis.

	Impact on post tax profit of the Company +/(-) ($'000)	Post tax impact on equity of the Company +/(-) ($'000)
2021		
Electricity forward price	0/(0)	34,626/(34,626)
2020		
Electricity forward price	110/(110)	36,232/(36,232)

Profit for the year would increase/(decrease) as a result of electricity derivatives which do not qualify for cash flow hedge accounting (ineffective) under AASB 9 or differences in the discount rates applied in valuing fair value hedges and their underlying hedged asset or liability that is attributable to the hedged risk. There were no ineffective cash flow hedges as at 30 June 2021. Equity would increase/(decrease) as a result of electricity derivatives which do qualify for cash flow hedge accounting under AASB 9 and any profit or losses arising from fair value hedges or ineffective cash flow hedges.

(g) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

The fair value of derivative instruments are 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 only used 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 account of the underlying exposures being hedged.

Electricity Derivative Contracts

The company has in place hedge arrangements for a portion of its customer load. Hedges take the form of electricity swap agreements. The economic effect of these arrangements is to transfer to the counterparties some of the variable price risk and to fix the cost of electricity to the company in line with the revenue streams that are contracted for with customers.

E1 Financial instruments (continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Derivative instruments				
- Electricity swaps – note E1(f)	-	11,383	-	11,383

There were no transfers between Level 1, 2 and 3 in the period.

30 June 2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Derivative instruments				
- Electricity swaps – note E1(f)	-	(22,958)	-	(22,958)

There were no transfers between Level 1, 2 and 3 in the period.

Significant assumptions used in determining fair value of financial assets and liabilities.

The financial statements include electricity swaps and customer contracts which are measured at fair value. Their fair values are determined using valuation techniques based on the calculation of the present value of expected future cash flows. Inputs to these valuation techniques include some assumptions relating to the electricity forward prices in Tasmania that are supportable by regulated market prices and forecast of future load demand.

(h) Impact of hedging on the statement of financial position and statement of comprehensive income

Fair value hedges

The impact of the hedging instruments on the statement of financial position

30 June 2021	**Nominal MWh**	**Carrying amount**	**Line item in statement of financial position**	**Change in fair value used for measuring ineffectiveness for the period**
		$'000		**$'000**
Electricity price swaps	54	5,817	Current financial assets	(9,227)
		5,093	Non-current financial assets	
		10,910		(9,227)

The impact of the hedged items on the statement of financial position

E1 Financial instruments (continued)

30 June 2021	Carrying amount $'000	Accumulated fair value adjustments $'000	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period $'000
Customer sales contracts	(5,818)	(5,818)	Other current liabilities.	9,351
	(5,093)	(5,093)	Other non-current liabilities	
	(10,911)	(10,911)		9,351

The ineffectiveness recognised in the statement of comprehensive income was $0.124M in the line electricity derivative fair value movements.

The hedge ineffectiveness arises from the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and the hedged items.

The impact of the hedging instruments on the statement of financial position

30 June 2020	Nominal MWh	Carrying amount $'000	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period $'000
Electricity price swaps	54	6,151	Current financial assets	(77,709)
		13,986	Non-current financial assets	
Closing balance	54	20,137		(77,709)

The impact of the hedged items on the statement of financial position

30 June 2020	Carrying amount $'000	Accumulated fair value adjustments $'000	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period $'000
Customer sales contracts	(6,153)	(6,153)	Other current liabilities.	78,210
	(14,110)	(14,110)	Other non-current liabilities	
	(20,263)	(20,263)		78,210

The ineffectiveness recognised in the statement of comprehensive income was $0.501M in the line electricity derivative fair value movements.

The hedge ineffectiveness arises from the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and the hedged items.

E1 Financial instruments (continued)

Cash flow hedges

The impact of cash flow hedged items on the statement of comprehensive income

30 June 2021	Total hedging gain/(loss) recognised in OCI $'000	Ineffectiveness recognised in P&L $'000	Line item in P&L	Amount reclassified from OCI to P&L $'000	Line item in P&L
Electricity price swaps	45,613	-	Electricity derivative fair value movements	(11,396)	Energy and network purchases
30 June 2020					
Electricity price swaps	(41,795)	-	Electricity derivative fair value movements	(55,193)	Energy and network purchases

The impact of cash flow hedged items on the statement of financial position

	30 June 2021		30 June 2020	
	Change in fair value used for measuring ineffectiveness for the period	Cash flow hedge reserve	Change in fair value used for measuring ineffectiveness for the period	Cash flow hedge reserve
	$'000	$'000	$'000	$'000
Electricity price swaps	45,613	7,970	(41,795)	(15,983)

E2 Fair value measurement

The following tables provide the fair value measurement hierarchy of the company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2021:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
Assets measured at fair value		$'000	$'000	$'000	$'000
Derivative financial assets					
Electricity derivatives	30 June 21	44,439	-	44,439	-
There have been no transfers between Level 1, 2 and 3 in the period					
Liabilities measured at fair value					
Derivative financial liabilities					
Electricity derivatives	30 June 21	22,143	-	22,143	-
Fair value adjustment to hedged items in fair value hedges	30 June 21	10,911	-	10,911	-
There have been no transfers between Level 1, 2 and 3 in the period					

