

# TASCORP ANNUAL REPORT

2025–26

TASCORP



Coles Bay Coast
Credit: Moon Cheese Studio

TASCORP

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# About Us

The Tasmanian Public Finance Corporation (TASCORP or the Corporation) was established under the *Tasmanian Public Finance Corporation Act 1985*. The functions and powers of TASCORP are detailed in Section 11 of the *Tasmanian Public Finance Corporation Act 1985,* as follows:

"To develop and implement borrowing and investment programmes for the benefit of participating authorities; and … to engage in such other activities relating to the finances of the Government of the State or participating authorities as are contemplated by this Act or approved by the Treasurer."

In addition, the Corporation may with the approval of the Treasurer:

- Borrow money within or outside Australia;
- Lend money to participating authorities;
- Accept money on deposit or loan from the Treasurer or a participating authority;
- Place on deposit with the Treasurer, a bank, or an authorised deposit-taking institution money held by the Corporation;
- Invest money held by the Corporation;
- Issue, sell, purchase, pay off, repurchase, redeem, convert or otherwise deal in or with securities;
- Appoint an authorised deposit-taking institution, or other person to act as underwriter, manager, trustee, or agent in connection with any transaction within or outside Australia;
- Enter into contracts of guarantee;
- Enter into any agreement or arrangement for the purpose of returning a gain, avoiding a loss, or with a view to avoiding a loss by reference to currency obligations, currency exchange rate movement or interest rate movement;
- Enter into any agreement or arrangement for the purposes of managing or varying financial returns or financial or currency risks (including but not limited to risks arising from currency exchange rates or interest rates);
- Enter into any agreement or arrangement of a kind not previously mentioned or acquire or incur any other rights or liabilities.

# Highlights

Issued **$3.53 BILLION**
fixed rate benchmark bonds

**$3.15 BILLION**
new and refinanced loans

Made net profit before tax of
**$39.5 MILLION**

**$135.9 MILLION**
Returns to the Tasmanian Government

**83%**
Employee Engagement Score

**90%**
Overall Client Satisfaction Rating

Credit ratings: S&P **AA**
and Moody's **Aa3**

Ocean Dunes Golf Course
Credit: Moon Cheese Studio

# Statement of Corporate Intent

2025–26 to 2028–29

## Introduction

This Statement of Corporate Intent (SCI) is a summary of the 2025-26 to 2028-29 Corporate Plan of the Tasmanian Public Finance Corporation (TASCORP) and includes a performance agreement between the Board of TASCORP and the Treasurer.

The performance agreement details the key financial and non-financial targets for TASCORP for 2025-26, as agreed between the Board and the Treasurer through the 2025 Corporate Planning process. It also includes financial and non-financial estimates for the following three years.

The SCI has been prepared pursuant to Section 41 of the *Government Business Enterprises Act 1995* and in accordance with the Ministerial Charter for TASCORP.

## Principal Purpose

As outlined in its Ministerial Charter, the principal purpose of TASCORP is to develop, implement and manage borrowing and investment programs for the benefit of the State.

## Core Business

In accordance with its Act and the Ministerial Charter, and subject to the priorities and expectations of the Treasurer as advised from time to time, the core business of TASCORP is to:

- Raise funds in domestic and offshore capital markets;
- Lend the proceeds to its public sector clients;
- Offer deposit facilities to assist its public sector clients with their cash management and investment activities;
- Provide financial risk management advisory services to its public sector clients and the State Government;
- Reinvest surplus funds in financial assets so as to achieve an acceptable risk/reward outcome;
- Provide advice to the Shareholding Minister and the Department of Treasury and Finance, as requested, regarding client borrowing balances and limits; and
- Provide fund management services to the State of Tasmania.

# Statement of Corporate Intent

2025-26 to 2028-29 (continued)

## Key Business Strategies

For the period 2025-26 to 2028-29, key business strategies for TASCORP are to:

- Provide high quality borrowing, investment and advisory services to our clients and deliver interest rates, terms and conditions more favourable than our clients can achieve themselves;
- Effectively manage liquidity and our debt outstanding, to ensure that our clients' current and future cash and liability management needs are met;
- Manage risks prudently by operating profitably within the agreed capital-at-risk limits and always overlaying a whole of State risk perspective on all strategies;
- Prudently manage the Mersey Community Hospital Fund on behalf of the State of Tasmania;
- Review TASCORP's ability to provide more competitive deposit products to its broader client base as the wholesale investment market normalises;
- Embed a culture of continuous improvement; and
- Achieve and maintain high levels of employee engagement.

## Key Limitations

- TASCORP's cost of borrowing, and its access to debt capital markets, may come under pressure due to the:
  • State's fiscal position with both credit rating agencies changing their outlook from stable to negative. The Corporation has limited control over ratings movements but management of liquidity will be a key focus of the rating agencies.
  • Supply of semi-government bonds increasing significantly over the coming years, with total semi-government issuance now forecast to be $110 billion in the 2025-26 financial year.
  • Heightened risk of unexpected market events.
- TASCORP's economies of scale relative to other Australian States can also impact on its cost of borrowing and TASCORP has to maintain a high standard of communication about Tasmania's and TASCORP's market and funding activities; and
- TASCORP's inability to compete with banks on client deposits. Unlike banks, client deposits are not the most economical source of funding to Central Financing Authorities.

# Performance Agreement

This Performance Agreement sets out the key financial and non-financial targets for the 2025-26 financial year. The tables below report TASCORP's performance against its targets.

| Financial Returns to Government | Target 2025-26 | Actual |
|---|---|---|
| **TREASURY ACTIVITY** | | |
| Dividends Paid ($m) | 23.1 | 23.1 |
| Tax Equivalents Paid ($m) | 9.9 | 9.9 |
| Total | 33.0 | 33.0 |
| **MERSEY COMMUNITY HOSPITAL FUND** | | |
| Dividends Paid ($m) | 102.9 | 102.9 |

| Financial Targets | Target 2025-26 | Actual |
|---|---|---|
| **TREASURY ACTIVITY** | | |
| Operating Profit before Tax ($m) | 15.6 | 35.1 |
| Operating Profit after Tax (NPAT) ($m) | 10.9 | 24.6 |
| Effective Capital Employed (ECE) ($m) | 50.0 | 50.0 |
| ROECE (%) – minimum 10% | 21.8% | 49.2% |
| Notional Capital Employed - TDP ($m) | 55.0 | 55.0 |
| **MERSEY COMMUNITY HOSPITAL FUND** | | |
| Operating Profit after Tax (NPAT) ($m) | 4.6 | 4.4 |

| Non-Financial Targets | Target 2025-26 | Actual |
|---|---|---|
| ECE Policy Breaches | NIL | NIL |
| WATM of Preferred Stock | >4.5 yrs | 5.80 yrs |

| Single Service Delivery Measure | Target 2025-26 | Actual |
|---|---|---|
| Overall client satisfaction rating | 4.3 | 4.51 |

TASCORP met or exceeded all performance targets for 2025-26, with the exception of the Mersey Community Hospital Fund NPAT, which was marginally below target. This was primarily due to unfavourable market value movements on derivative hedging positions as interest rates increased during the year.

## Definitions

ECE: Effective Capital Employed
ROECE: Return on Effective Capital Employed
WATM: Weighted Average Term to Maturity



Silver Wattle (acacia dealbata)
Credit: Moon Cheese Studio

# Chair and CEO's Report

## Introduction

On behalf of the Tasmanian Public Finance Corporation (TASCORP), we are pleased to present our Annual Report for the 2025-26 financial year.

During the year, TASCORP continued to provide efficient, reliable and cost-effective funding, investment and financial risk management services to the Tasmanian Government and its public sector entities. Through disciplined balance sheet management, prudent risk oversight and a long-term funding strategy, the Corporation supported the delivery of essential public services and infrastructure investment across Tasmania.

The Corporation successfully maintained strong access to domestic and offshore capital markets, ensuring funding was available to meet client requirements while preserving flexibility to respond to changing market conditions. This was achieved while delivering strong financial and operational outcomes and maintaining TASCORP's reputation as a trusted and reliable issuer in the Australian semi-government market.

The year also demonstrated the strength of TASCORP's funding model, risk management framework and organisational capability. Together, these foundations enabled the Corporation to continue delivering value to clients, investors and the Tasmanian community.

## Market Conditions

Global financial markets continued to experience periods of volatility throughout the year as investors assessed the pace of monetary policy easing, economic growth prospects and ongoing geopolitical developments. While inflationary pressures generally eased, uncertainty remained regarding the medium-term outlook for interest rates, government borrowing requirements and global economic activity.

In Australia, inflation continued to move towards the Reserve Bank of Australia's target range in the early part of the financial year, supporting a more accommodative monetary policy environment. However, this was partially reversed as geopolitical tensions intensified and inflationary pressures re-emerged toward the end of the financial year. Financial markets responded to changing expectations regarding the timing and extent of interest rate adjustments, resulting in fluctuations in government bond yields and investor sentiment throughout the year.

Australian semi-government issuers continued to play an important role in funding government investment programs and public services. Despite elevated issuance volumes across the sector, investor demand for high-quality fixed income securities remained supportive, reflecting confidence in Australia's institutional framework, credit quality and economic resilience.

The Australian semi-government sector experienced another year of significant funding activity as governments continued investing in infrastructure and essential services. While increased supply created periods of market volatility, issuers with strong credit fundamentals, transparent funding programs and consistent market engagement continued to attract broad investor support.

Against this backdrop, TASCORP successfully executed its funding program while maintaining a strong liquidity position and preserving flexibility to respond to changing market conditions.

# Chair and CEO's Report

(continued)

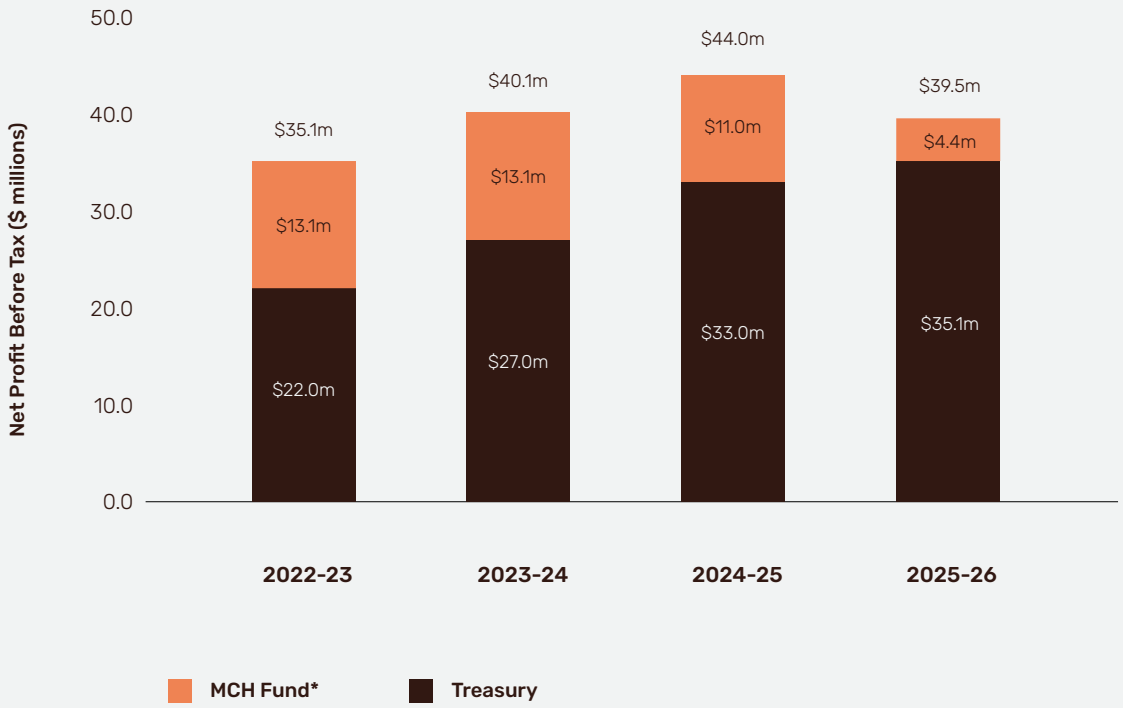
## Delivering for Tasmania

TASCORP's purpose is to develop, implement and manage borrowing and investment programs that deliver long-term benefits to the people of Tasmania. The Corporation continues to operate with a whole of State perspective, balancing the funding and risk management needs of its clients with the objective of preserving Tasmania's strong credit profile.

Continued investment across housing, health, transport, energy and community infrastructure remained a key driver of funding demand during the year, reinforcing TASCORP's role in supporting Tasmania's long-term economic and social development.

The Corporation delivered an operating profit before tax of $39.5 million during the year. This outcome reflected prudent liquidity management, efficient funding execution and disciplined management of operating costs and financial risks.

### Financial Performance




*MCH Fund NPBT outcomes reflect the reducing fund balance each year as dividends are distributed.

# Chair and CEO's Report

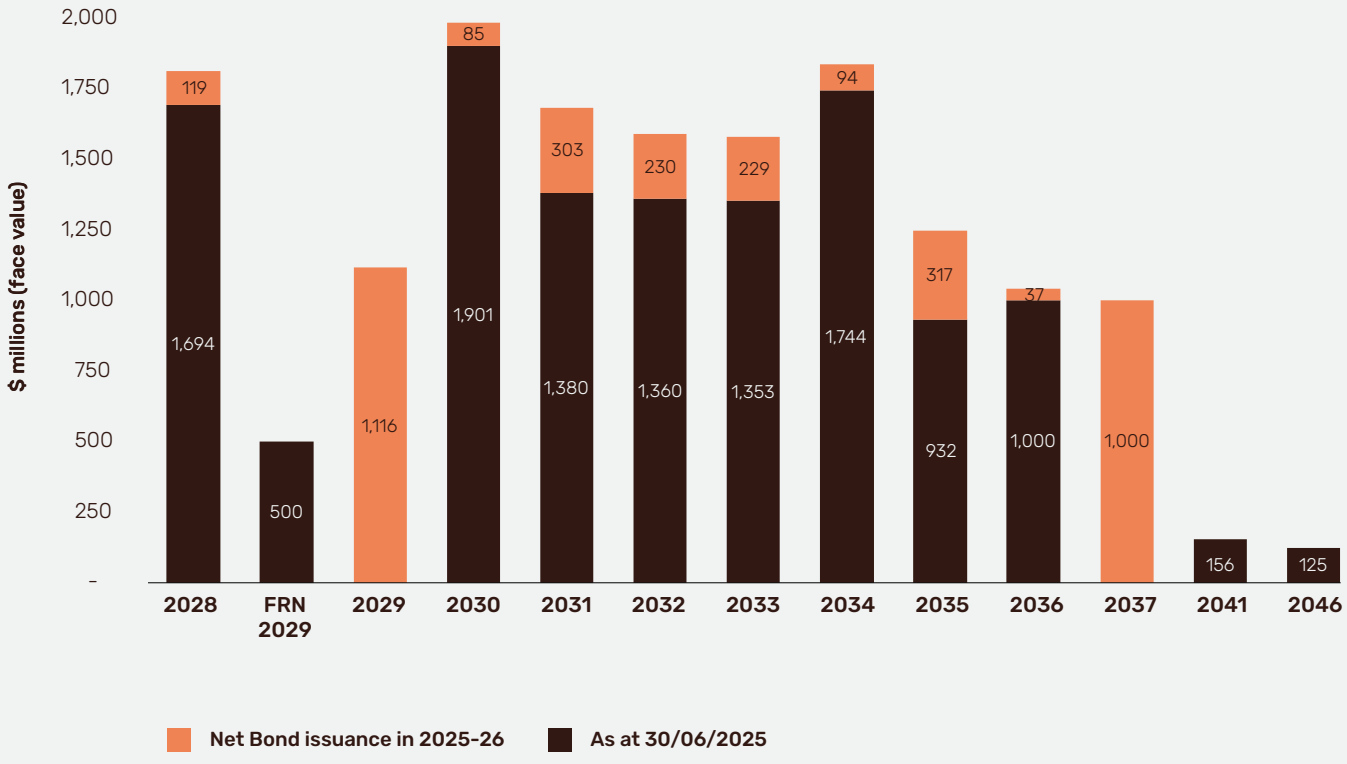
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## Funding and Liquidity Management

Maintaining consistent and reliable access to debt capital markets remained a key priority throughout the year. Despite ongoing market volatility and changing investor sentiment, TASCORP successfully executed its funding program through a combination of syndicated transactions, public issuance and private placements.

Investor participation remained broad and diverse across domestic and offshore markets, reflecting ongoing confidence in Tasmania's credit profile and TASCORP's consistent approach to funding and liquidity management.

