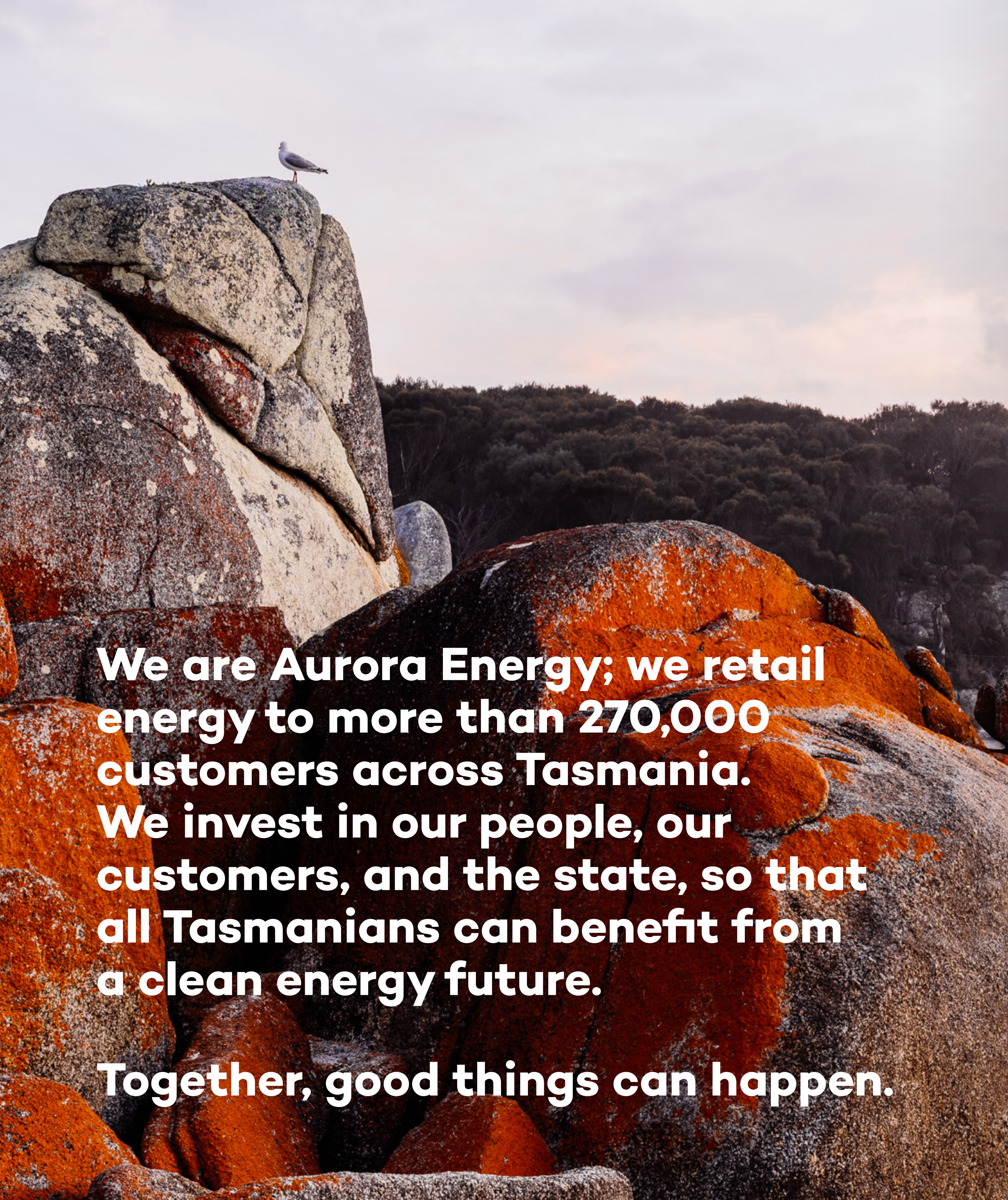
Annual Report.

2022 - 2023

aurora energy



We are Aurora Energy; we retail energy to more than 270,000 customers across Tasmania. We invest in our people, our customers, and the state, so that all Tasmanians can benefit from a clean energy future.

Together, good things can happen.

The year at a glance.

+ Enabled more customers to gain greater visibility and control of their energy costs, with over 70,000 customers now signed up to our digital channel aurora+.

60% Continued to invest in Tasmania's energy future, with more than 165,000 customers or 60 per cent of homes now connected to an advanced meter.

YES Implemented a range of support measures to ease cost-of-living pressures, with around 3,400 customers on our YES program receiving account incentive payments to the value of $902,000.

Contributed over $400,000 in partnerships and donations to support worthwhile projects and causes, including $50,000 to the Ronald McDonald House to give Tasmanian families a place to call home while their child receives care in hospital.

Made aurora+ available to flat rate business customers to help them keep on top of energy costs.