E2 Fair value measurement (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2020:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
Assets measured at fair value		**$'000**	**$'000**	**$'000**	**$'000**
Derivative financial assets					
Electricity derivatives	30 June 20	43,143	-	43,143	-
There have been no transfers between Level 1, 2 and 3 in the period					
Liabilities measured at fair value					
Derivative financial liabilities					
Electricity derivatives	30 June 20	45,838	-	45,838	-
Fair value adjustment to hedged items in fair value hedges	30 June 20	20,263	-	20,263	-
There have been no transfers between Level 1, 2 and 3 in the period					

E3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Assessment of impairment of non-financial assets

The company considers annually whether such assets have suffered any impairment, in accordance with the accounting policy stated in note F7(b).

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of the following key assumptions:

- forecast electricity price pool outcomes and regulated revenues;
- customer churn to competitors with the introduction of full retail contestability from 1 July 2014; and
- discount rates.

Where an indicator of impairment exists, Aurora Energy makes a formal estimate of the recoverable amount of the cash generating unit. The whole of Aurora Energy is one cash generating unit.

A four year Corporate Plan for Aurora Energy, considering the ongoing effects of the COVID-19 pandemic, has been submitted to the Shareholders following approval by the Board. The plan incorporates the company experience since the COVID-19 pandemic commenced and the projections represent management's best estimate of future financial performance. Based on the future projections of Aurora Energy, the Board has determined that no indicators of impairment exist and, accordingly, no formal estimate of the recoverable amount has been performed.

(ii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, certain types of electricity derivatives) is determined by using valuation techniques. The company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

E3 Critical accounting estimates and judgements (continued)

(iii) Unbilled revenue

Unbilled electricity sales are an estimate of the value of electricity units supplied between the date of the last meter reading and the year-end. The estimate of the units supplied is based on the customer historic usage profile adjusted to reflect the actual wholesale electricity purchases and the unit price used reflects the relevant tariff prices.

(iv) Unbilled use of system expense

Unbilled use of system charges are an estimate of the system cost of delivering electricity to the customer between the date of the last meter reading and year end. The estimate is based on the same meter data and customer profiles as used in the unbilled revenue estimates but using the appropriate use of system tariffs.

(v) Recovery of deferred tax asset

Deferred tax assets are recognised for deductible temporary differences and tax losses (on revenue account) as Aurora Energy considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses.

(vi) Provision for an onerous contact

Aurora Energy has a contract for the purchase of energy related products that was considered onerous at 30 June 2019 due to a reduction in forward market prices. A provision was raised for the difference between the contract purchase cost and the expected economic value of the purchases to Aurora Energy. The provision has been revised at 30 June 2021 using the weighted average of probable future market prices and the remaining purchases contracted, discounted to present value using Aurora Energy's internal pre-tax cost of capital. The increase in the weighted average of the probable future market prices and the remaining purchases contracted has resulted in a decrease in the provision as at 30 June 2021.

(vii) Customer care and billing system

The estimated useful life of Aurora Energy's customer care and billing system is 12 years, ending 30 June 2022. Aurora Energy is currently in the process of migrating its customer base to a new replacement billing system, which is expected to be completed by 30 June 2022. This aligns with the end of the current estimated useful life of the customer care and billing system.

(viii) Expected Credit Loss of Trade Receivables

The expected credit losses reflect potential loss from the non-payment of trade receivables. The key sources of estimation uncertainty in the expected credit loss calculation is the extent to which the effects of the COVID-19 pandemic on customer payment behaviour continues through the 2021-22 financial year. The provision rates for the allowance for expected credit losses have been reviewed to reflect the experience of credit losses in the months leading up to 30 June 2021 and consideration of the improved economic outlook included in the Reserve Bank of Australia's Statement on Monetary Policy – May 2021.

Section F: Other information

F1 Share capital

Accounting Policy

Ordinary shares are classified as equity.

	2021 $'000	2020 $'000
Issued and paid-up capital		
112,700,004 ordinary shares, fully paid	50,212	50,212

	No.	$'000
Authorised shares, shares have no par value	500,000,000	
Movements in ordinary share capital		
Balance at beginning of year	112,700,004	50,212
Movements	-	-
Balance at end of year	112,700,004	50,212

F2 Retained earnings

	2021 $'000	2020 $'000
Balance at beginning of year	(15,314)	17,894
Net (loss)/profit attributable to members of the entity	18,907	(5,395)
Dividend provided/paid (note B4)	-	(28,061)
Actuarial gain/(loss) on RBF defined benefit plan net of tax (note D(i))	446	215
Transfer from asset revaluation reserve	-	33
Balance at end of year	4,039	(15,314)

F3 Reserves

		2021 $'000	2020 $'000
(a)	Reserves comprise		
	Cash flow hedge reserve	7,969	(15,983)
		7,969	(15,983)
(b)	Movements in reserves		
	Asset revaluation reserve		
	Balance at beginning of year	-	33
	Transferred to retained earnings	-	(33)
	Balance at end of year	-	-
	Cash flow hedge reserve		
	Balance at beginning of year	(15,983)	51,909
	Gain/(loss) recognised		
	Electricity price swaps	45,613	(41,795)
	Transferred to (profit) or loss		
	Electricity price swaps	(11,396)	(55,193)
	Deferred tax arising on hedges	(10,265)	29,096
	Balance at end of year	7,969	(15,983)

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow 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.