**Term Issuance Outstanding by Maturity Date**





Cradle Mountain Fagus
Credit: Moon Cheese Studio

TASCORP undertook its largest issuance of bonds into the debt capital markets in the 2025-26 financial year. In total, TASCORP successfully issued $3.53 billion fixed rate benchmark bonds.

# Chair and CEO's Report

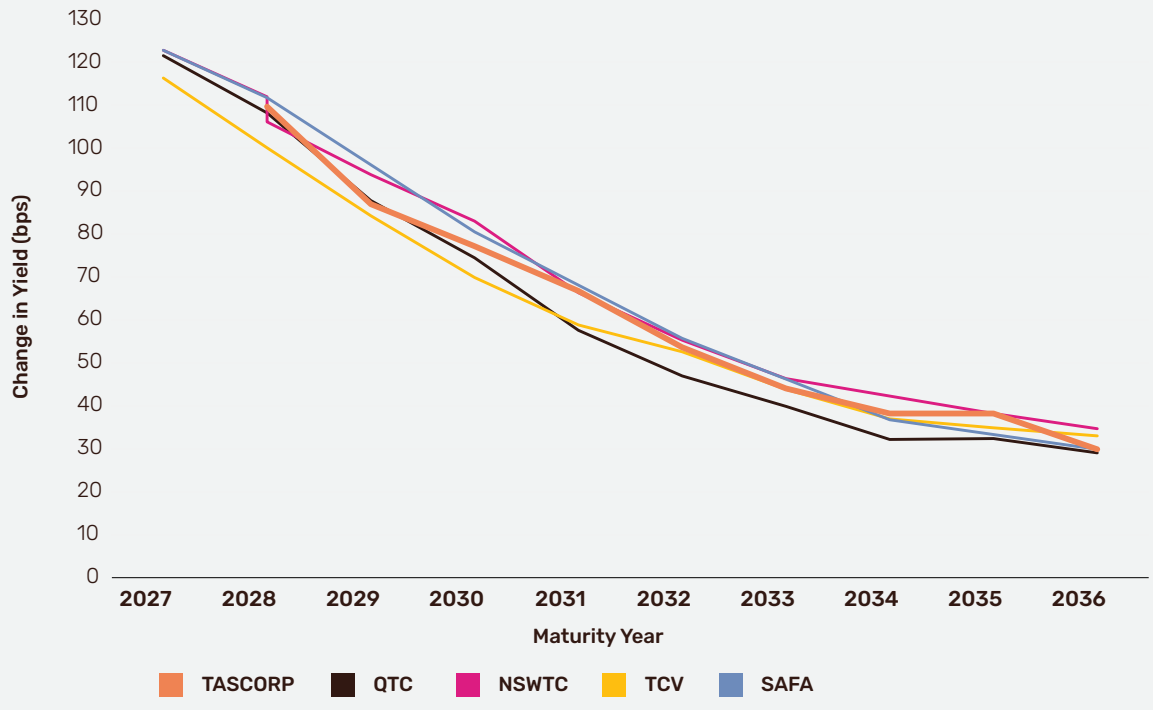
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## Funding and Liquidity Management (continued)

Interest rates increased across the TASCORP yield curve during 2025–26, resulting in higher borrowing costs for new client lending. The increase was more pronounced at shorter maturities, resulting in a significant flattening of the yield curve over the year. Despite the broader increase in yields, TASCORP bonds outperformed relative to semi-government peers, particularly across the middle and longer parts of the yield curve, helping to moderate the increase in TASCORP's funding costs.

**Year-On-Year Change in Yield Curve**

30/06/2025 to 30/06/2026



# Chair and CEO's Report

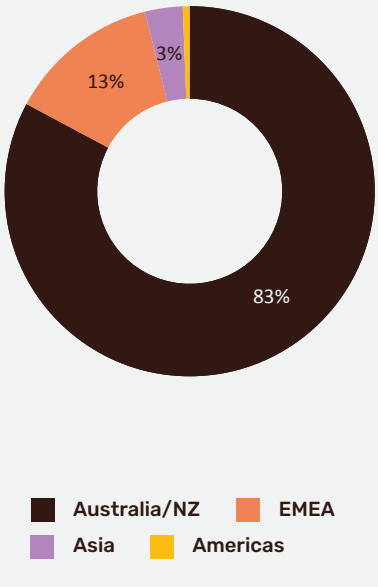
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## Funding and Liquidity Management (continued)

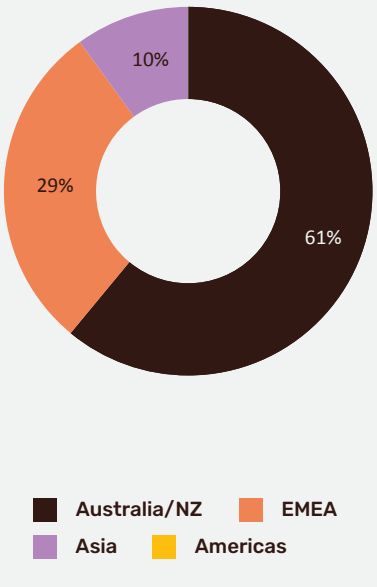
TASCORP completed two syndicated public bond transactions during 2025–26, attracting strong participation from both domestic and international investors. Overseas investors represented a significant component of demand, highlighting their growing importance to TASCORP's funding program and the broader semi-government sector. TASCORP continues to actively engage with international investors to diversify its investor base and support competitive and reliable access to funding.

### Syndicated Bond Issuance in 2025-26

**Investor by Geographic Region**
(2029 Bond - Issued August 2025)




**Investor by Geographic Region**
(2037 Bond - Issued January 2026)





Pond at the Royal Tasmanian Botanical Gardens
Credit: Studio Hubert

Client advances increased by $2.43 billion during 2025–26, driven predominantly by increased lending to the General Government Sector.

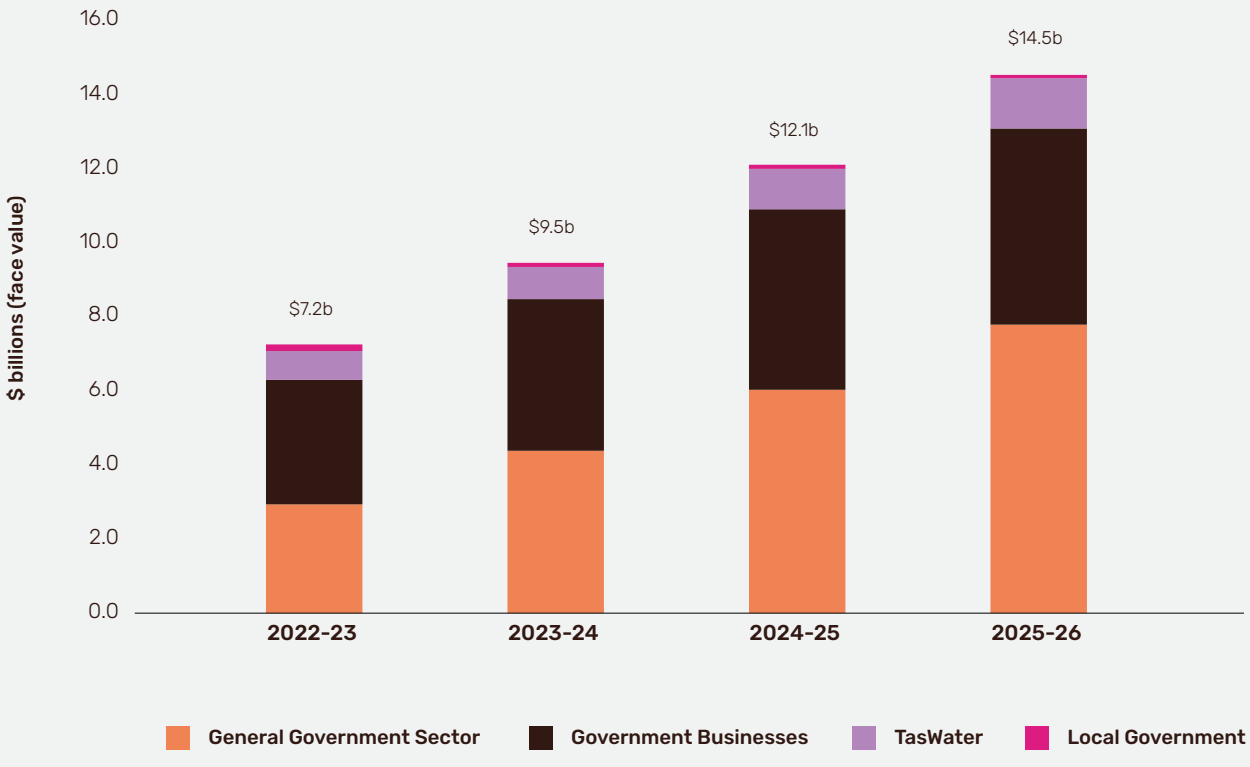
# Chair and CEO's Report

(continued)

## Client Outcomes

Supporting our clients remains central to TASCORP's purpose. The Corporation provided funding, investment and advisory services to a diverse range of Tasmanian Government entities, government businesses and local governments. Client advances have grown significantly over the past four years, reflecting increased funding requirements across the Tasmanian public sector.

**Client Advances by Sector**



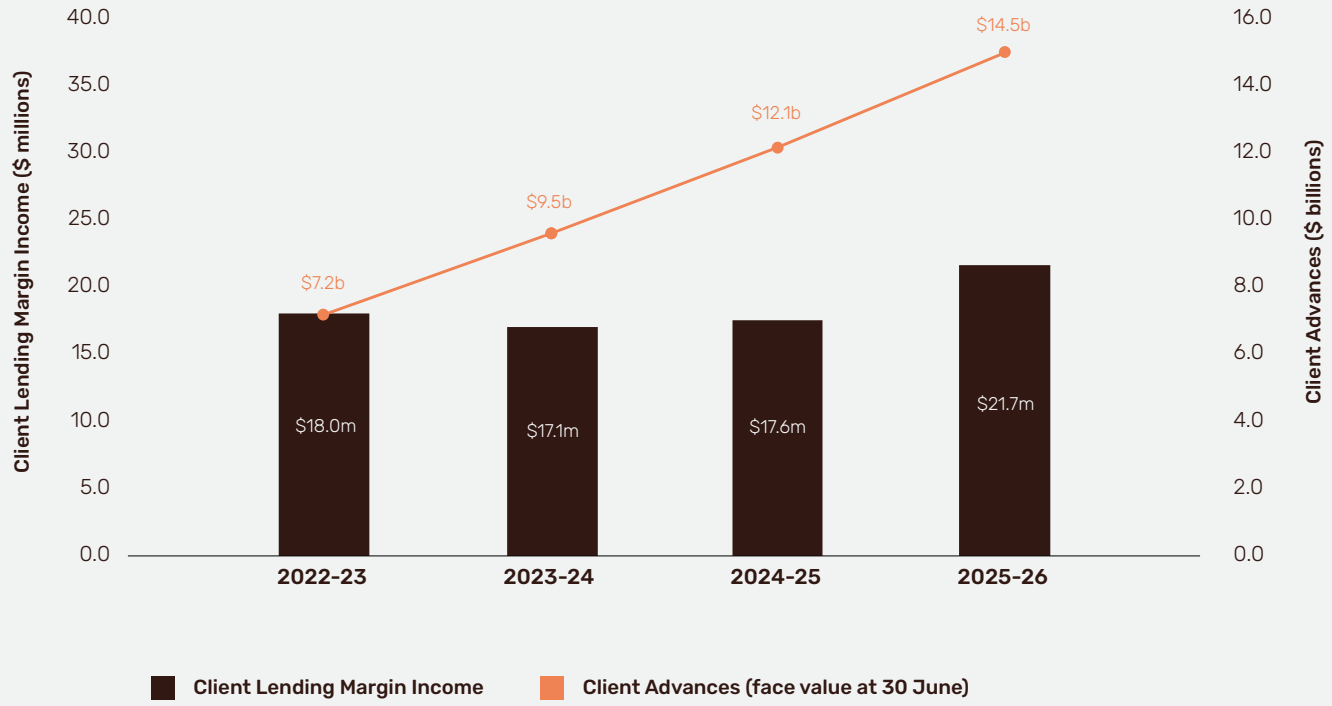
# Chair and CEO's Report

(continued)

## **Client Outcomes** (continued)

Growth in TASCORP's client lending portfolio has enabled the Corporation to realise economies of scale and provide clients with lower borrowing margins. Over the past four years, client advances have more than doubled, while total client lending margin income has increased by considerably less. Over the same period, average lending margins have declined, reflecting the benefits of increased scale being passed on to clients through more competitive borrowing costs.

**Client Lending and Margin Income**



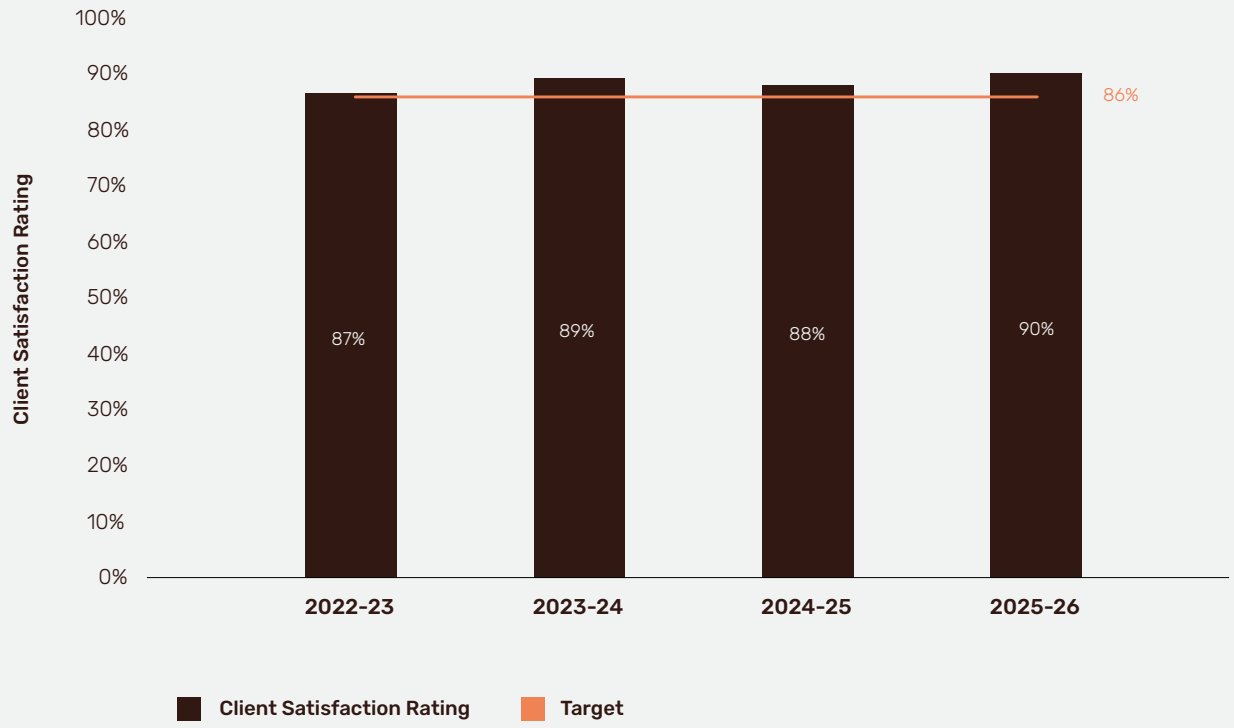
# Chair and CEO's Report

(continued)

## **Client Outcomes** (continued)

Maintaining strong client relationships remains a key priority for TASCORP. Despite continued growth in the balance sheet and client activity, annual client satisfaction remained high at 90 per cent in 2025–26, continuing the consistently strong results achieved over the past four years. TASCORP has also exceeded its single service delivery target in each of the past four years, reflecting the Corporation's continued commitment to delivering high-quality borrowing, investment and advisory services.