Provided $200,000 to top up the Tasmanian Government's energy hardship fund, providing much-needed bill relief for individuals and families administered through the Salvation Army.

Announced further protections for customers by launching a family and domestic violence policy, which will provide additional support for people in vulnerable circumstances.

$8M Invested $8M towards projects that will improve visibility and ability for our customers to control their energy costs as well as take advantage of the benefits of next-generation digital products.

83% Worked hard to successfully migrate the remaining customers onto our new retail energy platform, with 83 per cent of customers now benefiting from this new system.

Contents.

Chair and CEO Review 4

Empowering customers through technology 6

Advocates of lived experience 9

Supporting Tasmanians in need 10

Investing in the community 14

Commitment to the Energy Charter 17

Creating a fit-for-purpose workplace 18

Statement of Corporate Intent 22

Key Performance Measures 23

Corporate Governance Statement 24

Shareholder Directions and Guidelines 31

Remuneration Report 32

The Directors' Report 36

Financial Statements 39

Chair and CEO Review.

On behalf of the Board and Management of Aurora Energy, it is with pleasure we present the 2022-23 Annual Report.

When we weigh up the year that has been, we are proud of our ongoing investment in Tasmania, for Tasmanians, despite ongoing developments and challenges in the external environment.

As the transition to renewable energy increased pace, Aurora remained steadfast in our journey to empower our customers to make better energy choices and provide a service care model by Tasmanians for Tasmanians.

From a financial perspective, it is pleasing to note Aurora Energy recorded a profit after tax of $8.2M, in line with budget.

Operating costs amounted to $69.5M, with bad debt expense high in the year due to a combination of cost-of-living pressures impacting customers' ability to pay and historical debt accumulated during the difficult COVID-19 period.

While our financial performance was sound, we were cognisant of the impacts of rising cost of living pressures, of which household energy use makes up a material portion.

A range of national and global events over the past 18 months has placed significant upward stress on the wholesale energy market, with wholesale costs accounting for 40 per cent of the energy bill. As a result, increased prices for consumers have been a national trend.

To help mitigate price increases, we worked alongside State and Federal Governments to set up new targeted bill relief to customers. Up to 140,000 households and around 35,000 small businesses in Tasmania will be eligible for these new rebates from 1 July 2023. These rebates are in addition to already existing energy concessions that we distribute to customers annually.

Thank you to the former CEO

> **The Board and I thank Rebecca for her many years of dedicated service."**
>
> **Mary O'Kane, Chair**

We extended our Your Energy Support (YES) incentive program, continued to support a range of community service organisations and provided $200,000 to top up the Tasmanian Government's energy hardship fund to directly support customers experiencing financial vulnerability.

In addition, we announced further protections for customers by launching a family and domestic violence policy to support Tasmanians in difficult circumstances and trialled a 'Knock to Stay Connected' program together with TasNetworks to help customers facing disconnection.

In these testing times, we are pleased Aurora still managed to progress several key initiatives.

Knowing the benefits of aurora+, we encouraged more customers to take advantage of this digital application to better understand and control their energy costs. Now more than 70,000 Tasmanians are making the most of this smart technology.

We also made aurora+ available for our flat rate tariff business customers. The business sector had been asking for this enhancement, and we were proud to deliver on our commitment to the Tasmanian Regulator to make the capability available by 31 March 2023. This capability has increased the market of prospective aurora+ business customers and we already have seen positive results from these changes.

We continued to roll-out advanced meters across the state, which will help to facilitate the development of modern products and enable energy insights to empower customers, such as aurora+. As of 30 June 2023, 60 per cent of all regulated residential and small business customers have had their basic meter replaced with an advanced meter.

Research tells us that the combination of an advanced meter and aurora+ leads to much greater customer connection, satisfaction, and engagement with Aurora. These tools are our cornerstone foundational investment for future service delivery excellence to our valued customers.

Excitingly, we neared the completion of carefully migrating customers onto our new retail energy platform. It will improve frontline service capabilities to deliver better customer outcomes. However, the process has not been without its challenges. The project placed a significant strain on our frontline teams and led to longer than expected wait times for our customers.

We commend the efforts of our hardworking employees who assisted Aurora to achieve the milestone of 83 per cent of customers transitioned as of 30 June 2023. We also wish to acknowledge the impact on our customers and apologise for any inconveniences experienced throughout the transition.

Our Better Fit initiative commenced, designed to help us make the most of in-person connection, collaborate more and spend time sitting and working with team members again post COVID-19. Human connectedness is critical to individual and team success and to supporting an innovative and engaged company culture.

We offer a hybrid working environment and remain committed to the ongoing development of our employees. Our people enable us to deliver a responsive and valuable customer experience in an evolving landscape.