F4 Related party disclosures

(a) Equity interests in related parties/Equity interests in subsidiaries

Aurora Energy has no equity interests in related parties or subsidiaries.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in note D4 to the financial statements.

(c) Transactions with key management personnel

Ministers of the Crown are considered to be part of key management personnel and as such the Ministers and their close family members and controlled entities of Ministers and their close family members are related parties to Aurora Energy.

All transactions with key management personnel, including the supply of electricity for domestic purposes and to key management personnel related entities, were conducted on an arm's length basis in the normal course of business and on commercial terms and conditions.

(d) Controlling entity

The Crown (Tasmanian government) is the ultimate parent entity of Aurora Energy Pty Ltd.

The company retails electricity and undertakes certain other transactions with government entities on an arm's length basis in the normal course of business and on commercial terms and conditions.

The company purchased electricity transmission services, distribution services, telecommunications, and information technology services from TasNetworks. The company purchases electricity derivatives from Hydro Tasmania.

The company supplied electrical services to TasNetworks and Hydro Tasmania.

All transactions with TasNetworks and Hydro Tasmania were on an arm's length basis in the normal course of business and on commercial terms and conditions.

F5 Auditors' remuneration

	2021 $	2020 $
Amounts received, due and receivable, by the Auditor-General from the company for:		
Auditing the accounts of the company	120,200	116,690
Auditing Financial Services Licence	6,180	6,000
	126,380	122,690

F6 Contingent liabilities

There are no claims related to property loss, personal injury (excluding claims by employees for personal injuries), contractual and other matters outstanding at the date of publication of these accounts. The directors are not aware of any matters, based on legal advice, which would require a provision as at the signing date of these accounts.

F7 Other accounting policies

(a) Goods and services tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis.

(b) Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

Where the asset does not generate cash flows that are independent from other assets, the company 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. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset (or cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

F8 Subsequent events

At the time of signing these financial statements there have been no material subsequent events.

Independent Auditor's Report

To the Members of Aurora Energy Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Aurora Energy Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2021 and statements of 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 Company is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2021 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 Company 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
Financial instruments valuation and hedge accounting ***Refer to notes B1(c), C3, C7, C11, E1 and E2***	
The Company entered into electricity swaps in order to manage financial exposures faced in purchasing electricity. At inception, each contract is recorded in the hedge accounting system where the relevant effectiveness tests and documentation is created. Further designation and valuation data is also recorded. These financial instruments are recorded at fair value, some of which use complex valuation models. As at 30 June 2021, derivative financial assets totalled $44.26m, derivative financial liabilities totalled $32.88m. The models involved significant judgements for the key inputs used to calculate the fair value of derivative financial instruments, which included future electricity prices, discount rates, credit risk factors and option volatility. The accounting standard for hedge accounting is complex, and its application involves the use of a financial model with significant judgements about future energy demand to determine whether each derivative financial instrument fulfilled the conditions for classification as an effective hedge. Hedge accounting involves recording the effective portion of unrealised gains or	• Engaging an expert to assist in: – obtaining an understanding of the valuation models and assessing their design, integrity and appropriateness with reference to common industry practices – agreeing key model inputs to supporting documents – assessing the reasonableness of inputs with reference to relevant external market data and verification against contracts – evaluating the reasonableness of the valuation of derivative instruments – evaluating the overall hedging policy and reviewing documentation supporting the application of hedge accounting – evaluating the sensitivity analysis and disclosure requirements for compliance with Australian Accounting Standards. • Evaluating the findings and conclusions of the expert for relevance, reasonableness and consistency with other audit evidence obtained.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
losses of each hedge cumulatively in equity until it concludes, at which point the outcomes are recorded in profit or loss.	
Unbilled energy sales ***Refer to notes B1, C1 and E3(iii)***	
The Company's electricity sales included an estimate of unbilled energy supplied to customers between the date of the last meter reading and the year end. Unbilled energy sales were estimated at $79.49m. Determining the volume of unbilled energy involves significant management judgement to estimate consumption between the last electricity bill and the end of the reporting period to calculate the unbilled energy sales.	• Assessing the appropriateness of the methodology and model used for estimating unbilled energy sales. • Evaluating whether management's assumptions and estimates are appropriate, adequately supported and based on accurate and relevant data. • Analysing energy sales and on a sample basis re-performing calculations. • Examining management review and approval of monthly unbilled energy calculations.

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 2021, 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 Company'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 Company 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 Company'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 Company'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 Company 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.

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.

Rod Whitehead
Auditor-General
Tasmanian Audit Office

13 August 2021
Hobart


Tasmanians' energy experience reimagined

Good things happen here.