**Client Satisfaction**



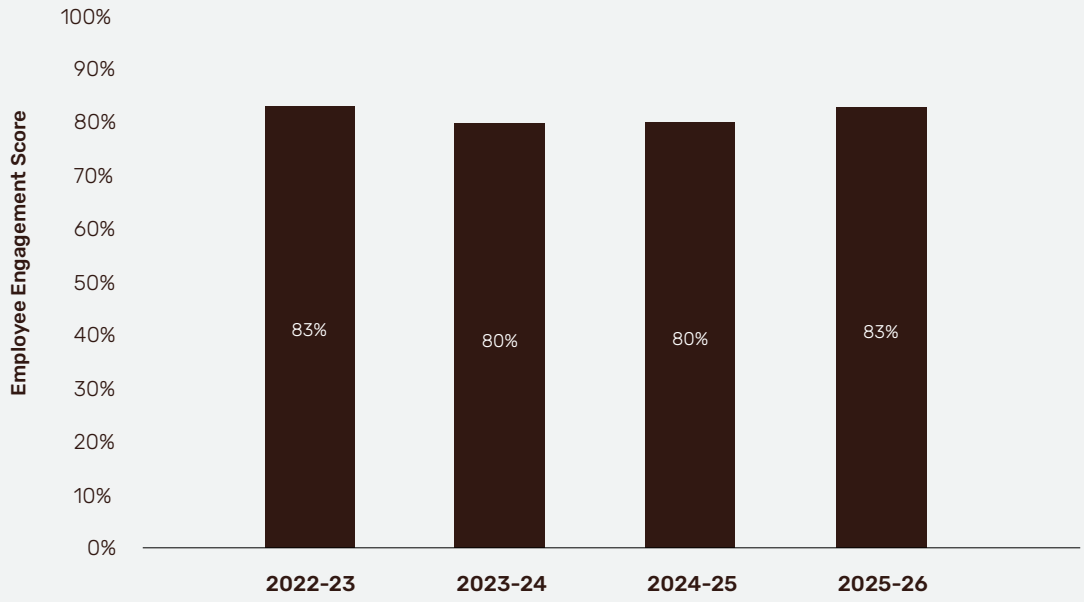
# Chair and CEO's Report

(continued)

## Employee Outcomes

The success of TASCORP continues to be underpinned by the capability, professionalism and dedication of our people. Employee engagement remained strong during the year at 83 per cent, continuing the consistently high levels recorded in recent years. We continue to invest in employee development, leadership capability, technology and workplace culture to ensure TASCORP remains a high-performing organisation.

**Employee Engagement**



# Chair and CEO's Report

(continued)

## Looking Ahead

As we look to the future, TASCORP remains committed to delivering cost-effective funding, investment and financial risk management services that meet the evolving needs of Tasmanian Government entities.

The Corporation's balance sheet is expected to continue growing as governments and public sector entities invest in infrastructure, housing, transport, energy and community services. In this environment, maintaining reliable access to domestic and international capital markets, preserving investor confidence and protecting Tasmania's strong credit profile will remain central to our strategy.

**Gary Swain**
Chair

**Heath Baker**
Chief Executive Officer



Bicheno Coastline
Credit: Jess Oakenfull

# Credit Ratings

As at 30 June 2026, the ratings assigned to TASCORP's various debt facilities by the two major credit rating agencies are:

| | Moody's Investors Service | Standard and Poor's |
|---|---|---|
| Long-term domestic debt | Aa3 | AA |
| Domestic commercial paper | P-1 | A-1+ |
| Euro commercial paper | P-1 | A-1+ |

# TASCORP Client Listing

During 2025-26, the following clients borrowed from and/or invested with TASCORP:

Aurora Energy Pty Ltd
Break O'Day Council
Brighton Council
Burnie City Council
Central Coast Council
Central Highlands Council
Clarence City Council
Department of Treasury and Finance
Derwent Valley Council
Dorset Council
Dulverton Regional Waste Management Authority
Flinders Council
Forest Practices Authority
George Town Council
Glamorgan – Spring Bay Council
Glenorchy City Council
Hobart City Council
Homes Tasmania
Huon Valley Council
Hydro Electric Corporation
Kentish Council
King Island Council
Kingborough Council
Latrobe Council
Legal Aid Commission
Marine and Safety Tasmania
Metro Tasmania Pty Ltd
Northern Midlands Council
Royal Tasmanian Botanical Gardens
Sorell Council
Southern Midlands Council
Southern Waste Solutions
Sustainable Timber Tasmania
Tasmania Development and Resources
Tasmanian Convention Bureau
Tasmanian Irrigation Pty Ltd
Tasmanian Ports Corporation Pty Ltd
Tasmanian Railway Pty Ltd
Tasmanian Water & Sewerage Corporation Pty Ltd
TasNetworks Pty Ltd
Tasracing Pty Ltd
TT-Line Company Pty Ltd
Waratah – Wynyard Council
West Coast Council

# Funding Programs

To meet our clients' funding requirements and maintain ongoing sources of liquidity, TASCORP utilises three key funding programs:

- AUD Domestic Bond
- AUD Commercial Paper
- Euro Commercial Paper

Activity in each program is facilitated through dealer panel membership, with current details outlined below:

| **Dealer Panel** |
|---|
| **A$25 BILLION DOMESTIC BOND** |
| Australia and New Zealand Banking Group Limited |
| Barrenjoey Markets Pty Limited |
| Citigroup Global Markets Australia Pty Ltd |
| Commonwealth Bank of Australia |
| Deutsche Bank AG |
| National Australia Bank |
| UBS AG |
| Westpac Banking Corporation |
| |
| **A$2.5 BILLION DOMESTIC COMMERCIAL PAPER** |
| Australia and New Zealand Banking Group Limited |
| Commonwealth Bank of Australia |
| National Australia Bank |
| Westpac Banking Corporation |
| |
| **US$2.5 BILLION EURO COMMERCIAL PAPER** |
| Barclays Bank plc |
| Citibank International plc |
| UBS Limited |

## Issuing and Paying Agents

**AUD Domestic Bond** – Austraclear Limited Sydney

**AUD Commercial Paper** – Austraclear Limited Sydney

**Euro Commercial Paper** – Deutsche Bank AG Hong Kong

# The TASCORP Board



### Mr Gary Swain

Chair and Audit
Committee Member

Gary Swain was appointed a Director of TASCORP on 1 July 2024 and Chair on 3 June 2025. Gary was appointed as Secretary of the Department of Treasury and Finance in January 2024. Other previous appointments include a decade as Deputy Secretary, Transport and Infrastructure within the Tasmanian Government. Gary's diverse executive and senior management roles have involved public policy and regulatory functions, service delivery including major capital project delivery, and business improvement across a range of functional responsibilities. His professional training is in Economics and Asian Studies. Gary is a graduate of the University of Tasmania and a Graduate of the Australian Institute of Company Directors.



### Mrs Sandra Birkensleigh

Director and Audit
Committee Chair

Sandra Birkensleigh was appointed Director of TASCORP on 30 September 2017. Formerly a partner of PricewaterhouseCoopers for 16 years, she has extensive experience as a Non-Executive Director. Currently her Board memberships include: Adore Beauty Limited, BBO Investments Pty Ltd (Chair), and Channel Investment Management Pty Ltd (Chair). Sandra is also currently the Deputy Chancellor of the University of the Sunshine Coast's Council and Chair of its Audit and Risk Committee.



## Ms Sally Collier

Director and Audit
Committee Member

Sally Collier was appointed Director of TASCORP on 21 September 2021. Sally is an experienced Director with 20 years of investment banking and 10 years of asset management executive experience. Formerly Executive Director of HSBC Investment Bank and Lehman Brothers, Sally has direct experience in the capital markets across Europe and Asia. Sally's Non-Executive Director experience includes strategy reviews, equity and debt financing, membership of Remuneration, Audit and Risk, ESG and Investor Relations Committees. Sally is a current Director of Utilities of Australia Pty Ltd and is a Graduate of the Australian Institute of Company Directors.



## Mr David Sietsma

Director and Audit
Committee Member

David Sietsma was appointed Director of TASCORP on 20 May 2019. Formerly a General Manager in Group Treasury at the Commonwealth Bank of Australia, he has extensive banking experience in financial markets and investment management. He is a Graduate of the Australian Institute of Company Directors and provides treasury advice to large corporations. David is a current Director of Uniting Financial Services and Specialist Advisor (Investments) for the Superannuation Commission.

# Executive Team

(as at 30 June 2026)



**Heath Baker**

Chief Executive Officer
Appointed March 2022



**Andrew Freshney**

Chief Financial Officer
Appointed February 2024



**Fahim Chowdhury**

Chief Financial Risk Officer
Appointed July 2017



**Emma Breward**

Senior Manager, Corporate Services and Governance
Appointed November 2021



**David Loveless**

Senior Manager, Financial Markets and Client Services
Appointed August 2025

# Corporate Governance Standards

The Board of TASCORP and its senior management have a continuing commitment to improving core Board processes as outlined in the following statement of Corporate Governance Standards.

## Board's Responsibilities

The Board's role is to provide leadership and strategic guidance, to oversee TASCORP's sound and prudent management, and the achievement of TASCORP's objectives. The Board's responsibilities include:

- Approving TASCORP's policies, annual report and financial statements;
- Overseeing organisational culture, values and behaviours;
- Overseeing risk management by ensuring that internal controls and reporting mechanisms are in place and approving the Enterprise-wide Risk Management Framework and associated risk policies;
- Assessing and determining whether to accept risks beyond the approval discretion given to management;
- Ensuring compliance with legal, tax and regulatory obligations;
- Approving the Statement of Corporate Intent, Corporate Plan and Business Plan;
- Reviewing the Board and Audit Committee performance on an annual basis; and
- Annually, reviewing the CEO's performance, with the last review completed in September 2025.

Annually the Directors review and acknowledge the TASCORP Code of Conduct and Workplace Behaviour policies. There were no departures from these policies in 2025-26.

Directors update the Register of Interests maintained by the Corporation Secretary as necessary. Where a Director has an interest that is deemed to be relevant to Board matters, it is declared, minuted and the Director takes no part in discussions on the issue.

Following the recent introduction of the Government's Director Induction, Education and Training Guideline, TASCORP is formalising its existing Director induction arrangements through the development of a Director Induction Policy. TASCORP's established induction practices already substantially align with the Guideline, with new Directors provided with tailored information covering TASCORP's business and governance framework, Board responsibilities and processes, corporate plans, key policies, risk management, organisational structure and Director obligations.

## Audit Committee

The Audit Committee comprises all the Non-Executive Directors and is chaired by Mrs S Birkensleigh. The Audit Committee meets as required and its objective is to provide assurance to the Board on TASCORP's risk, control and compliance framework and its external accountabilities.

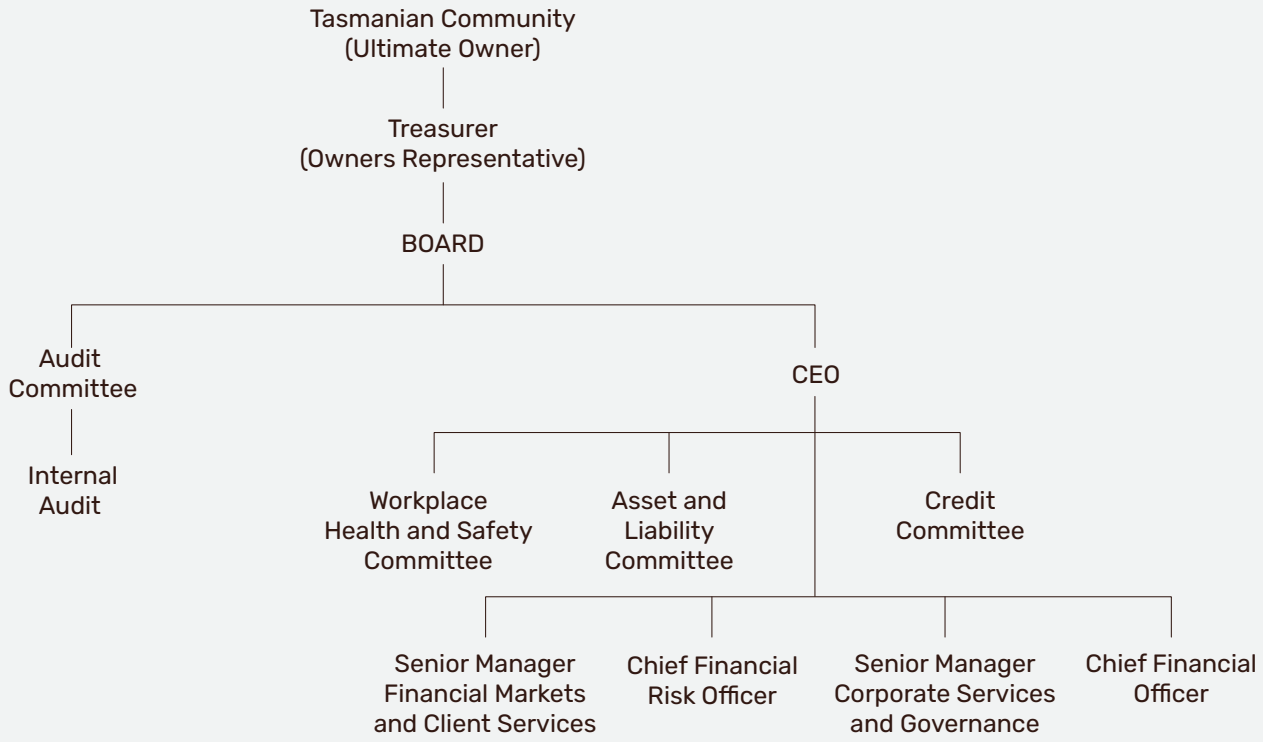
## Corporate Governance Principles

The Board has also reviewed the ASX Corporate Governance Council Principles and Recommendations, as well as the Government's Guidelines for Tasmanian Government Businesses on the same and confirms that TASCORP does not depart from the ASX Principles.

## Board Performance

TASCORP assesses the performance of the Board, its Committees, individual Directors and the chair in accordance with the Guidelines for Tasmanian Government Businesses Assessing Board Performance. The most recent review was externally facilitated by KPMG and was completed in March 2026.

# Governance Structure




| DIRECTOR | Board Meetings | | Audit Committee Meetings | |
|---|---|---|---|---|
| | Held | Attended | Held | Attended |
| Sandra Birkensleigh | 12 | 12 | 8 | 8 |
| Sally Collier | 12 | 12 | 8 | 8 |
| David Sietsma | 12 | 12 | 8 | 8 |
| Gary Swain | 12 | 11 | 8 | 7 |

## Board Tenures

The Directors of TASCORP during the financial year 2025-26 and details of their tenures are listed below:

| Director | Appointment | Re-Appointment | Term Expiration |
|---|---|---|---|
| Sandra Birkensleigh | 30 September 2017 | 30 September 2023 | 30 September 2026 |
| Sally Collier | 21 September 2021 | 20 September 2024 | 20 September 2027 |
| David Sietsma | 20 May 2019 | 26 May 2025 | 26 May 2028 |
| Gary Swain | 1 July 2024 | 3 June 2025^ | 3 June 2028 |

^Gary Swain was appointed as Chair on 3 June 2025 for a term of 3 years following his initial appointment to the Board on 1 July 2024.

# Health, Safety and Wellbeing of Our Employees

**OUR PEOPLE**

Our People and Culture strategy is focused on building a supportive and engaged workforce, fostering a culture of continuous improvement and maintaining high levels of employee engagement. We support strong performance and ongoing professional development by providing opportunities for our people to participate in study, mentoring, industry conferences and webinars, as well as internal training programs.

**OUR VALUES**

At TASCORP, we live by our values which are:

- Integrity
- Teamwork
- Excellence
- Respect

These values are embedded in our policies, practices and culture, and underpin all our dealings.

**CULTURE & ENGAGEMENT**

Culture is important to us at TASCORP. Engagement surveys are undertaken every two years, with pulse surveys every year between. The most recent pulse survey, deployed in June 2026, had an overall employee engagement result of 83 per cent, compared to 80 per cent in 2025. The sustained higher engagement score reflects the success of initiatives implemented by TASCORP over the past four years.

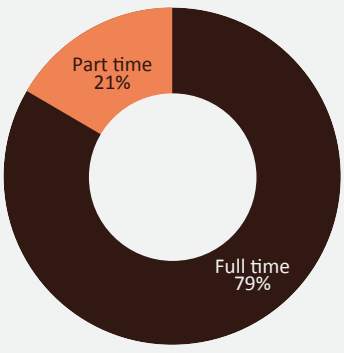
**HEALTH, SAFETY & WELLBEING**

The health, safety and wellbeing of our people is a priority. We are committed to providing all employees with resources such as an employee assistance program and various culture, health, safety and wellbeing initiatives. We also proactively manage and mitigate psychosocial hazards as well as support and encourage flexible working arrangements.

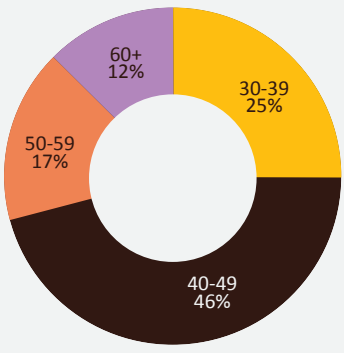
**DIVERSITY, EQUITY & INCLUSION**

TASCORP is committed to building a diverse, equitable and inclusive workplace where everyone feels valued and respected. TASCORP has policies and initiatives in place to support this, including but not limited to, fair and equitable recruitment practices, flexible working arrangements, generous parental leave entitlements, cultural awareness events and regular gender pay gap analysis.