In 2023-24, the outlook in the energy industry again appears challenged and uncertain and it will continue to characterise our operating environment, however we welcome the opportunities that will inevitably arise from further change.

Tasmanians can be guaranteed that when they need us, they will be able to speak with someone who lives here, understands Tasmanians' energy needs and who genuinely cares about them and our community.

Mary O'Kane
Chair

Nigel Clark
Chief Executive Officer

Empowering customers through technology.

We invest in technology because we want our customers to make better choices.

Understanding and taking control of energy costs

aurora + benefits

More than 70,000 Tasmanians are now taking advantage of aurora+.

We continued to enhance the customer experience of aurora+ users and made the digital channel available for our flat rate business customers. We streamlined the sign-up process, making it easier for customers to sign-up to aurora+ with improved account holder verification and a more intuitive in-app experience.

Other enhancements improved aurora+ performance and stability, along with stronger cybersecurity measures and platform monitoring to protect customers from external cyber threats.

Additionally, small business customers with solar can now have a consolidated view of their grid consumption and exported solar power through aurora+.

aurora+ empowers customers to make more informed energy choices and better manage their energy use.

It lets customers track their usage in dollars and kilowatt hours and conveniently manage it all from a smartphone, tablet, or computer. Because customers have visibility of daily consumption and are billed monthly, aurora+ can also substantially reduce the impacts of bill shock.

Product expert Leroy demonstrating the benefits of aurora+

Rolling out advanced meters across the state

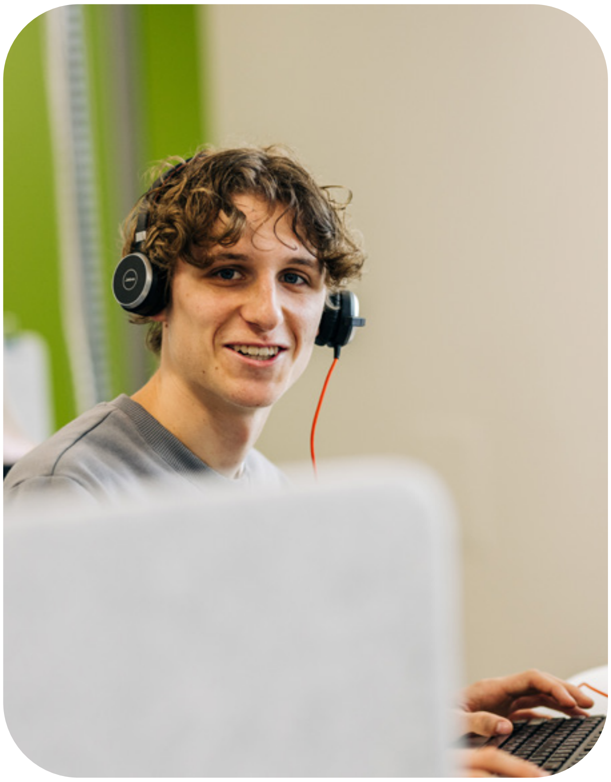
We made strong progress with our state-wide rollout of advanced meters to our customers in 2022-23, with over 165,000 residential and small business customers enjoying the benefits of smart meter technology.

Advanced meters are the next generation of electricity meters and offer many more benefits than older style basic meters, including remote reads to prevent estimated bills and different types of time-based tariffs. Importantly for customers, when paired with modern products like aurora+, advanced meters allow for greater visibility of the scale and timeframe of their energy usage to make informed decisions.

Looking ahead, we will continue to work with our metering partner, TasMetering, to identify suitable timeframes for our small business meters to be exchanged. Similarly, there will be increased focus on multi-tenancy sites, as a way to bring the benefits of an advanced meter to homeowners in medium and high-density residential environments.

TasMetering worker installing an advanced meter

> I was a bit sceptical but absolutely saving a fortune. Based on testing heaters on and off at certain times and reducing heat pump temperature overnight I have gone from spending $20 a day to about $6."
>
> **Fiona, aurora+ user**



Frontline agent Elliot servicing customers through HubCX

Ensuring we continue to meet customer expectations

The careful migration of customers onto our new retail energy platform continued. It will enable us to substantially improve our frontline service capabilities.

The new retail energy platform is a fully supported and flexible customer care and billing system, which will allow us to match pace of change within Tasmania's energy market by launching new products and services quickly and deliver personalised experiences to our customers.

Significant work has gone into maintaining data integrity during the complex migration process to ensure a positive customer experience.

Operational impacts have been incurred through the cost and resourcing required to operate two billing systems simultaneously and to manage data integrity.

As of 30 June 2023, 83 per cent of customers had been moved to the new system.

Investing in Tasmanians

invested $8M

We responded to challenges from our external environment, including evolving customer expectations and continued disruption in the energy sector nationally.