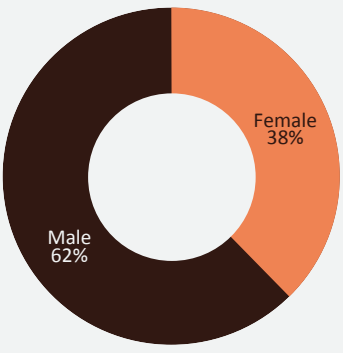
**Employment Type**



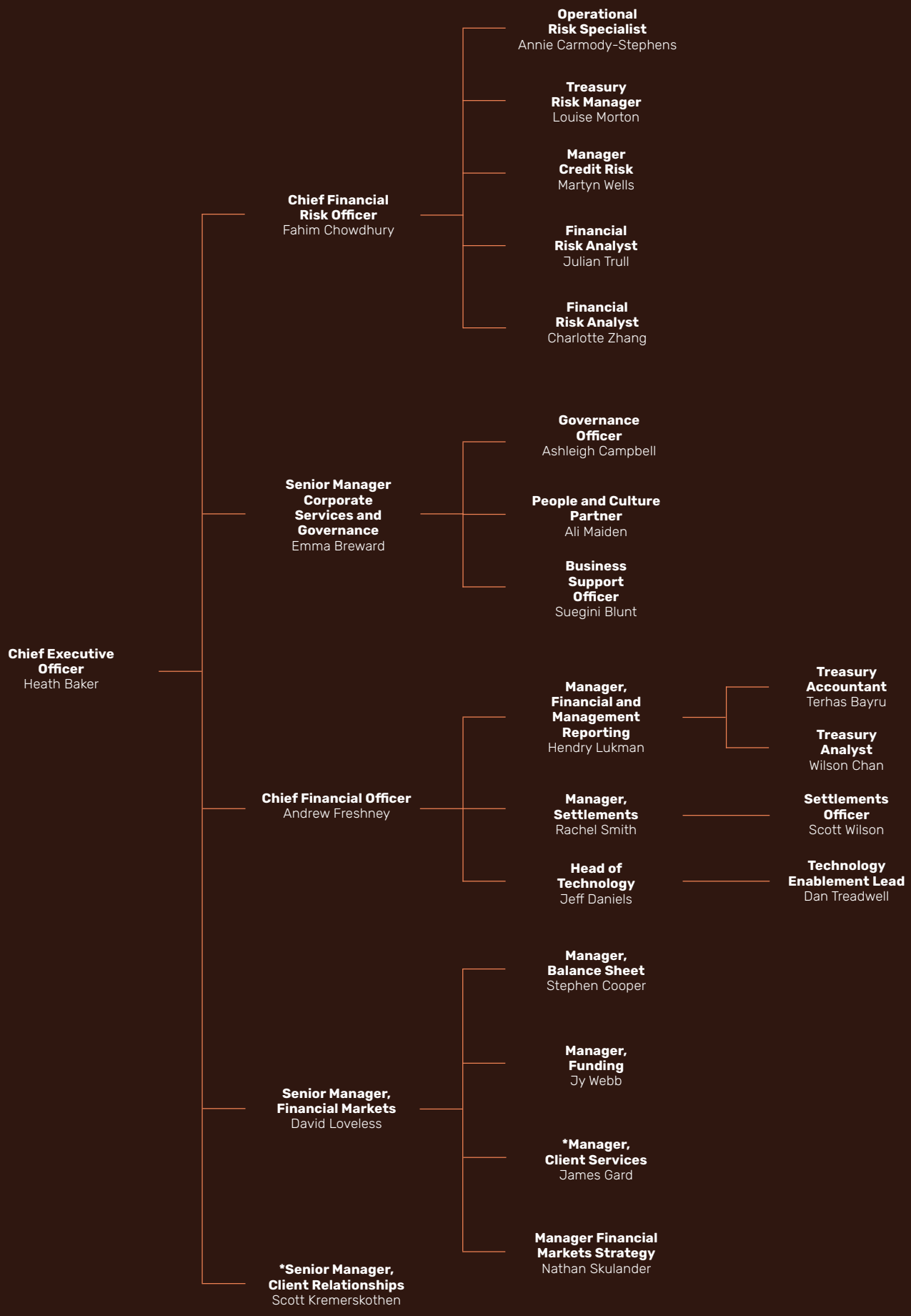

**Age Diversity**




**Gender Diversity**



# TASCORP Organisational Chart




As at 30 June 2026, TASCORP had 24 employees.
*The Senior Manager, Client Relationships started on 13 July 2026. The Manager, Client Services role will cease effective 2 September 2026.



Kookaburras in Gum Tree
Credit: Studio Hubert

# Legislative and Tasmanian Government Reporting Requirements

## Treasurer's Instruction GBE 13-114-11 – Buy Local

Wherever possible TASCORP supports Tasmanian businesses by sourcing goods and services from local suppliers. The table below details TASCORP's use of Tasmanian businesses and use of consultants for the financial year ended 30 June 2026.

| **Purchases from Tasmanian businesses** | |
|---|---|
| % of purchases from Tasmanian Businesses | 22% |
| Value of purchases from Tasmanian Businesses | $1,343,114 |

| **CONSULTANCIES VALUED AT MORE THAN $50,000 (EX GST)** | | | | |
|---|---|---|---|---|
| **Name of consultant** | **Location** | **Description** | **Period of engagement** | **Amount** |
| | | | | $0 |
| | | | **Total** | $0 |
| There were 4 consultants engaged for $50,000 or less totalling | | | | $101,919 |
| | | | **Total Payment to Consultants** | $101,919 |

## Treasurer's Instruction GBE 13-114-09 – Payment of Accounts

TASCORP has an obligation to report its performance in respect of payment of accounts. The table below details TASCORP's performance for the financial year ended 30 June 2026.

| **Payment of Accounts** | |
|---|---|
| Average Payment Period to Suppliers (days) | 7.7 |
| Number of accounts due for payment | 1052 |
| Number of accounts paid on time | 1049 |
| Amount due for payment | $6,331,876 |
| Amount paid on time | $6,327,674 |
| Number of payments for interest on overdue accounts | Nil |
| Interest paid on overdue accounts | Nil |

## Treasurer's Instruction GBE 08-57B-01 – Sponsorship

TASCORP has an obligation to report on its sponsorship arrangements.
The table below details TASCORP's sponsorship arrangements for the financial year ended 30 June 2026.

| **Organisation** | **Description** | **Benefit** | **Period** | **Amount** |
|---|---|---|---|---|
| University of Tasmania (UTAS) | Prize for highest aggregate mark in two UTAS finance units | Monetary | 1 July 2025 to 30 June 2026 | $500 |
| | | | **Total** | $500 |

## Ministerial Directions

No Ministerial Directions were in effect during the financial year and therefore there were no revocations of Ministerial Directions.

## Sponsorship Framework

TASCORP's Sponsorship Policy provides the framework for considering sponsorship arrangements. Proposed sponsorships are subject to appropriate due diligence and assessment against TASCORP's purpose, values and functions, financial capacity and relevant Tasmanian Government requirements. Sponsorship arrangements must be transparent, fair and equitable, and must not create an actual or perceived conflict of interest.

## Community Service Obligations

TASCORP did not have or contribute to any Community Service Obligations in 2025-26.

## Overseas Travel Guidelines

The CEO undertook one international trip to Asia to promote and market TASCORP bonds and commercial paper to international investors in 2025-26 at a cost of $16,000. The CFO undertook one international trip to New Zealand to attend a Central Financing Authority peer conference in 2025-26 at a cost of $2,000.

## Executive Remuneration Guidelines

The Corporation has complied with the Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration.

Senior Executive remuneration is detailed in Note 22 of the financial statements.

All staff, including Senior Management, undergo annual performance reviews. These include consideration of TASCORP's overall performance, achievements against the Corporate and Business Plans, key performance indicators for the team and the individual.

## *Public Interest Disclosures Act 2002* – Section 86 – Reporting Requirements

Procedures to comply with the requirements of the *Public Interest Disclosures Act 2002* have been approved and are disclosed on TASCORP's website.

There were no reported or reportable disclosures under the Public Interest Disclosures Act during the financial year ended 30 June 2026.

## *Right to Information Act 2009* – Section 23 – Reporting Requirements

The Corporation received one application for assessed disclosure during the financial year ended 30 June 2026, which was subsequently withdrawn by the applicant prior to determination.

## *Integrity Commission Act 2009*

TASCORP is committed to delivering "ethics and integrity in the public sector" and provides ongoing training that is aligned to the Commission's initiatives.

## *Public Sector Superannuation Reform Act 2016* – Section 55 Superannuation Declaration

The CEO certifies that TASCORP has met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of any employee who is a member of a complying superannuation scheme to which TASCORP contributes.

# Financial Statements

For the Financial Year Ended 30 June 2026

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# Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2026

| | Note | 2025-26 $M | 2024-25 $M |
|---|---|---|---|
| Interest revenue | 5(a) | 748.3 | 604.0 |
| Less: Interest expense | 5(a) | (712.2) | (569.9) |
| Net interest revenue | | 36.1 | 34.1 |
| Net gains/(losses) arising from financial instruments | 5(b) | 12.3 | 19.0 |
| Credit loss allowance | 5(b) | 0.0 | 0.1 |
| Other revenue | 5(c) | 1.3 | 1.1 |
| **Net revenue from operations** | | **49.7** | **54.3** |
| Operational expenses | 6 | (10.2) | (10.3) |
| **Profit before income tax equivalent expense** | | **39.5** | **44.0** |
| Income tax equivalent expense | 7 | (10.5) | (9.9) |
| **Profit after income tax equivalent expense** | | **29.0** | **34.1** |
| Other comprehensive income | | - | - |
| **Total comprehensive income** | | **29.0** | **34.1** |

The total comprehensive income is attributable to the State of Tasmania as owner.
The accompanying notes form an integral part of these financial statements.

# Statement of Financial Position

As at 30 June 2026

| | Note | 2026 $M | 2025 $M |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 8 | 455.5 | 394.2 |
| Investments | 9 | 3,372.8 | 3,720.3 |
| Client advances | 10 | 14,279.8 | 12,015.2 |
| Asset derivative financial instruments | 11 | 73.2 | 88.8 |
| Receivables | 16 | 2.6 | 0.2 |
| Plant and equipment | 17 | 1.5 | 1.6 |
| **Total assets** | | **18,185.4** | **16,220.3** |
| **LIABILITIES** | | | |
| Payables | 18 | 56.2 | 78.9 |
| Current tax liabilities | 7 | 10.5 | 9.9 |
| Deposits | 12 | 677.3 | 682.7 |
| Borrowings | 13 | 17,232.5 | 15,138.8 |
| Liability derivative financial instruments | 14 | 105.1 | 109.3 |
| Provisions | 19 | 0.7 | 0.6 |
| **Total liabilities** | | **18,082.3** | **16,020.2** |
| **Net assets** | | **103.1** | **200.1** |
| **EQUITY** | | | |
| MCH Fund | | 28.5 | 127.0 |
| Treasury reserves | | 10.0 | 10.0 |
| Treasury retained profits | | 64.6 | 63.1 |
| **Total equity** | | **103.1** | **200.1** |

Total equity is attributable to the State of Tasmania as owner.
The accompanying notes form an integral part of these financial statements.

# Statement of Changes in Equity

For the Financial Year Ended 30 June 2026

| | MCH FUND | TREASURY | | |
|---|---|---|---|---|
| | $M | General reserve $M | Retained profits $M | Total $M |
| **BALANCE AS AT 1 JULY 2024** | **215.4** | **10.0** | **58.9** | **284.3** |
| Dividends paid | (99.4) | - | (18.9) | (118.3) |
| Profit for the year | 11.0 | - | 23.1 | 34.1 |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | **11.0** | **-** | **23.1** | **34.1** |
| **BALANCE AS AT 1 JULY 2025** | **127.0** | **10.0** | **63.1** | **200.1** |
| Dividends paid | (102.9) | - | (23.1) | (126.0) |
| Profit for the year | 4.4 | - | 24.6 | 29.0 |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive income for the year** | **4.4** | **-** | **24.6** | **29.0** |
| **BALANCE AS AT 30 JUNE 2026** | **28.5** | **10.0** | **64.6** | **103.1** |

The Corporation retains a General Reserve of $10.0 million, accumulated retained profits, to partially cover the risks associated with its role as the central financing authority for the State of Tasmania.

On 29 June 2017, the Corporation received $730.4 million as an equity contribution from the Tasmanian Government for the purposes of establishing the Mersey Community Hospital (MCH) Fund (refer to note 1(d)).

The accompanying notes form an integral part of these financial statements.

# Statement of Cash Flows

For the Financial Year Ended 30 June 2026

| | Note | 2025-26 $M | 2024-25 $M |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest and other receipts | | 674.6 | 529.7 |
| Interest and other payments | | (574.1) | (460.4) |
| Payments to suppliers and employees | | (9.2) | (10.2) |
| Income tax equivalent paid | | (9.9) | (8.1) |
| | | **81.4** | **51.0** |
| (Increase)/decrease in operating assets | | | |
| Client advances | | (2,437.0) | (2,633.7) |
| Investments | | 241.0 | (581.1) |
| | | **(2,196.0)** | **(3,214.8)** |
| Increase/(decrease) in operating liabilities | | | |
| Deposits | | 8.5 | (16.0) |
| Short-term borrowings | | 125.9 | 315.1 |
| | | **134.4** | **299.1** |
| **Net cash flow used in operating activities** | 20(c) | **(1,980.2)** | **(2,864.7)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of plant and equipment and intangible assets | | (0.2) | - |
| Proceeds from sale of plant and equipment | | - | - |
| Investments – MCH Fund | | 99.0 | 96.0 |
| **Net cash flow from investing activities** | | **98.8** | **96.0** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of bonds | | 3,427.4 | 3,190.5 |
| Repayment of bonds | | (1,358.7) | (93.2) |
| Dividends paid (MCH Fund) | | (102.9) | (99.4) |
| Dividends paid (Treasury) | | (23.1) | (18.9) |
| **Net cash flow from financing activities** | | **1,942.7** | **2,979.0** |
| **Net increase/(decrease) in cash and cash equivalents** | | **61.3** | **210.3** |
| Cash and cash equivalents at the beginning of the financial year | | 394.2 | 183.9 |
| **Cash and cash equivalents at the end of the financial year** | 20(b) | **455.5** | **394.2** |

The accompanying notes form an integral part of these financial statements.

# Notes to and Forming Part of the Financial Statements

For the Financial Year Ended 30 June 2026



## Note 1: Summary of material accounting policies

The Tasmanian Public Finance Corporation (TASCORP or the Corporation) was established under the *Tasmanian Public Finance Corporation Act 1985*. The Corporation operates in the Tasmanian public sector, providing borrowings; investments; debt and asset management services; and advisory services to the Tasmanian government, government business enterprises, state owned companies, local government councils, and other public entities (together called participating authorities).

The material accounting policies adopted in preparing these general purpose financial statements are stated hereafter to assist in the general understanding of these financial statements. The financial statements for the year ended 30 June 2026 were adopted by the Directors on 5 August 2026.

### (a) Basis of preparation and statement of compliance

These general purpose financial statements (referred to throughout this report as the financial statements) have been prepared in accordance with the requirements of the *Government Business Enterprises Act 1995* and subject to compliance with the Treasurer's Instructions, which included a requirement to comply with *AASB 1004 Contributions* rather than *AASB 132 Financial Instruments: Presentation* in relation to the Mersey Community Hospital Fund, comply with Australian Accounting Standards and Australian equivalents of International Financial Reporting Standards (IFRS) that are mandatory for periods beginning 1 July 2025 and other authoritative announcements and mandatory financial reporting requirements. The financial statements have been prepared on an accruals basis under the historical cost convention, with the majority of financial assets and liabilities, including derivative instruments, at fair value through profit and loss (refer notes 1(f) and 1(h)).

### (b) Adoption of new and revised accounting standards relevant to TASCORP

The Corporation has applied the required amendments to Standards and Interpretations that are relevant to its operations and effective for the first time for the financial year commencing 1 July 2025. No new or revised accounting standards mandatory for the year ended 30 June 2026 have had a significant impact on the Corporation's financial statements.

### (c) Translation of foreign currency transactions

The Corporation has financial assets and liabilities denominated in foreign currencies. It is the Corporation's policy to fully hedge the currency exposure from these types of assets and liabilities by entering into either cross-currency swaps or forward foreign exchange contracts.

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables at balance date are translated at exchange rates at that date.

All exchange gains and losses are brought to account in the profit or loss.

### (d) Mersey Community Hospital Fund

On 29 June 2017, in accordance with the *Tasmanian Public Finance Corporation Amendment (Mersey Community Hospital) Act 2017* (the Legislation), $730.4 million was transferred to the Corporation from the Public Account to establish the Mersey Community Hospital Fund (the MCH Fund). Treasurer's Instruction GBE 08-052-09P directs the Corporation to present the transfer as an equity contribution in line with the form in which it was legislated: treat the contribution as a non-reciprocal transfer for the purpose of *AASB 1004 Contributions* and not the definition of a liability in *AASB 132 Financial Instruments: Presentation*.

### (e) Lump Sum Dividend and Income Tax Equivalent Regime

Treasurer's Instruction GBE 13-114-06P Lump Sum Dividend and Income Tax Equivalent Regime (LSDITER) states that the Corporation will make its lump sum payment into the Tasmanian Government's Public Account. The lump sum payment each financial year includes: the Corporation's income tax equivalent liability for the preceding financial year; and the Corporation's dividend payment relating to the preceding financial year, as approved by the Treasurer under s.84 of the *Government Business Enterprises Act 1995*. The LSDITER Liability excludes any returns in relation to the MCH Fund.

#### Income tax

Under the LSDITER, the tax equivalent is calculated by applying the company tax rate, as prescribed by the *Income Tax Rates Act 1986*, to the Corporation's accounting profit before taxation, as determined by the Australian Accounting Standards, excluding any returns from the MCH Fund.

#### Dividends

The Corporation pays dividends in accordance with the LSDITER whereby the Corporation makes dividend payments equal to the difference between the Corporation's recommended total lump sum liability and its income tax liability for the preceding year. The taxation equivalents and dividends paid under this regime in 2025-26 were $9.9 million and $23.1 million respectively (2024-25: $8.1 million and $18.9 million).

In addition to the amount paid under the LSDITER, the Corporation, in accordance with the Legislation paid $102.9 million on 15 June 2026 with respect to the MCH Fund (2024-25: $99.4 million).

### (f) Financial assets and liabilities

Purchases and sales of financial assets and liabilities are recognised on trade date, i.e. the date on which the Corporation commits to purchase or sell the asset or liability with unsettled investments and borrowings recognised on the Statement of Financial Position. However, refinanced Client Advances are only shown on the Statement of Financial Position from date of drawdown.

#### i) Financial assets and liabilities at amortised cost

The business model is to hold the financial assets in order to collect contractual cash flows and those cash flows represent solely payments of principal and interest. The Corporation includes in this category: investments relating to the MCH Fund (see Note 9) and loans to clients funded by the 2046 bond (see Notes 10 and 13).

#### ii) Financial assets and liabilities at fair value through profit or loss (FVTPL)

The Corporation irrevocably designates all other financial assets and financial liabilities to be at FVTPL where they are managed on a market value basis and where it eliminates or significantly reduces an accounting mis-match. Changes in fair value are taken to the profit or loss.

Transaction costs are recognised as an expense when incurred with the exception of those associated with 2046 funding, which are amortised over the life of the transaction.

**(g) Impairment**

Financial assets, other than those at fair value through profit or loss, are assessed for impairment with an 'expected credit loss' (ECL) model.

The Corporation accounts for expected credit losses and changes in those credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The Corporation measures the loss allowance on a financial instrument at an amount equal to the 12-month ECL. However, if the credit risk on a financial asset has increased significantly since initial recognition, the Corporation measures the loss over the life of the assets' expected credit loss. The ECL is calculated on an individual basis.

The Corporation uses a number of indicators to assess whether there has been a significant increase in credit risk including market conditions, the lifetime expected loss of the whole portfolio of investment class compared to origination and the individual instrument.

The ECL is calculated as below:

ECL = exposure at default (EAD) * probability of default (PD) * loss given default (LGD) where

- EAD – the estimated outstanding amount of credit exposure at the time of default
- PD – the probability a counterparty defaults
- LGD – an estimate of the loss arising on default

Lifetime ECL represents the expected credit loss that will result over the life of the financial asset.

The 12-month ECL is the portion of the Lifetime ECL that is expected to result from default events within 12 months from the reporting date.

Financial assets are assessed for any credit deterioration since origination with any such deterioration assessed as significant or not.

**(h) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date the transaction is committed to and are subsequently re-measured to their fair value. Any change in fair value is recognised through the profit or loss.

**(i) Derecognition of financial assets and liabilities**

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. Similarly, the Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire.

**(j) Plant and equipment and leasehold improvements**

Plant and equipment comprising office furniture and equipment, computer systems, and vehicles are depreciated over their estimated useful lives, ranging from 3 to 10 years, on a straight-line basis. Leasehold improvements are depreciated over the remaining period of the lease.

**(k) Right of use assets and lease liabilities**

All leases, other than short-term leases of low value assets, are recognised on balance sheet as lease liabilities and right-of-use assets. On initial recognition the carrying amount of the lease liability is measured at the present value of the current leasing commitment. Lease payments are discounted at the rate implicit in the lease or at the entity's incremental borrowing rate.

**(l) Employee benefits**

Employee entitlements for salary accruals, superannuation, annual and long service leave outstanding at balance date are calculated in accordance with *AASB 119 Employee Benefits*. The Corporation makes contributions on behalf of employees to employee contributory superannuation funds in accordance with the Commonwealth's *Superannuation Guarantee (Administration) Act 1992*. The Corporation provides for long service leave in respect of all employees, based on the present value of the estimated future cash outflow to be made resulting from employees' services up to the balance date, and having regard to the probability that employees as a group will remain in the Corporation's employ for the period of time necessary to qualify for long service leave. The Corporation uses market yields on high quality bonds to discount its long service leave provision as required by AASB 119.

**(m) Creditors**

Creditors are recognised when the Corporation becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount approximates the fair value, as creditors are generally settled within thirty days.

**(n) Cash flows**

For the year ended 30 June 2026, cash equivalents for the purpose of the Statement of Cash Flows comprised operating cash, investments at call and highly liquid short-term securities (original maturity less than 3 months) for the Corporation's Treasury business.

**(o) Revenue recognition**

Revenue is recognised to the extent it is probable that economic benefits will flow to the Corporation and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

**Sale of financial instruments**

Revenue is recognised when the significant risks and rewards of ownership of the financial instrument have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of the conclusion of the trade commitment.

**Interest**

Revenue and expense are recognised for all financial assets and liabilities as interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

Derivative interest receipts and payments are accrued on a net basis and classified as interest revenue or interest expense. This includes up front payments/receipts on interest rate swaps and forward points on foreign exchange contracts used to manage the interest rate or currency exposure of the financial assets and liabilities.

**Change in market value**

The movements in the market value of the fair valued financial assets, liabilities and derivative instruments are recognised as gains or losses in the profit or loss in the period in which the change in market value occurs.

**(p) Rounding**

All amounts have been rounded to the nearest hundred thousand Australian dollars unless otherwise stated.

**(q) New and amended accounting standards issued but not yet effective**

*AASB 18 Presentation and Disclosure in Financial Statements* was issued in June 2024 and replaces *AASB 101 Presentation of Financial Statements* and will be effective for the Corporation from 1 July 2027. AASB 18 introduces enhanced presentation requirements in the financial statements. The Corporation is currently assessing the impact of this new Standard.

There are no other new standards or amendments to existing standards that are not yet effective which are expected to have a material impact on the Corporation's financial statements. The Corporation has not early adopted any new accounting standards.

**(r) Other accounting developments**

Australian climate-related financial disclosures legislation received Royal Assent in September 2024, under the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* ("Act"). Following the Act's enactment, the AASB introduced the first set of Australian Sustainability Reporting Standards (ASRS). These standards include:

*AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information:*

A voluntary standard that provides entities with a framework for disclosing sustainability-related financial information in a consistent and comparable manner.

*AASB S2 Climate-related Disclosures:*

A mandatory standard requiring entities to disclose detailed information about their governance, strategy, risk management, and metrics and targets related to climate-related risks and opportunities.

The Corporation is currently assessing its obligations under these new sustainability reporting standards and, where applicable, the timing of adoption and the potential impact on the Corporation.

## Note 2: Significant accounting judgements and estimations

**Financial assets and liabilities measured at fair value**

The fair value of financial assets and financial liabilities designated at fair value through the profit or loss is estimated for recognition and measurement purposes or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for the Corporation's traded financial assets and financial liabilities is the current market mid price which is the standard pricing convention used by market participants.

The fair value of a financial instrument that is not traded in an active market is determined using the market accepted valuation technique for the instrument concerned, or net present value where no market convention exists. The Corporation uses assumptions that are based on the way the asset or liability was priced when it was acquired and market conditions existing at balance date. These assumptions at balance date were:

- Dealer market quotes for similar instruments or dealer market price assessments were used for valuing long-term illiquid investments. In general, the Corporation eliminates the high and low quote or assessment and averages the remainder to value the instrument. In a small number of cases, there may be fewer than three quotes or assessments available. In such cases all the quotes or assessments received are included in the calculation of the value.
- The fair value of client advances designated at fair value through profit or loss is calculated at a margin relative to the TASCORP yield curve. The margin is the difference between the relevant client loan yield and the TASCORP yield curve at the time the loan was written. The fair value of a swap contract (interest rate or foreign exchange) is calculated using market accepted valuation techniques to discount future cash flows using mid-point market yields and/or exchange rates appropriate to the instrument. The fair value of a forward exchange contract is determined using mid-point forward exchange market rates at the balance date.

The following table provides an analysis of financial instruments that are measured at fair value through the profit or loss, grouped into 3 levels based on the degree to which the fair value is observable.

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

| 30 June 2026 | Level 1 $M | Level 2 $M | Level 3 $M | Total $M |
|---|---|---|---|---|
| **FINANCIAL ASSETS** | | | | |
| Cash and cash equivalents | 373.2 | 82.3 | - | 455.5 |
| Investments | 718.6 | 2,625.5 | - | 3,344.1 |
| Client advances | - | 14,179.0 | - | 14,179.0 |
| Derivatives | - | 73.2 | - | 73.2 |
| **Total assets** | **1,091.8** | **16,960.0** | **-** | **18,051.8** |
| **FINANCIAL LIABILITIES** | | | | |
| Deposits | - | 677.3 | - | 677.3 |
| Commercial paper | - | 2,346.8 | - | 2,346.8 |
| Fixed rate bonds* | 14,048.3 | 232.5 | - | 14,280.8 |
| Floating rate notes | - | 502.6 | - | 502.6 |
| Other bonds | - | 1.5 | - | 1.5 |
| Derivatives | - | 105.1 | - | 105.1 |
| **Total liabilities** | **14,048.3** | **3,865.8** | **-** | **17,914.1** |

| 30 June 2025 | Level 1 $M | Level 2 $M | Level 3 $M | Total $M |
|---|---|---|---|---|
| **FINANCIAL ASSETS** | | | | |
| Cash and cash equivalents | 204.8 | 189.4 | - | 394.2 |
| Investments | 613.8 | 2,978.8 | - | 3,592.6 |
| Client advances | - | 11,914.4 | - | 11,914.4 |
| Derivatives | - | 88.8 | - | 88.8 |
| **Total assets** | **818.6** | **15,171.4** | **-** | **15,990.0** |
| **FINANCIAL LIABILITIES** | | | | |
| Deposits | - | 682.7 | - | 682.7 |
| Commercial paper | - | 2,193.4 | - | 2,193.4 |
| Fixed rate bonds* | 12,105.0 | 235.1 | - | 12,340.1 |
| Floating rate notes | - | 501.2 | - | 501.2 |
| Other bonds | - | 3.3 | - | 3.3 |
| Derivatives | - | 109.3 | - | 109.3 |
| **Total liabilities** | **12,105.0** | **3,725.0** | **-** | **15,830.0** |

*All fixed rate bond fair values are derived from direct quoted prices from active markets with the exception of non benchmark lines.

## Note 3: Financial instruments and risk management

The Corporation's assets and liabilities are comprised predominantly of financial instruments, including loans, investments, borrowings and derivatives. These instruments give rise to financial risks that may affect the Corporation's financial position and financial performance.

This note explains the Corporation's exposure to those financial risks, how those risks are managed and monitored, and the quantitative measures used to assess them. Together with the accounting policies and fair value disclosures in Notes 1 and 2, these disclosures provide context for the recognition and measurement of the Corporation's financial instruments reported throughout the financial statements.

The principal financial risks are credit risk, interest rate risk, foreign exchange risk and liquidity risk. The Corporation also monitors overall market risk using Value at Risk (VaR), which estimates the potential change in portfolio value arising from normal market movements over a specified confidence level and time horizon.

### (a) Capital at risk

The Corporation allocates an appropriate level of capital to each identified risk: credit risk, market risk and operational risk, and manages these risks within an overall capital limit agreed with the Treasurer from time to time. The effective level of risk exposure of the Corporation is required at all times to be kept within the capital limit. Capital is allocated to categories of risk in line with accepted industry practice.

### (b) Credit risk

Credit risk arises from (i) the change in fair value of credit exposure to a counterparty or group of counterparties due to a change in the market perception of the credit quality of that exposure, and (ii) the potential for credit default, i.e. the possibility that the counterparty to a financial instrument will not adhere to the terms of the contract when payment is due. The Corporation is exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments.

The Corporation enters into derivative transactions governed under International Swaps and Derivatives Association (ISDA) Master Agreements. When a credit default occurs, all outstanding transactions under an ISDA agreement are terminated. The termination value is determined and only a single net amount is payable to/receivable from a counterparty in settlement of all transactions. The Corporation does not have any master netting arrangements where a default event has occurred, and has therefore presented all derivative financial instruments on a gross basis in the Statement of Financial Position. The Corporation also has Credit Support Annexes (CSAs) in place with the majority of its ISDA agreements. The CSA defines the terms or rules under which collateral is lodged with counterparties, subject to agreed market thresholds. The Corporation may be required to place cash with or receive cash from market counterparties to mitigate the credit risk arising from the derivative transactions.

There is no impairment for bad and doubtful debts. No bad debts have been recorded in the current year or previous year.

#### i) Changes in fair value attributable to credit risk

*AASB 7 Financial Instruments: Disclosures* requires the disclosure of the amount of change in the fair value of a loan or receivable (or group of loans or receivables) that is attributable to changes in the credit risk and the financial liability that is attributable to changes in credit risk.

The change in fair value attributable to changes in credit risk was calculated by determining the difference in the net present value of the relevant cash flows at the end of each period between using the Overnight Indexed Swap curve and the market yield curves used in the financial statements.

**The cumulative change in fair value attributable to changes in credit risk as at the respective year ends are:**

| | 2026 $M | 2025 $M |
|---|---|---|
| Investments | 35.2 | 43.8 |
| Client advances | 491.6 | 626.6 |
| | 526.8 | 670.4 |
| Financial liabilities | (518.6) | (656.2) |
| **Net cumulative gain/(loss)** | **8.2** | **14.2** |

**ii) Credit default exposure**

**Investments**

The Corporation's current credit risk policies require all investments to have a credit rating no less than Investment Grade (by Moody's or Standard and Poor's ratings). These limits are monitored by management with compliance reported to the Board. The carrying value of these investments represents the maximum exposure to credit default risk.

**Client advances**

Section 11 of the *Tasmanian Public Finance Corporation Act 1985*, states that one of the functions of the Corporation is to provide loans to participating authorities. The Corporation considers that the creditworthiness of its client advances, other than advances to local government, and the Tasmanian Water and Sewerage Corporation Pty Ltd (refer note 10), is derived from the credit rating of the State of Tasmania.

The carrying value of the client advances (refer note 10) together with the committed standby facilities to clients (refer note 15(b)) represents the maximum exposure to credit default risk.

**Derivatives**

The credit exposure of currency swaps, interest rate swaps, interest rate futures and forward foreign exchange contracts is represented by the net fair value of all contracts with a positive replacement cost reduced by the effect of netting agreements.