As a result, we invested $8M in projects that will realise business enhancements and improve outcomes for our customers. This investment will provide customers with increased visibility and ability to control their energy use and take advantage of next-generation digital products, including opportunities to self-service and access real-time energy data.

Backing a green future

We continued to invest in two partnerships that encourage customers to access electric transport in Tasmania, including a promotional partnership with e-mobility provider Beam. In addition, we are teamed up with CarBar, a subscription vehicle company that offers only electric vehicles in its Tasmanian fleet.

We are also a brand and marketing partner for a Bank of Us 'Green Loan' offer. This is a low-rate personal loan for amounts between $500 - $80,000 for a broad range of categories, including home efficiency and EVs.

carbar®

Bank of us.

GREEN LOAN

Advocates of lived experience.

The Community Voices Program is a lived experience advocacy program for people who live on low incomes to have a voice in the services, systems, and decisions which affect them and their communities.

Established from a partnership between Tasmanian Council of Social Service (TasCOSS) and the three Government-owned Tasmanian energy businesses – Aurora Energy, Hydro Tasmania and TasNetworks – the program recognises that experiences and perspectives developed through living on a low income are a key form of valuable expertise.

This 'lived experience' expertise is vital when it comes to ensuring the services, systems and decisions which affect Tasmanian communities are fair and inclusive.

Since the start of the pilot in August 2022, eight Community Voices Partners conducted 80 individual engagement opportunities across that time with 13 different organisations across the state.

We engaged the Community Voices Program several times in its infancy, including to review the Your Energy Support (YES) Policy and the internal practices that deliver the program to help inform where there may be gaps in the model from partners' personal experiences.

The knowledge and learnings gained will support our YES team to better understand and respond to the needs of our customers experiencing vulnerability.

I think Aurora are doing just about everything right; they're trying very hard and seem genuinely to care about their customer experience."

"Aurora are by far the most progressive and ethical organisation I think I've ever encountered!"

Community Voice Partners, involved in multiple projects at Aurora

Supporting Tasmanians in need.

We put our customers at the heart of everything we do.

Assisting customers through cost-of-living pressures

We offered options to help families and businesses get back on track and stay connected in the face of cost-of-living pressures. We established a Customer Support Fund, specifically designed to help customers pay their energy bills through an array of payment relief mechanisms, such as waiving fees and charges and freezing debt.

We also extended our YES incentive program, which rewards customers that meet their payment commitments at their quarterly review with a credit to the value of their next fortnightly instalment (up to $200). In 2022-23, around 3,400 customers received an incentive payment for staying on track with their payment plan to the value of $902,000.

We also provided $200,000 to top up the Tasmanian Government's energy hardship fund, administered by The Salvation Army, to directly support customers experiencing financial vulnerability.

> "The Salvation Army continues to see individuals and families struggling with the rising cost of living. This funding will make the world of difference for those Tasmanians that are struggling from week to week."
>
> **Stacey Milbourne, Salvation Army Doorways Manager – Tasmania**

YES team member Haylee handing out a free energy efficient heater

CEO Nigel with Stuart Foster, General Manager Community Services, The Salvation Army Australia

Helping customers to get back on top of bills

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

The YES team can work out an affordable payment plan to aid customers to take control of their usage and bill. They also give customers energy saving tips and advice to help them understand how they are using their energy and ways to reduce electricity costs.

A continued focus on expanding the reach and impact of the program enabled 610 customers to successfully complete the program in 2022-23. The program has assisted over 14,600 customers since its creation in 2014.

> "I cannot ever thank you enough for your incredible kindness in assessing my case, it is hard to explain how much it has eased the tension of finance in my life."
>
> **Peter, YES customer**

Supporting energy efficiency for Tasmanians on low incomes

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

In 2022-23, we provided additional funding of $250,000 to the program which offers concession customers the opportunity to apply for a $1,000 subsidy to purchase new energy efficient heat pumps and a no-interest loan for the balance of the amount up to $2,000. In addition, new washing machines, fridges and freezers (min 3-star energy rating) have a subsidy of $300 taken off the purchase price.

provided $2.85M in funding

Our contribution enabled 273 Tasmanians on a low-income access to energy efficient products, including 72 heat pumps, 103 fridges, 83 washing machines and 14 freezers.

Since November 2015, we have provided more than $2.85M in funding to the program.

Client of NILS Energy Saver Loan and Subsidy program

Investing in the community.

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

Popping up to listen and educate

We undertook a state-wide roadshow in late 2022 to inform Tasmanians about the benefits of aurora+ along with reinforcing the comprehensive support package available for customers.

The community education sessions included stalls in libraries and frontline emergency relief provider sites, a community dinner hosted by St Vincent de Paul and a train-the-trainer event alongside Neighbourhood Houses Tasmania.

Community pop-ups were also held at the Derwent Valley Autumn Festival and Agfest, shopping centres, as well as Roches Beach Living retirement village where 50 residents attended an information forum.

The pop-ups enabled customers to improve their energy literacy and gain further information about aurora+, the state-wide rollout of advanced meters, product options and support measures available, in addition to general billing enquiries.

> Just finished an excellent presentation by Leroy, Emma and Jenna about (the) Aurora rollout (of) smart meters and aurora+... they did very well. Great explaining changeover procedure and answering questions."
>
> **Resident at Roches Beach Living retirement village**

YES team member Ben at a pop-up at Glebe Hill Village Shopping Centre

Continuing to help empower Tasmanian women

We extended our partnership with Dress for Success to improve the economic independence of Tasmanian women.

Dress for Success, an international not for profit operating in 25 countries, opened its Hobart boutique in 2019 and we jumped on board as founding partner. They empower women by providing a network of support, professional clothing, and the development tools to help women thrive in work and life.

The additional $60,000, two-year partnership funds the 'Changing Rooms, Changing Lives' initiative, which will see 200 clients annually serviced through the Aurora Energy change room.

additional 60K

CEO Nigel with Dress for Success CEO Amanda French

> Our changing rooms really do transform the lives of the women who access our programs. The confidence our clients gain from their interaction with our dedicated volunteers is something that stays with them well beyond the changeroom curtain."
>
> **Amanda French, Dress for Success CEO**

Being more inclusive of customers

To ensure we strive to communicate effectively with all Tasmanians, we teamed up with the Amigos Interpreters and Translators to design flyers in languages other than English.

Their mission is to improve the expectations, reputation and quality of interpreting services in Tasmania and ensure the industry is fully accountable.

The five chosen languages – Arabic, Burmese, Nepali, Persian and Tigrinya – were determined to be the most likely to have limited English and to come from low socioeconomic backgrounds.

The flyers outline the help available for customers who may be struggling as well as highlight energy saving advice.

With thousands of migrants and refugees moving to the state each year, it is extremely important that the general community, businesses, and Governments realise that people who do not speak English have little access to information that can assist them in improving their lives. Refugees come from disadvantaged backgrounds so what Aurora Energy is doing is showing leadership in the area of inclusivity for all. The fact Aurora required the translations to be completed by NAATI Certified translators shows they are serious about delivering accurate messages and providing relevant support to all their customers."

Michael Morgan, Managing Director of Amigos Interpreters and Translators

Support flyer in Arabic

Delivering better customer outcomes.

Together, we are the Energy Charter.

Empowering one another to deliver better energy outcomes for all.

The national Energy Charter is a unique coalition of like-minded energy organisations with a shared purpose and passion for customers and communities.

The purpose is to empower one another across the energy supply chain to deliver better energy outcomes. The Charter's vision is that together, we can create a better energy future for all Australians.

In 2022-23, we continued to embrace our commitment to the Charter as a proud founding signatory, working on a number of activities to deliver on the five key Principles:

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

Improve energy affordability for customers

Provide energy safely, sustainably and reliably

Improve the customer experience

Support customers facing vulnerable circumstances

Energy customers rely on all of us. We all use energy every day. It lights our homes and powers businesses. We're all part of the same ecosystem, so working #BetterTogether is vital now and into the future.

There really is no other collaboration like us; and the work we do, together, has never been more important than it is today.

We are #BetterTogether.

You can read our full Disclosure Statement at **theenergycharter.com.au/disclosure-reports/**

The Energy Charter SIGNATORY | aurora energy

Creating a fit-for-purpose workplace.

We are committed to our people because we believe in supporting Tasmanians.

Connecting with each other in-person

We kicked off our Better Fit project, to strike a balance for our people, business and team needs.

By bringing our people together in the office, teams can sit together, collaborate and make the most of in-person connection and peer-to-peer support. Heightened connection is central to building team culture and improving people experience at Aurora Energy.

Better Fit is also an acknowledgment of our commitment to hybrid working and the value that our people place on it.

> The simple act of sitting together and working collaboratively is really important. There are certainly a few laughs and the odd welcome distraction that comes with this too!"
>
> **Will, Customer Strategy and Experience Manager**

Employees connecting in the office

Building an engaged workforce

The high engagement of our people shows pride in Aurora Energy's aspirations to provide quality energy experiences to our customers. An annual engagement measure of 66 per cent is a result of continuing a values-based focus across the way we work.

With levers of engagement starting the year on relatively stable satisfaction levels, prioritised efforts increased many of these even further.

The focus on upskilling, leadership competency assessments, and leader-led development conversations has resulted in 80 per cent satisfaction levels of Learning & Development.

80% satisfaction

Refreshing the induction process

To improve the onboarding experience of our agents, the Capability Team reviewed our processes and training, then applied a design thinking lens to completely overhaul our induction.