### iii) Concentration of credit risk by credit rating

The following table details the credit rating of the Corporation's primary financial assets excluding transactions with participating authorities. The amounts shown reflect their credit exposure.

| | LONG-TERM CREDIT RATING | | | | SHORT-TERM CREDIT RATING | | | |
|---|---|---|---|---|---|---|---|---|
| **30 June 2026** | **AAA $M** | **AA+/AA/AA- $M** | **A+/A/A- $M** | **BBB+/ BBB $M** | **A-1+ $M** | **A-1 $M** | **A-2 $M** | **Total $M** |
| Cash and cash equivalents, Investments | 210.5 | 1,190.9 | 8.5 | - | 2,325.6 | 52.9 | 39.9 | **3,828.3** |
| 12-month credit loss allowance | (0.0) | (0.0) | - | - | - | - | - | **(0.0)** |
| Lifetime credit loss allowance | - | - | - | - | - | - | - | **-** |
| Interest rate swaps | - | 29.7 | 0.2 | - | - | - | - | **29.9** |
| Foreign exchange contracts | - | - | 10.8 | - | - | - | - | **10.8** |
| | **210.5** | **1,220.6** | **19.5** | **-** | **2,325.6** | **52.9** | **39.9** | **3,869.0** |

| | LONG-TERM CREDIT RATING | | | | SHORT-TERM CREDIT RATING | | | |
|---|---|---|---|---|---|---|---|---|
| **30 June 2025** | **AAA $M** | **AA+/AA/AA- $M** | **A+/A/A- $M** | **BBB+/ BBB $M** | **A-1+ $M** | **A-1 $M** | **A-2 $M** | **Total $M** |
| Cash and cash equivalents, Investments | 174.9 | 1,296.5 | 8.5 | - | 2,561.1 | 63.7 | 9.9 | **4,114.6** |
| 12-month credit loss allowance | (0.0) | (0.1) | - | - | - | - | - | **(0.1)** |
| Lifetime credit loss allowance | - | - | - | - | - | - | - | **-** |
| Interest rate swaps | - | 35.0 | 0.8 | - | - | - | - | **35.8** |
| Foreign exchange contracts | - | - | 9.7 | - | - | - | - | **9.7** |
| | **174.9** | **1,331.4** | **19.0** | **-** | **2,561.1** | **63.7** | **9.9** | **4,160.0** |

### iv) Collateral note

The following tables present the gross and net amounts of financial assets and financial liabilities as presented on the Statement of Financial Position, after applying master netting agreements and cash collateral provided. The column "Net amount" shows the impact on the Corporation's Statement of Financial Position if all existing rights of offset were exercised.

| | | RELATED AMOUNTS NOT OFFSET | | |
|---|---|---|---|---|
| **30 June 2026** | **Gross and net amounts presented in the Statement of Financial Position $M** | **Amounts subject to Master Netting Agreements which are not currently enforceable $M** | **Cash collateral $M** | **Net amount $M** |
| **FINANCIAL ASSETS** | | | | |
| Derivatives with CSA counterparties | 16.2 | - | - | - |
| Derivatives non CSA counterparties | 57.0 | 55.9 | - | 55.9 |
| | **73.2** | **55.9** | **-** | **55.9** |
| **FINANCIAL LIABILITIES** | | | | |
| Derivatives with CSA counterparties | 104.0 | 87.8 | (89.6) | (1.8) |
| Derivatives non CSA counterparties | 1.1 | - | - | - |
| | **105.1** | **87.8** | **(89.6)** | **(1.8)** |

CSAs are in place for all active market counterparties.

## NOTE 3: Financial instruments and risk management *(continued)*

| | | RELATED AMOUNTS NOT OFFSET | | |
|---|---|---|---|---|
| **30 June 2025** | **Gross and net amounts presented in the Statement of Financial Position $M** | **Amounts subject to Master Netting Agreements which are not currently enforceable $M** | **Cash collateral $M** | **Net amount $M** |
| **FINANCIAL ASSETS** | | | | |
| Derivatives with CSA counterparties | 21.1 | 1.5 | 1.1 | 2.6 |
| Derivatives non CSA counterparties | 67.7 | 66.1 | - | 66.1 |
| | **88.8** | **67.6** | **1.1** | **68.7** |
| **FINANCIAL LIABILITIES** | | | | |
| Derivatives with CSA counterparties | 107.7 | 88.1 | (88.9) | (0.8) |
| Derivatives non CSA counterparties | 1.6 | - | - | - |
| | **109.3** | **88.1** | **(88.9)** | **(0.8)** |

CSAs are in place for all active market counterparties.

### (c) Interest rate risk

The Corporation enters into various types of interest rate contracts in managing its interest rate risk.

#### i) Interest rate swaps

Under interest rate swaps, the Corporation agrees with other parties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to agreed notional principal amounts. The Corporation's operations are subject to the risk of interest rate fluctuations to the extent that there is a difference between the timing and amount of interest earning assets and the timing and amount of interest bearing liabilities that mature or re-price in specified periods. Interest rate swaps are held or issued for the purpose of managing this interest rate risk. The net fair value of interest rate swaps is presented in notes 11 and 14.

#### ii) Interest rate options

Interest rate options are contracts that allow the holder of the option the right but not the obligation to purchase or sell a financial instrument at a specified price and within a specified period. As a matter of policy, all options granted to clients are hedged by purchasing the same option in the financial markets. As at balance date, the Corporation did not have any outstanding interest rate options (30 June 2025: $nil).

### (iii) Interest rate exposure

Exposure to interest rate risk, the re-pricing profile of maturities and the effective interest rates by type of financial instrument at 30 June 2026 were:

| | CONTRACTUAL MATURITIES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Fixed interest rate | | | | | | |
| 2026 | Weighted average effective interest rate % | Floating interest rate $M | Less than 3 months $M | 3 to 6 months $M | 6 to 12 months $M | 1 to 2 years $M | 2 to 5 years $M | Over 5 years $M | Total $M |
| **FINANCIAL ASSETS** | | | | | | | | | |
| Cash and cash equivalents | 3.81 | 373.3 | 82.2 | - | - | - | - | - | 455.5 |
| Investments | 4.96 | 815.8 | 944.2 | 879.6 | 6.0 | 21.5 | 199.8 | 505.9 | 3,372.8 |
| Client advances | 4.34 | 0.0 | 356.9 | 19.9 | 324.8 | 1,379.4 | 4,460.3 | 7,738.5 | 14,279.8 |
| | **4.41** | **1,189.1** | **1,383.3** | **899.5** | **330.8** | **1,400.9** | **4,660.1** | **8,244.4** | **18,108.1** |
| **FINANCIAL LIABILITIES** | | | | | | | | | |
| Deposits | 4.45 | 677.3 | - | - | - | - | - | - | 677.3 |
| Borrowings* | 4.22 | 502.5 | 1,271.0 | 1,075.9 | 1.5 | 1,752.7 | 4,652.3 | 7,976.6 | 17,232.5 |
| | **4.23** | **1,179.8** | **1,271.0** | **1,075.9** | **1.5** | **1,752.7** | **4,652.3** | **7,976.6** | **17,909.8** |
| **Net** | | **9.3** | **112.3** | **(176.4)** | **329.3** | **(351.8)** | **7.8** | **267.8** | **198.3** |
| **DERIVATIVE FINANCIAL INSTRUMENTS** | | | | | | | | | |
| Interest rate swaps (notional principal) | | | | | | | | | |
| **Net derivatives** | | (791.6) | 310.0 | 125.0 | (224.9) | 313.2 | 244.4 | 23.9 | - |
| **Net position** | | **(782.3)** | **422.3** | **(51.4)** | **104.4** | **(38.6)** | **252.2** | **291.7** | **198.3** |

*Effective interest rate includes the net interest rates of the forward foreign exchange contracts. Borrowings include both short-term (commercial paper) and long-term (fixed and floating rate bond) instruments.

Exposure to interest rate risk, the re-pricing profile of maturities and the effective interest rates by type of financial instrument at 30 June 2025 were:

| | CONTRACTUAL MATURITIES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Fixed interest rate | | | | | | |
| 2025 | Weighted average effective interest rate % | Floating interest rate $M | Less than 3 months $M | 3 to 6 months $M | 6 to 12 months $M | 1 to 2 years $M | 2 to 5 years $M | Over 5 years $M | Total $M |
| **FINANCIAL ASSETS** | | | | | | | | | |
| Cash and cash equivalents | 3.77 | 204.7 | 189.5 | - | - | - | - | - | 394.2 |
| Investments | 4.40 | 1,014.2 | 1,239.8 | 579.3 | 264.8 | 13.5 | 38.6 | 570.1 | 3,720.3 |
| Client advances | 4.06 | 0.1 | 212.1 | 45.9 | 902.3 | 369.9 | 3,041.1 | 7,443.8 | 12,015.2 |
| | **4.11** | **1,219.0** | **1,641.4** | **625.2** | **1,167.1** | **383.4** | **3,079.7** | **8,013.9** | **16,129.7** |
| **FINANCIAL LIABILITIES** | | | | | | | | | |
| Deposits | 4.18 | 682.7 | - | - | - | - | - | - | 682.7 |
| Borrowings* | 3.92 | 707.2 | 1,305.6 | 683.3 | 1,357.3 | 1.5 | 3,422.3 | 7,661.6 | 15,138.8 |
| | **3.93** | **1,389.9** | **1,305.6** | **683.3** | **1,357.3** | **1.5** | **3,422.3** | **7,661.6** | **15,821.5** |
| **Net** | | **(170.9)** | **335.8** | **(58.1)** | **(190.2)** | **381.9** | **(342.6)** | **352.3** | **308.2** |
| **DERIVATIVE FINANCIAL INSTRUMENTS** | | | | | | | | | |
| Interest rate swaps (notional principal) | | | | | | | | | |
| **Net derivatives** | | (874.6) | 340.0 | 15.0 | 262.0 | (209.9) | 524.6 | (57.1) | - |
| **Net position** | | **(1,045.5)** | **675.8** | **(43.1)** | **71.8** | **172.0** | **182.0** | **295.2** | **308.2** |

*Effective interest rate includes the net interest rates of the forward foreign exchange contracts. Borrowings include both short-term (commercial paper) and long-term (fixed and floating rate bond) instruments.

### (d) Foreign exchange risk

The following table shows the Corporation's foreign currency exposure by currency as at 30 June 2026 (all amounts denominated in Australian dollars):

| | EUR $M | HKD $M | USD $M |
|---|---|---|---|
| Assets/(liabilities) (< 12 months) | - | (204.0) | (66.7) |
| Forward FX (< 12 months) | - | 204.0 | 66.7 |
| **Net position (< 12 months)** | - | - | - |
| Assets/(liabilities) (> 12 months) | - | - | - |
| Forward FX (> 12 months) | - | - | - |
| **Net position (> 12 months)** | - | - | - |
| **Net position** | **-** | **-** | **-** |

The following table shows the Corporation's foreign currency exposure by currency as at 30 June 2025 (all amounts denominated in Australian dollars):

| | EUR $M | HKD $M | USD $M |
|---|---|---|---|
| Assets/(liabilities) (< 12 months) | (35.9) | (206.3) | - |
| Forward FX (< 12 months) | 35.9 | 206.3 | - |
| **Net position (< 12 months)** | - | - | - |
| Assets/(liabilities) (> 12 months) | - | - | - |
| Forward FX (> 12 months) | - | - | - |
| **Net position (> 12 months)** | - | - | - |
| **Net position** | **-** | **-** | **-** |

**(e) Liquidity risk**

The Corporation has a liquidity policy requiring the holding of sufficient liquid investments, which are readily saleable and convertible into cash, to safeguard against a short-term inability to issue debt.

Historical experience has shown that while deposits from clients have short-term maturities, a percentage of the deposits are core investments by clients, which are continuously re-invested with the Corporation.

Daily, the Corporation monitors a number of prudential measures including:

**Liquidity Coverage Ratio**

The level of High Quality Liquid Assets should be adequate to meet the liquidity needs for a 30-day period under a severe stress scenario – monitored daily.

The Corporation's High Quality Liquid Assets comprise A-1+ Discount Securities and recognised high grade financial institution and government liquid assets. These liquid assets are discounted consistent with APRA Required Stable Funding Factors.

The table below shows the daily minimum, maximum and average High Quality Liquid Assets for 2025-26.

**HQLA - High Quality Liquid Asset**

| Minimum | Maximum | Average |
|---|---|---|
| 192% | 613% | 299% |

**Ratio of Long Dated Liabilities to Term Client Loans**

The level of long dated liabilities must be no less than 100% of the level of client loans other than for working capital – monitored daily.

| Minimum | Maximum | Average |
|---|---|---|
| 101% | 111% | 104% |

In addition to holding of liquid assets, the Corporation maintains an intra-day credit accommodation facility of $100 million (2025: $100 million) with a bank.

## NOTE 3: Financial instruments and risk management *(continued)*

The maturity profile of the Corporation's financial assets, liabilities and derivatives based on contracted undiscounted payment obligations and receivables at 30 June 2026 was:

| | Less than 3 months $M | 3 to 6 months $M | 6 to 12 months $M | 1 to 2 years $M | 2 to 5 years $M | Over 5 years $M | Total $M |
|---|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS (UNDISCOUNTED RECEIVABLES)** | | | | | | | |
| Cash and cash equivalents | 455.5 | - | - | - | - | - | 455.5 |
| Investments | 923.3 | 1,039.1 | 81.4 | 183.6 | 890.6 | 628.2 | 3,746.2 |
| Client advances | 637.6 | 42.6 | 630.4 | 1,997.6 | 6,002.6 | 9,263.3 | 18,574.1 |
| | **2,016.4** | **1,081.7** | **711.8** | **2,181.2** | **6,893.2** | **9,891.5** | **22,775.8** |
| **FINANCIAL LIABILITIES (UNDISCOUNTED REPAYMENT OBLIGATIONS)** | | | | | | | |
| Deposits | 675.1 | - | - | - | - | - | 675.1 |
| Borrowings | 1,600.6 | 1,101.0 | 282.6 | 2,325.4 | 6,626.9 | 9,843.0 | 21,779.5 |
| | **2,275.7** | **1,101.0** | **282.6** | **2,325.4** | **6,626.9** | **9,843.0** | **22,454.6** |
| **Net** | **(259.3)** | **(19.3)** | **429.2** | **(144.2)** | **266.3** | **48.5** | **321.2** |
| **DERIVATIVE FINANCIAL INSTRUMENTS UNDISCOUNTED RECEIVABLES/(PAYABLES)** | | | | | | | |
| Interest rate swaps | 3.7 | (1.2) | (6.3) | (4.6) | (12.9) | (0.8) | (22.1) |
| Foreign exchange | (7.5) | - | - | - | - | - | (7.5) |
| Guarantees* | (340.7) | - | - | - | - | - | (340.7) |
| | **(344.5)** | **(1.2)** | **(6.3)** | **(4.6)** | **(12.9)** | **(0.8)** | **(370.3)** |

*The amounts included above for financial guarantee contracts are the maximum amounts the Corporation could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Corporation considers that it is more likely than not that no amount will be payable under these arrangements.

The maturity profile of the Corporation's financial assets, liabilities and derivatives based on contracted undiscounted payment obligations and receivables at 30 June 2025 was:

| | Less than 3 months $M | 3 to 6 months $M | 6 to 12 months $M | 1 to 2 years $M | 2 to 5 years $M | Over 5 years $M | Total $M |
|---|---|---|---|---|---|---|---|
| **FINANCIAL ASSETS (UNDISCOUNTED RECEIVABLES)** | | | | | | | |
| Cash and cash equivalents | 394.2 | - | - | - | - | - | 394.2 |
| Investments | 1,203.9 | 773.5 | 341.5 | 250.0 | 712.9 | 800.2 | 4,082.0 |
| Client advances | 439.1 | 60.0 | 1,143.3 | 821.6 | 4,298.5 | 8,735.6 | 15,498.1 |
| | **2,037.2** | **833.5** | **1,484.8** | **1,071.6** | **5,011.4** | **9,535.8** | **19,974.3** |
| **FINANCIAL LIABILITIES (UNDISCOUNTED REPAYMENT OBLIGATIONS)** | | | | | | | |
| Deposits | 682.7 | - | - | - | - | - | 682.7 |
| Borrowings | 1,779.3 | 735.4 | 1,571.3 | 414.5 | 5,150.4 | 9,190.2 | 18,841.1 |
| | **2,462.0** | **735.4** | **1,571.3** | **414.5** | **5,150.4** | **9,190.2** | **19,523.8** |
| **Net** | **(424.8)** | **98.1** | **(86.5)** | **657.1** | **(139.0)** | **345.6** | **450.5** |
| **DERIVATIVE FINANCIAL INSTRUMENTS UNDISCOUNTED RECEIVABLES/(PAYABLES)** | | | | | | | |
| Interest rate swaps | 3.3 | (4.3) | (4.0) | (8.7) | (8.8) | (1.4) | (23.9) |
| Foreign exchange | (10.7) | (0.1) | - | - | - | - | (10.8) |
| Guarantees* | (287.7) | - | - | - | - | - | (287.7) |
| | **(295.1)** | **(4.4)** | **(4.0)** | **(8.7)** | **(8.8)** | **(1.4)** | **(322.4)** |

*The amounts included above for financial guarantee contracts are the maximum amounts the Corporation could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Corporation considers that it is more likely than not that no amount will be payable under these arrangements.

### (f) Value at Risk (VaR) analysis

Value at Risk (VaR) is the Corporation's primary measure of overall market risk. While the preceding sections describe individual sources of financial risk (such as credit, interest rate, foreign exchange and liquidity risk), VaR provides a consolidated estimate of the potential change in the fair value of the Corporation's financial instrument portfolio arising from normal market movements.