By focusing on a human-first design approach, the team has ensured that agents' needs are met at each stage of the induction and training.

The intent is to bring to life what working at Aurora Energy in the contact centre environment is like and to provide the opportunity to develop technical and soft skills so that agents are better equipped when they begin to service our customers.

By overhauling the induction process we have observed a significant increase in agent engagement and the overall effectiveness of our induction program.

human-first design approach

Prioritising our people's wellbeing

The health and wellbeing of our people is important, and we demonstrate our commitment through our dedicated Wellbeing program and initiatives.

This year we introduced onsite lunches to encourage connection, supported our people and their immediate families to get free flu shots, provided rapid antigen test kits, and rolled out mental health first aid training, just to name a few.

Mental health first aid training boosts our mental health literacy and provides another avenue through which people can reach out for help to access support.

Aurora employees participating in the 'Mini Mind Games'

wellbeing program + initiatives

Chief Operating Officer Alistair at Ronald McDonald House

Giving back to the community

We encourage our employees to be active participants in the community and make a direct contribution to the communities in which they live, work and play, to help make a difference.

Our Volunteering program enables our people to access two paid days of volunteering leave a year. This year our people have volunteered with several community organisations, including Variety Tasmania, Food Bank, City Mission, Dress for Success, and the Ronald McDonald House.

> It was such a rewarding experience to meet and share a meal with families and re-enforced that the little things, like cooking a meal, can make such a big difference."
>
> **Alistair, Chief Operating Officer**

From Nepal to Aurora.

Ankit and Ash take a breath after a game of table tennis
Reproduced by permission of the Australian Broadcasting Corporation-Library Sales, Luke Bowden © 2023 ABC

The story of Ash & Ankit

Imagine migrating to Australia from Nepal, only to end up unexpectedly working alongside one of your childhood friends.

It may sound like a script to a Netflix movie, but this is the real-life story starring two of our very own Aurora family - Ashish Lama and Ankit Rawal.

"It's kind of weird that destiny meant we ended up working together," Ankit said.

Ashish and Ankit's incredible story of friendship started 19 years ago in Nepal. They first met in grade 6 at a primary school in Nepal's capital of Kathmandu when the country was going through a civil war.

"Even though there was a lot of conflict going on it didn't affect our childhood, we still had a normal life growing up," Ankit said.

The pair said Nepal is a special place with five unique seasons and eight out of the 10 tallest mountains in the world, with one of the most well-known being Mount Everest.

Both moved to Tasmania in their pursuit of career opportunities and permanent residency. Despite being half a world away, Ankit and Ash feel at home in Tassie.

"Tasmania is very similar to Nepal with the weather and geography. I connect a lot to Hobart as it is small and feels like Nepal," Ankit said.

As fate would have it, they found themselves not only working at the same company, but the same team, and being able to reignite their fierce table tennis battles in the Hobart office.

"I was really happy to hear Ankit was here. When I first found out I was like 'wow'," Ashish said.

Being a migrant, leaving your loved ones back home at times is very challenging emotionally and mentally. You must give your very best in every way of life to tackle challenges daily to achieve the success that you desire. I am very grateful that Australia has accepted me as one of its own and I now feel very proud to call Tasmania my home and to work for Aurora is an absolute pleasure. The love and care that I have received over the last two years here is second to none. I really hope one day to become a role model for many migrants to pursue their dream in a corporate environment and not to restrict themselves to showcase their talent."

Ankit

Statement of Corporate Intent

Company Overview

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

Aurora Energy provides electricity and gas retail services in fully competitive markets to more than 270,000 customers throughout mainland Tasmania. As part of its retail offering, Aurora Energy offers a range of electricity and gas products tailored to the needs of customers through regulated tariffs, market contracts and payment options.

The principal objectives of the Company as outlined in the Electricity Companies Act 1997 and the Constitution's Memorandum of Association are to:

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

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

Shareholders' Statement of Expectations

Aurora Energy's strategic direction for 2022-23 and beyond has been developed on the basis of a set of underlying business imperatives, outlined in the Members' Statement of Expectations.

These are to:

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

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

c) maximise its sustainable return to shareholders;

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

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

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

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

Key Performance Measures

KPI	Performance Measure	2022-23 Target	2022-23 Actual	Outcome
Customer	Advanced meter customers (% of small customers with advance meters)	60%	60%	
People	Injuries	0	3	
	Employee engagement score	>70%	66%	
Profitability	Profit after tax target	$8.1M	$8.2M	
	Return on equity	17%	17%	
	Returns to Government (Accrual)	$3.5M	$3.5M	
Compliance	Maximum Immediate Reportable Non Compliance events related to NECF	0	1	

Performance Commentary

Aurora Energy met or exceeded a total of four out of seven key performance indicators for 2022-23. The advanced meter rollout finished with a strong result at the end of the year with targets being reached.

During 2022-23, Aurora Energy's employee engagement score decreased from the previous year's result of 73 per cent. Aurora Energy continued to focus on connecting employees and commenced transitioning its workforce back into the office more consistently, whilst balancing this with hybrid working. There were three medically treated injuries reported during the 2022-2023 period. The incidents reported were isolated in nature with no trends associated with them. Two of the incidents reported whilst occurring in the workplace were due to underlying medical conditions, with the third being an injury sustained of low severity.

Aurora Energy's profitability measures finished the 2022-23 financial year slightly above or on target. This result was primarily driven by favourable wholesale electricity outcomes, offset by unfavourable operational and bad debt expenditure. The result was also positively impacted by the year end valuation of the Cattle Hill onerous contract, driven by the uplift of large-scale generation certificate forward market prices. The 2022-23 result represents an improved performance from the prior year Profit After Tax of $3.0M, with the prior year being impacted by significant volatility in the wholesale market in the last quarter of 2021-22 and increased wholesale related costs for the business. The 2022-23 financial year has seen continuing instability in the National Electricity Market.

There was one non-compliance event during the 2022-23 financial year. Aurora Energy identified and self-reported the issue during the first quarter of the year. In conjunction with independent consultants, Aurora Energy conducted a comprehensive review of its operational control environment, which resulted in the implementation of additional checks and controls being applied. Aurora Energy takes its compliance obligations extremely seriously and has a strong historical compliance record since it commenced its participation in the National Energy Consumer Framework in July 2012.

Corporate Governance Statement

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

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

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

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Board and Committee Attendance 2022-23

Board Member	Board[1]		P&C Committee		BARCC		Board Strategy Sessions	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mary O'Kane	11	11	3	3	5	5	1	1
Keryn Nylander	11	11	3	3	5	5	1	1
Yvonne Rundle	11	11	3	3	5	5	1	1
Trevor James (until November 2022)	5	5	2	2	2	2	1	1
Janine Healey (from November 2022)	6	6	1	1	3	3	1	1
Rhys Edwards (from November 2022)	6	6	1	1	3	3	1	1
Rebecca Kardos (until October 2022)	3	3	-	-	-	-	-	-

[1] Excludes four circulating resolutions

Board Composition

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

The Board has two permanent committees: Board Appointments and People & Culture Committee (P&C) and Board Audit, Risk and Compliance Committee (BARCC).

Professor Mary O'Kane AC

Chair
Independent Director
Member – People & Culture Committee and Audit, Risk and Compliance Committee

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

Appointed November 2018

Current term: Three year term appointed until 2024 AGM

Ms Keryn Nylander

BA, FAICD
Independent Director
Chair – People & Culture Committee
Member – Audit, Risk and Compliance Committee

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

Appointed November 2018

Current term: Three year term appointed until 2024 AGM

Mr Rhys Edwards

B.Ec (Hons), MSc Soc.Res, FAICD
Independent Director
Member – People & Culture Committee and Audit, Risk and Compliance Committee

Rhys was appointed a Director in November 2022. He is a member of Aurora Energy's Board People & Culture Committee and a member of the Board Audit, Risk & Compliance Committee.

Appointed November 2022

Current term: Three year term appointed until 2025 AGM.

Mrs Yvonne Rundle

B.Bus, FCA, FAICD
Independent Director
Chair – Audit, Risk and Compliance Committee
Member – People & Culture Committee

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

Appointed January 2015

Current term: Three year term appointed until 2023 AGM

Mrs Janine Healey

B. Bus (Accounting), FCAANZS, FAICD, FTIA CTA
Independent Director
Member – People & Culture Committee and Audit, Risk and Compliance Committee

Janine was appointed a Director in November 2022. She is a member of Aurora Energy's Board People & Culture Committee and a member of the Board Audit, Risk & Compliance Committee.

Appointed November 2022

Current term: Three year term appointed until 2025 AGM

Mr Oliver Cousland

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

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

Leadership Team

From left to right

Mr James Chisholm, **CPA, MBA. Chief Financial Officer**

Mrs Nicole Hunt, **FCPHR. Chief People Officer**

Mr Andrew Crozier, **Ba (Hons), GAICD. Chief Digital Officer**

Mr Nigel Clark, **BBus, GAICD, FCPA, CFTP(Snr). Chief Executive Officer**

Mr Alistair Burke, **BBus, LLB, GAICD, GIA (Cert). Chief Operating Officer**

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

Corporate Governance Principles

Principle 1: Lay solid foundations for management and oversight

Aurora Energy complies with Principle 1.

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

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

Principle 2: Structure the Board to add value

Aurora Energy complies with Principle 2.

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

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

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

Principle 3: Promote ethical and responsible decision making

Aurora Energy complies with Principle 3.