The Corporation uses a VaR model to measure the market risk exposures inherent in the balance sheet. VaR, calculated daily, is an estimate of the potential loss from the Corporation's risk positions over a given holding period with a certain confidence level.

The Corporation requires that it maintains sufficient capital to cover its exposure to market risk, credit risk and operational risk. Market risk capital exposure is measured by VaR and calculated on the following basis: historical simulation, rates and margins data back 5 years, a 10-day holding period (extended to 30 days for investment credit margin risk, excluding semi government securities) and a 99th percentile one tailed confidence level is used.

The VaR model's reliability is verified by back-testing the results of the model to actual results.

Stress testing is used to add insight to the possible outcomes under abnormal market conditions. The stress testing methodology assumes that all market factors move adversely at the same time and that no actions are taken during the stress events to mitigate risk, and consequently reflects the decline in liquidity that frequently accompanies market shocks.

The Corporation's VaR over the year is disclosed in the following table:

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| Year End | 2.0 | 5.1 |
| Average | 3.1 | 5.0 |
| Maximum | 5.4 | 5.9 |
| Minimum | 1.7 | 4.2 |

The table reflects the Corporation's balance sheet position as at 30 June 2026: the maximum potential loss expected over a 10-day period is $2.0 million, with a 1% probability that this maximum may be exceeded. The average VaR over the year was $3.1 million.

The reduction in 10-day combined VaR during the year was driven by a change in hedging protocol for the client lending portfolio. The change took effect in November 2025 with VaR reducing by 60% immediately. The reduction was an intended consequence of the hedging changes.

## Note 4: Operating segments

The Corporation has two operating segments:

**Treasury**

The principal purpose of the Treasury segment is to develop, implement and manage borrowing and investment programs for the benefit of the State.

**Mersey Community Hospital Fund**

The MCH Fund was created on 29 June 2017 as equity in TASCORP. TASCORP manages the investments from these funds separately to its Treasury business.

| 2025-26 | Treasury $M | MCH Fund $M | Eliminations $M | Total $M |
|---|---|---|---|---|
| Net revenue from operations | 45.3 | 4.5 | (0.1) | 49.7 |
| Operational expenses | (10.2) | (0.1) | 0.1 | (10.2) |
| **Profit before income tax equivalents** | **35.1** | **4.4** | **-** | **39.5** |
| Income tax equivalent expense | (10.5) | - | - | (10.5) |
| **Profit after income tax equivalents** | **24.6** | **4.4** | **-** | **29.0** |
| | | | | |
| Business line assets | 18,161.3 | 28.5 | (4.4) | 18,185.4 |
| Business line liabilities | 18,086.7 | - | (4.4) | 18,082.3 |
| **Net assets** | **74.6** | **28.5** | **-** | **103.1** |

| 2024-25 | Treasury $M | MCH Fund $M | Eliminations $M | Total $M |
|---|---|---|---|---|
| Net revenue from operations | 43.3 | 11.1 | (0.1) | 54.3 |
| Operational expenses | (10.3) | (0.1) | 0.1 | (10.3) |
| **Profit before income tax equivalents** | **33.0** | **11.0** | **-** | **44.0** |
| Income tax equivalent expense | (9.9) | - | - | (9.9) |
| **Profit after income tax equivalents** | **23.1** | **11.0** | **-** | **34.1** |
| | | | | |
| Business line assets | 16,134.5 | 127.0 | (41.2) | 16,220.3 |
| Business line liabilities | 16,061.4 | - | (41.2) | 16,020.2 |
| **Net assets** | **73.1** | **127.0** | **-** | **200.1** |

## Note 5: Revenues and expenses

### (a) Interest revenue and expense

The following table shows the major categories of interest-bearing assets and liabilities and the amount of the interest revenue and expense.

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| **INTEREST REVENUE** | | |
| **Interest on financial assets** | | |
| Client advances at amortised cost | 4.6 | 4.6 |
| Client advances at fair value through profit or loss | 565.0 | 415.9 |
| Investments at amortised cost (MCH Fund) | 3.0 | 7.3 |
| Cash and investments at fair value through profit or loss | 175.7 | 176.2 |
| **Total interest revenue** | **748.3** | **604.0** |
| **INTEREST EXPENSE** | | |
| **Interest on financial liabilities** | | |
| Deposits | 31.0 | 29.3 |
| Fixed Rate bonds at amortised cost | 4.3 | 4.4 |
| Fixed Rate bonds at fair value through profit or loss | 564.4 | 407.0 |
| Floating Rate notes at fair value through profit or loss | 19.7 | 22.2 |
| Commercial paper | 77.9 | 87.2 |
| Euro commercial paper | 10.9 | 12.7 |
| Other bonds | 0.1 | 0.1 |
| Derivatives | 3.9 | 7.0 |
| **Total interest expense** | **712.2** | **569.9** |

### (b) Net gains/(losses) arising from financial instruments

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Client advances at fair value through profit or loss | (233.1) | 302.7 |
| Investments at amortised cost | 0.1 | 0.0 |
| Cash and investments at fair value through profit or loss | (17.2) | 18.6 |
| **FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Deposits | 12.7 | (15.7) |
| Fixed Rate bonds | 260.4 | (303.0) |
| Floating Rate notes | (1.2) | 1.6 |
| Commercial paper | 1.1 | (1.7) |
| Euro Commercial paper | 27.3 | (15.1) |
| Other bonds | 0.0 | (0.1) |
| Derivative financial instruments at fair value through profit or loss | (37.8) | 31.7 |
| **Total net gains/(losses) arising from financial instruments** | **12.3** | **19.0** |
| **Credit loss allowance** | **0.0** | **0.1** |

### (c) Other revenue

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| Advisory and commitment fees | 1.3 | 1.1 |
| **Other revenue** | **1.3** | **1.1** |

## Note 6: Operational expenses

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| **BORROWING COSTS** | | |
| Program and debt issuance fees | 2.1 | 2.0 |
| Rating agency fees | 0.7 | 0.6 |
| Bank and facility fees | 0.2 | 0.2 |
| | 3.0 | 2.8 |
| **ADMINISTRATION EXPENSES** | | |
| Salaries and related employee expenses | 4.9 | 4.6 |
| Information technology and communication[1] | 1.4 | 2.0 |
| Legal, audit and professional services | 0.4 | 0.4 |
| Premises[1] | 0.4 | 0.4 |
| International travel[2] | 0.0 | 0.0 |
| Other expenses | 0.1 | 0.1 |
| | 7.2 | 7.5 |
| **Operational expenses** | **10.2** | **10.3** |

1 Information technology and communication and Premises includes amortisation of $183,000 (2024-25: $173,000), depreciation of $104,000 (2024-25: $118,000) and a loss on disposal of fixed assets of $nil (2024-25: $45,000).

2 The CEO undertook one international trip to promote and market TASCORP bonds and commercial paper to international investors in 2025-26 at the cost of $16,000 (2024-25: $23,000).

The CFO undertook one international trip for a Central Financing Authority peer conference in 2025-26 at a cost of $2,000 (2024-25: $nil).

## Note 7: Income tax equivalent expense

The Corporation's tax equivalent liability is calculated in accordance with the Treasurer's Instructions issued under the *Government Business Enterprises Act 1995*, which requires the Corporation to account for income tax based on the accounting profit on its treasury activities, but excludes the profit from the MCH Fund.

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| MCH Fund profit before income tax (exempt from taxation) | 4.4 | 11.0 |
| Treasury profit before income tax equivalent expense | 35.1 | 33.0 |
| Prima facie tax at 30% of Treasury profit | 10.5 | 9.9 |
| **Income tax equivalent expense** | **10.5** | **9.9** |
| **Current tax liability** | **10.5** | **9.9** |

## Note 8: Cash and cash equivalents

All Treasury investments are designated as financial assets at fair value through profit or loss and MCH Fund investments at amortised cost. The majority of deposits from participating authorities and unallocated borrowings were invested in the following range of instruments as at balance date.

| | 2026 $M | 2025 $M |
|---|---|---|
| **INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Cash at bank and at hand | 283.3 | 115.6 |
| Deposits with financial institutions[1] | 112.0 | 125.5 |
| Short-term discount securities | 10.0 | 45.0 |
| Reverse repurchase agreements | 50.2 | 108.1 |
| | **455.5** | **394.2** |

[1] Includes cash collateral of $89.9 million (2025: $89.2 million).

## Note 9: Investments

Investments include liquid securities and deposits with financial institutions as at balance date with original maturities longer than three months.

| | 2026 $M | 2025 $M |
|---|---|---|
| **INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Floating rate securities | 800.1 | 959.0 |
| Discount securities | 1,233.9 | 1,585.6 |
| Fixed interest securities[1] | 718.6 | 613.8 |
| Deposits with financial institutions | 591.5 | 434.2 |
| | 3,344.1 | 3,592.6 |
| **INVESTMENTS AT AMORTISED COST (MCH FUND)** | | |
| Floating rate securities | 15.7 | 55.2 |
| Fixed interest securities | 8.6 | 31.4 |
| Deposits with financial institutions | 4.4 | 41.2 |
| Credit loss allowance | (0.0) | (0.1) |
| | 28.7 | 127.7 |
| | **3,372.8** | **3,720.3** |

The fair value of the MCH Fund assets is $28.6 million.

[1] Includes securities sold under agreements to repurchase, $50.7 million (2025: $75.1 million).

**CREDIT LOSS ALLOWANCE FOR INVESTMENTS AT AMORTISED COST**

| | Floating | Fixed | Total |
|---|---|---|---|
| 12-month expected credit losses | 0.0 | 0.0 | 0.0 |
| Lifetime expected credit loss | - | - | - |
| | **0.0** | **0.0** | **0.0** |

The lifetime expected credit loss provision reflects instruments where credit risk has increased significantly since initial recognition but are not credit impaired financial assets. There was no brought forward allowance.

## Note 10: Client advances

Section 11 of the *Tasmanian Public Finance Corporation Act 1985*, states that one of the functions of the Corporation is to provide loans to participating authorities in the State of Tasmania. Normally, most advances are refinanced. 90.0% of total advances are guaranteed by the State (2025, 90.2%), with 37.1% of these now covered under Section 15A of the Act, which commenced on 1 July 2023 (2025, 41.2%), enabling the Government to guarantee advances to 'relevant organisations' as defined in Schedule 1 of the Act, with the residual 52.9% being loans advanced directly to the State Government itself (2025, 49.0%).

| | 2026 $M | 2025 $M |
|---|---|---|
| **CLIENT ADVANCES AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Department of Treasury and Finance | 7,545.7 | 5,880.9 |
| Homes Tasmania | 549.4 | 488.4 |
| Hydro Electric Corporation | 1,129.8 | 1,011.6 |
| Local Government | 87.1 | 97.3 |
| Tasmania Development and Resources | 102.2 | 94.2 |
| Tasmanian Irrigation Pty Ltd | 77.2 | 31.3 |
| Tasmanian Networks Pty Ltd | 2,079.7 | 2,153.2 |
| Tasmanian Ports Corporation | 139.6 | 129.7 |
| Tasmanian Railway Pty Ltd | 0.0 | 19.1 |
| Tasmanian Water and Sewerage Corporation Pty Ltd | 1,342.5 | 1,084.5 |
| TT-Line Company Pty Ltd | 1,113.9 | 916.2 |
| Other Participating Authorities | 11.9 | 8.0 |
| | 14,179.0 | 11,914.4 |
| **CLIENT ADVANCES AT AMORTISED COST** | | |
| Tasmanian Networks Pty Ltd | 100.8 | 100.8 |
| | 100.8 | 100.8 |
| **Client advances** | **14,279.8** | **12,015.2** |

The fair value of the amortised client advances is $81.6 million comprising Tasmanian Networks Pty Ltd. The client advances (Tasmanian Networks Pty Ltd) maturing in 2046 were valued using the longest observable TASCORP and Semi-government security market rates, extrapolated over time and allowed for change in credit margin. It is considered a level 2 valuation.

## Note 11: Asset derivative financial instruments

| | 2026 $M | 2025 $M |
|---|---|---|
| **DERIVATIVE FINANCIAL INSTRUMENTS RECEIVABLE AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Foreign exchange contracts | 0.7 | 0.2 |
| Interest rate swaps | 72.5 | 88.6 |
| | **73.2** | **88.8** |

## Note 12: Deposits

Section 11 of the *Tasmanian Public Finance Corporation Act 1985*, states that one of the functions of the Corporation is to accept money on deposit or on loan from the Treasurer or from a participating authority. All outstanding deposits at balance date are designated as financial liabilities at fair value through profit or loss:

| | 2026 $M | 2025 $M |
|---|---|---|
| **DEPOSITS** | | |
| State of Tasmania | 603.2 | 615.6 |
| Public trading entities | 53.6 | 52.6 |
| Local Government | 20.5 | 13.4 |
| Banks and other financial institutions[1] | - | 1.1 |
| | **677.3** | **682.7** |

[1] Includes cash collateral of $nil (2025: $1.1 million).

## Note 13: Borrowings

All borrowings are unconditionally guaranteed by the State of Tasmania under Section 15 of the *Tasmanian Public Finance Corporation Act 1985* and are designated as financial liabilities at fair value through profit or loss.

| | 2026 $M | 2025 $M |
|---|---|---|
| **BORROWINGS AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Fixed Rate bonds | 14,280.8 | 12,340.1 |
| Floating Rate notes | 502.6 | 501.2 |
| Commercial paper | 2,076.9 | 1,951.8 |
| Euro commercial paper | 269.9 | 241.6 |
| Other bonds | 1.5 | 3.3 |
| | **17,131.7** | **15,038.0** |
| **BORROWINGS AT AMORTISED COST** | | |
| Fixed Rate bonds | 100.8 | 100.8 |
| **Borrowings** | **17,232.5** | **15,138.8** |

The fair value of the amortised borrowings is $81.2 million (see Note 9 and Note 10 for valuation of amortised investments and client advances). The methodology used is consistent with that used when executing the transactions. Those funding the investments are a Level 1 valuation whilst those funding the long-dated client advances are a Level 2 valuation.

The Corporation issues bonds that pay a fixed interest semi-annual coupon with varying maturities:

- 3.25% with a maturity of 24 January 2028
- 3.75% with a maturity of 22 January 2029
- 2.00% with a maturity of 24 January 2030
- 4.75% with a maturity of 21 January 2031
- 2.25% with a maturity of 22 January 2032
- 2.50% with a maturity of 21 January 2033
- 4.00% with a maturity of 20 January 2034
- 4.75% with a maturity of 25 January 2035
- 1.75% with a maturity of 22 January 2036
- 5.25% with a maturity of 23 January 2036
- 5.50% with a maturity of 16 January 2037
- 2.35% with a maturity of 23 August 2041
- 4.35% with a maturity of 2 May 2046

The Corporation also issues a bond that pays a floating interest quarterly coupon with a maturity of 10 January 2029.

Domestic commercial paper is issued under a $2,500 million program with maturities of up to 364 days. Overseas commercial paper is issued under a US$2,500 million program with maturities of up to 364 days.

## Note 14: Liability derivative financial instruments

| | 2026 $M | 2025 $M |
|---|---|---|
| **DERIVATIVE FINANCIAL INSTRUMENTS PAYABLE AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| Foreign exchange contracts | 8.1 | 10.0 |
| Interest rate swaps | 97.0 | 99.3 |
| | **105.1** | **109.3** |

## Note 15: Contingent liabilities and commitments

The Corporation incurs contingent liabilities as part of its general function to engage in activities relating to the finances of the Tasmanian public sector as is prescribed by its enabling legislation and approved by the Treasurer. The contingent liabilities incurred take the form of the provision of guarantees, indemnities, forward contracts and commitments to extend credit.

Indemnities have been provided by the Corporation to third parties involved either directly or indirectly in financing arrangements with the Corporation or participating authorities and relate to financial advantages which are expected to be available to those parties or to the preservation of existing financial advantages.

The Corporation has commitments to extend standby credit facilities (including undrawn facilities) and has provided contract performance guarantees at balance date, details of which are as follows:

**(a) Client advances not yet drawn**

Client advances not yet drawn totalled $5 million as at 30 June 2026 (2025: $nil).

**(b) Committed standby facilities**

The Corporation enters into standby facilities with its clients. As at 30 June 2026 committed standby facilities totalled $265 million (2025: $125 million).

**(c) Client guarantee accounts**

The Corporation has provided contract performance guarantees. As at the balance date, the face value exposure of the guarantees is $340.7 million (2025: $287.7 million).

**(d) Client committed loan redraw facilities**

The Corporation enters into redraw facilities with its clients. As at 30 June 2026 committed loan redraw facilities totalled $250 million (2025: $250 million).

## Note 16: Receivables

| | 2026 $M | 2025 $M |
|---|---|---|
| **AT AMORTISED COST** | | |
| Unsettled transactions receivable | 2.2 | - |
| Debtors and prepayments | 0.4 | 0.2 |
| | **2.6** | **0.2** |

## Note 17: Plant and equipment

| | 2026 $M | 2025 $M |
|---|---|---|
| **Plant and equipment at cost** | 0.2 | 0.1 |
| Less: Accumulated depreciation | (0.1) | (0.1) |
| **Carrying value** | **0.1** | **0.0** |
| | | |
| **Leasehold improvements at cost** | 1.0 | 1.0 |
| Less: Accumulated depreciation | (0.5) | (0.4) |
| **Carrying value** | **0.5** | **0.6** |
| | | |
| **Right of use assets** | 1.5 | 1.5 |
| Less: Accumulated depreciation | (0.6) | (0.5) |
| **Carrying value** | **0.9** | **1.0** |
| | | |
| **Total plant and equipment, leasehold improvements and right of use assets at cost** | 2.7 | 2.6 |
| Less: Accumulated depreciation | (1.2) | (1.0) |
| **Total carrying value** | **1.5** | **1.6** |

**Reconciliation of movement in plant and equipment, leasehold improvements and right of use assets**

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| **Opening balance** | 1.6 | 1.9 |
| Right of use asset | - | (0.4) |
| Purchases | 0.2 | - |
| Depreciation[1] | (0.3) | (0.3) |
| Accumulated depreciation on disposal | - | 0.4 |
| Loss on disposal | - | 0.0 |
| **Closing balance** | **1.5** | **1.6** |

[1] Depreciation for 2025-26 was $295,000 (2024-25: $290,000).

## Note 18: Payables

| | 2026 $M | 2025 $M |
|---|---|---|
| **At amortised cost** | | |
| Creditors, accrued expense and pre paid revenue | 5.5 | 0.3 |
| Unsettled transactions | - | 1.7 |
| Securities sold under agreements to repurchase | 49.1 | 75.1 |
| Staff expenses accrued | 0.3 | 0.3 |
| Lease liability | 1.3 | 1.5 |
| | **56.2** | **78.9** |

**Reconciliation of movement in Lease Liability**

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| **Opening Balance** | 1.5 | 1.6 |
| Lease Liability | - | 0.1 |
| Interest | (0.0) | (0.0) |
| Lease repayments | (0.2) | (0.2) |
| **Closing Balance** | **1.3** | **1.5** |

## Note 19: Provisions

| | 2026 $M | 2025 $M |
|---|---|---|
| Employee entitlements | 0.7 | 0.6 |
| | **0.7** | **0.6** |
| Current liability | 0.6 | 0.5 |
| Non-current liability | 0.1 | 0.1 |
| | **0.7** | **0.6** |

## Note 20: Reconciliation of statement of cash flows

**(a) Cash flows arising from the following activities are presented on a net basis in the Statement of Cash Flows:**

(i) Client advances – advances to and repayments by borrowing clients
(ii) Investments – maturing investments and the purchase of new investments by the Corporation
(iii) Deposits from clients – deposits from and withdrawals by depositing clients
(iv) Borrowings – proceeds from short-term borrowings and repayments by the Corporation

**(b) For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June 2026**

| | 2026 $M | 2025 $M |
|---|---|---|
| Cash at bank and at hand | 283.3 | 115.6 |
| Deposits with financial institutions | 112.0 | 125.5 |
| Short-term discount securities | 10.0 | 45.0 |
| Reverse repurchase agreements | 50.2 | 108.1 |
| | **455.5** | **394.2** |

**(c) Reconciliation of profit after income tax equivalent expense to net cash flow provided by/(used in) operating activities:**

| | 2025-26 $M | 2024-25 $M |
|---|---|---|
| Profit after income tax equivalent expense | 29.0 | 34.1 |
| Depreciation and amortisation | 0.3 | 0.3 |
| (Profit)/loss on sale of plant and equipment | - | 0.0 |
| Unrealised (profit)/loss on financial instruments | 88.4 | (69.4) |
| (Increase)/decrease in derivatives receivable/payable | (11.4) | 10.3 |
| (Increase)/decrease in receivables | (2.4) | 0.1 |
| Increase/(decrease) in payables, accrued expenses, provisions | (22.5) | 75.5 |
| (Increase)/decrease in client advances | (2,437.0) | (2,633.7) |
| (Increase)/decrease in investments | 241.0 | (581.1) |
| Increase/(decrease) in deposits | 8.5 | (16.0) |
| Increase/(decrease) in short-term borrowings | 125.9 | 315.2 |
| **Net cash flow provided by/(used in) operating activities** | **(1,980.2)** | **(2,864.7)** |

**(d) Reconciliation of liabilities arising from financing activities**

| | Closing balance 30/06/2025 | Cash flows | Non cash flows fair value changes | Closing balance 30/06/2026 |
|---|---|---|---|---|
| Long-term bonds | 12,440.9 | 2,068.7 | (128.0) | 14,381.6 |

| | Closing balance 30/06/2024 | Cash flows | Non cash flows fair value changes | Closing balance 30/06/2025 |
|---|---|---|---|---|
| Long-term bonds | 8,944.4 | 3,097.3 | 399.2 | 12,440.9 |

## Note 21: Auditors' remuneration

Included in administration costs are the following amounts received or due and receivable by the external auditors for services provided in the respective years.

| | 2025-26 $000 | 2024-25 $000 |
|---|---|---|
| Auditing the financial statements | 165 | 156 |

## Note 22: Key management personnel compensation

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

| | DIRECTOR REMUNERATION | | EXECUTIVE REMUNERATION | | CONSOLIDATED | |
|---|---|---|---|---|---|---|
| | 2025-26 $000 | 2024-25 $000 | 2025-26 $000 | 2024-25 $000 | 2025-26 $000 | 2024-25 $000 |
| Short-term employee benefits | 299 | 345 | 1,468 | 1,427 | 1,767 | 1,772 |
| Post-employment benefits | 21 | 31 | 150 | 148 | 171 | 179 |
| Other long-term benefits | - | - | 40 | (60) | 40 | (60) |
| Termination Benefits | - | - | - | 25 | - | 25 |
| | **320** | **376** | **1,658** | **1,540** | **1,978** | **1,916** |

For Director remuneration, Short-term employment benefits include Director fees, Committee fees, and other benefits, as well as any fees paid to the Department of Treasury and Finance during the period for Mr G Swain's role as Director and Chair (see footnote 4). Post-employment benefits represent superannuation contributions.

For Executive remuneration, Short-term employment benefits include Salary, Higher duties allowances, Other monetary benefits, Vehicle benefits and Other non-monetary benefits. Post-employment benefits represent superannuation contributions and Long-term employee benefits include leave movements. Termination benefits are as provided below.

## NOTE 22: Key management personnel compensation *(continued)*

### Remuneration for the Board of Directors

The following tables disclose the remuneration paid or payable to each person that acted as a Director during the current and previous financial year:

**2025-26 Director Remuneration[1]**

| Name | Position | Period | Director Fees $000 | Committee Fees $000 | Other Benefits[2] $000 | Superannuation[3] $000 | Total $000 |
|---|---|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | | | |
| Mr G Swain[4] | Chair | Full Term | - | - | - | - | - |
| Ms S Birkensleigh | Director | Full term | 56 | - | - | 7 | 63 |
| Ms S Collier | Director | Full term | 56 | - | - | 7 | 63 |
| Mr D Sietsma | Director | Full term | 56 | - | - | 7 | 63 |
| **Total** | | | **168** | **-** | **-** | **21** | **189** |

**2024-25 Director Remuneration[1]**

| Name | Position | Period | Director Fees $000 | Committee Fees $000 | Other Benefits[2] $000 | Superannuation[3] $000 | Total $000 |
|---|---|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | | | |
| Mr A Ferrall | Chair | To 02/06/25 | 110 | - | - | 13 | 123 |
| Ms S Birkensleigh | Director | Full term | 56 | - | - | 6 | 62 |
| Ms S Collier | Director | Full term | 56 | - | - | 6 | 62 |
| Mr D Sietsma | Director | Full term | 56 | - | - | 6 | 62 |
| Mr G Swain[4] | Director | 01/07/24 to 02/06/25 | - | - | - | - | - |
| Mr G Swain[4] | Chair | From 03/06/25 | - | - | - | - | - |
| **Total** | | | **278** | **-** | **-** | **31** | **309** |

### Board remuneration notes and statements

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

2 Directors do not receive any other monetary benefits, but they are entitled to reimbursement of expenses incurred whilst attending to the Corporation's business.

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

4 As a Crown Servant, Mr G Swain is not directly remunerated for his role on the Board. The remuneration is instead paid to the Department of Treasury and Finance (2025-26: $131,149, 2024-25: $66,543).

## NOTE 22: Key management personnel compensation *(continued)*

### Non-Executive Directors

Non-Executive Directors are appointed by the Governor-in-Council on the recommendation of the Treasurer. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant Guidelines for Tasmanian Government Businesses - Board Appointments. The level of fees paid to Non-Executive Directors is administered by the Department of Premier and Cabinet, as is additional fees paid in respect of their work on Board committees. Non-Executive Directors do not receive any other benefits.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of reasonable expenses incurred while attending to Board business. Non-Executive Directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer.

### Executive Remuneration

The following tables disclose the remuneration paid or payable to each person that acted as a senior executive during the current and previous financial year:

### 2025-26 Executive Remuneration

| Name<br>Position | Period | Salary[1] $000 | Short-Term Incentive[2] Payments $000 | Other Monetary Benefits[3] $000 | Vehicles[4] $000 | Other Non Monetary Benefits[5] $000 | Superannuation[6] $000 | Reported Remuneration[7] $000 | Other Long-Term Benefits[8] $000 | Termination Benefits[9] $000 | Total $000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mr H Baker**<br>Chief Executive Officer | Full year | 393 | n/a | - | n/a | - | 30 | 423 | (1) | - | 422 |
| **Ms E Breward**<br>Senior Manager, Corporate Services and Governance | Full year | 236 | n/a | 1 | n/a | - | 30 | 267 | 15 | - | 282 |
| **Mr F Chowdhury**<br>Chief Financial Risk Officer | Full year | 293 | n/a | 1 | n/a | - | 30 | 324 | 1 | - | 325 |
| **Mr D Loveless**[10]<br>Senior Manager, Financial Markets and Client Services | Full year | 248 | n/a | - | n/a | - | 30 | 278 | 20 | - | 298 |
| **Mr A Freshney**<br>Chief Financial Officer | Full year | 295 | n/a | 1 | n/a | - | 30 | 326 | 5 | - | 331 |
| **Total** | | **1,465** | **n/a** | **3** | **n/a** | **-** | **150** | **1,618** | **40** | **-** | **1,658** |

**2024-25 Executive Remuneration**

| Name<br>Position | Period | Salary[1] $000 | Short-Term Incentive[2] Payments $000 | Other Monetary Benefits[3] $000 | Vehicles[4] $000 | Other Non Monetary Benefits[5] $000 | Superannuation[6] $000 | Reported Remuneration[7] $000 | Other Long-Term Benefits[8] $000 | Termination Benefits[9] $000 | Total $000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mr H Baker**<br>Chief Executive Officer | Full year | 367 | n/a | - | n/a | - | 30 | 397 | 2 | - | 399 |
| **Ms E Breward**<br>Senior Manager, Corporate Services and Governance | Full year | 225 | n/a | 1 | n/a | - | 29 | 255 | (1) | - | 254 |
| **Mr F Chowdhury**<br>Chief Financial Risk Officer | Full year | 277 | n/a | 1 | n/a | - | 30 | 308 | 6 | - | 314 |
| **Mr J Millen**<br>Senior Manager, Financial Markets and Client Services | To 20/06/25 | 252 | n/a | 27 | n/a | - | 29 | 308 | (73) | 25 | 260 |
| **Mr A Freshney**<br>Chief Financial Officer | Full year | 276 | n/a | 1 | n/a | - | 30 | 307 | 6 | - | 313 |
| **Total** | | **1,397** | **n/a** | **30** | **n/a** | **-** | **148** | **1,575** | **(60)** | **25** | **1,540** |

**Executive remuneration notes and statements**

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

1 Salary includes all forms of consideration paid and payable for services rendered, including higher duties allowances, compensated absences during the period and salary sacrifice amounts.

2 The Corporation does not make any short-term incentive payments.

3 Other monetary benefits include contributions towards professional membership fees with a total value of less than $1,000, as well as salary sacrifice amounts used for novated lease payments (reportable but exempt fringe benefit relating to electric vehicle leasing arrangements).

4 No vehicles were provided as part of remuneration.

5 No Other non-monetary benefits were provided as part of remuneration (noting that novated lease fringe benefits relating to electric vehicles are exempt from fringe benefits tax).

6 Superannuation means the contribution paid or payable to the superannuation fund of the individual.

7 Reported Remuneration includes the individual's salary, short-term incentive payments, other monetary benefits, vehicle benefits, other non-monetary benefits and superannuation. For the purposes of assessing compliance with the Guidelines, Other long-term employee benefits and termination benefits are not included in the Reported Remuneration amount.

[8] Other long-term benefits include movements in annual leave accruals and long service leave provisions.

[9] Termination benefits include all forms of benefit paid or accrued as a consequence of termination, including leave entitlements paid out on termination.

[10] Mr D Loveless acted in the role from 01/07/2025 to 08/08/2025 when he was formally appointed to the position on a permanent basis.

**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 (CEOs) are determined by the Government Business Executive Remuneration Panel, reflect the principles outlined in the Guidelines, and broadly 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 Premier and Treasurer following selection and recommendation by the Board, including the consideration of the CEO's remuneration package.

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

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of their remuneration package. The terms of employment of the CEO and the Board contain a termination clause that requires the CEO or the Board to provide a minimum notice period of up to 6 months prior to termination of the contract. The remaining senior executives are required to provide 1 month's minimum notice. CEO contracts for GBEs include a set term consistent with the requirements of the Government Business Enterprises Act 1995. Whilst not automatic, contracts can be extended. No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

We have complied with the Guidelines for the Tasmanian Government Business - Director and Executive Remuneration.

**Short-term incentive payments**

TASCORP does not make any short-term incentive payments.

**Termination benefits**

Termination payments in the year reflect the payment of accrued annual leave and long service leave.

**Acting Arrangements**

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

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

**Related Party Transactions**

There were no related party transactions.

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

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

## Note 23: Related party information

The Corporation, as the central financing authority for the State of Tasmania, provides loans to and receives deposits from participating authorities. Details as at 30 June 2026 are set out in notes 10 and 12. All transactions are priced in accordance with the Corporation's lending policy and deposit arrangements.

## Note 24: Events occurring after balance date

The Corporation had no material or significant events occurring after the balance date.

## Certification statement

In the opinion of the Directors of the Tasmanian Public Finance Corporation:

(a) the financial statements and notes of the Tasmanian Public Finance Corporation are in accordance with the *Government Business Enterprises Act 1995*, including:

  i) giving a true and fair view of the results and cash flows for the financial year ended 30 June 2026 and the financial position as at 30 June 2026, of the Tasmanian Public Finance Corporation; and

  ii) subject to the Treasurer's Instructions, complying with the Australian Accounting Standards and Interpretations.

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

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

(a) the financial records of the Tasmanian Public Finance Corporation for the financial year ended 30 June 2026 have been properly maintained in accordance with Section 51 of the *Government Business Enterprises Act 1995;*

(b) the financial statements and notes for the financial year ended 30 June 2026 have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995;* and

(c) the financial statements and notes for the financial year ended 30 June 2026 give a true and fair view.

Signed in accordance with a resolution of the Directors:



G Swain
Chair



S Birkensleigh
Director

Audit Tasmania

## Independent Auditor's Report

## To the Members of Parliament

## Tasmanian Public Finance Corporation

## Report on the Audit of the Financial Report

### Opinion

I have audited the financial report of the Tasmanian Public Finance Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2026 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 statement of certification signed by the directors.

In my opinion, the accompanying financial report is in accordance with the *Government Business Enterprises Act 1995*, including:

(a) giving a true and fair view of the Corporation financial position as at 30 June 2026 and of its financial performance and its cash flows for the year then ended

(b) complying with Australian Accounting Standards.

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

## Emphasis of Matter

I draw attention to Note 1(d) of the financial report, which describes the Corporation's application of Treasurer's Instruction GBE-08-52-09P in respect of the Mersey Community Hospital Fund. My opinion is not modified in respect of this matter.

## Responsibilities of the Directors for the Financial Report

The directors of the Corporation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Government Business Enterprises Act 1995* 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 Corporation'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 Corporation 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 Corporation'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 Corporation'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 Corporation 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.



Stephen Morrison
**Chief Financial and Sustainability Auditor**
**Delegate of the Auditor-General**

5 August 2026
Hobart

## Contact Details

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