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

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

Right to information disclosures

Aurora Energy complies with the *Right to Information Act (Tas)* (RTI Act), including through active disclosure of information without the need for formal right to information requests. In accordance with the RTI Act, the following formal assessed disclosures are provided for 2022-23.

Right to Information Act statistics 2022-23	
Number of applications received for assessed disclosures	1
Number of applications where information was disclosed in full	1
Number of applications refused and the Section	Nil
Number of applications relating to exempt information and the relevant sections	Nil
Number of applications for internal review and the outcomes	Nil

Public interest disclosures

Aurora Energy is subject to the *Public Interest Disclosures Act 2002 (Tas)* (PID Act). In accordance with the PID Act, the following disclosures are provided for 2022-23.

Public Interest Disclosure Act statistics 2022-23	
Number of disclosures either received, determined to be public interest disclosures, investigated, declined to be investigated or substantiated following investigation by Aurora Energy	Nil
Number of disclosures reported by Aurora Energy to Ombudsman	Nil
Number of disclosures referred by Ombudsman to Aurora Energy	Nil
Number of recommendations made by the Ombudsman to Aurora Energy	Nil

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

Principle 4: Safeguard integrity in financial reporting

Aurora Energy complies with Principle 4.

The Board Audit, Risk and Compliance Committee oversees corporate and financial reporting processes, risk management and internal control, and compliance and audit frameworks. It is chaired by an independent director who is not the Board Chair.

As required under the *Audit Act 2008 (Tas)*, the Tasmanian Auditor-General is appointed by the Shareholders at each AGM. The Assistant Auditor-General attended the 2022 AGM.

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

Principle 5: Make timely and balanced disclosure

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

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

Relevant policies are available at auroraenergy.com.au.

Principle 6: Respect the rights of shareholders

Aurora Energy complies with Principle 6.

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

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

Principle 7: Recognise and manage risk

Aurora Energy complies with Principle 7.

As stated under Principle 4, the Board Audit, Risk and Compliance Committee oversees the system of risk management and internal control, amongst other things.

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

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

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

Principle 8: Remunerate fairly and responsibly

Aurora Energy complies with Principle 8.

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

The 2022-23 Financial Statements details the remuneration of directors and key management personnel, and its composition.

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

Shareholder Directions and Guidelines

In 2022-23 Aurora Energy did not receive any formal directions to undertake non-commercial activities in accordance with the requirements of Section 4.4 of the *Members' Statement of Expectations*.

Buy Local

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

Details for Aurora Energy for the 2022-23 financial year are provided in the table below.

Purchases from Tasmanian Business	
% of purchases from Tasmanian businesses	80%
Value of purchases from Tasmanian businesses	$1,137,971,733

Consultancies valued at more than $50,000 (ex GST)				
Name of consultant	**Location**	**Description**	**Period of engagement**	**Amount**
Deloitte Risk Advisory Pty Ltd	TAS	Internal Audit Services	1/07/2022 – 30/06/2023	$131,932
Deloitte Touche Tohmatsu	TAS	Tax Advice	1/07/2022 – 30/06/2023	$99,193
Deloitte Touche Tohmatsu	TAS	Unbilled Energy Model Advice	1/07/2022 – 30/06/2023	$81,600
Minter Ellison	VIC	Legal Services	1/07/2022 – 30/06/2023	$64,918
Tasmanian Audit Office	TAS	Audit Services	1/07/2022 – 30/06/2023	$131,080
10 other consultants were engaged for $50,000 or less totalling:				**$139,586**
Total payments to consultants				**$648,309**

Payment of Accounts

Payment Measure	
Creditor Days	37
Number of accounts due for payment	3,361
Number of accounts paid on time	2,717
Amount due for payment	$1,565,857,741
Amount paid on time	$1,552,543,561
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	0

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

Overseas Travel

No Aurora Energy employees undertook overseas travel for the company during 2022-23.

Superannuation

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

Remuneration Report

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration Guidelines, dated June 2021. Under these Guidelines, remuneration bands for Chief Executive Officers (CEO) are determined by the Treasurer and reflect the principles outlined in the Guidelines broadly and align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's band.

The CEO is appointed by the Board. The Board consults with the Treasurer when determining the CEO's remuneration package.

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

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the CEO, contain a termination clause that requires the senior executives or the Board to provide a minimum notice period of up to 3 months for senior executives and 6 months for the CEO prior to the termination of the contract. Whilst not automatic, contracts can be extended.

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

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

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

Modern Slavery Compliance

Aurora Energy is committed to operating ethically and taking action to assess and address the risks of modern slavery in our supply chain and operations. A number of actions are undertaken to mitigate the risks of modern slavery in the business, including scoping and mapping of the supply chain and appropriate due diligence in the procurement of goods and services. Where possible, Aurora Energy ensures that all key suppliers are contractually required to comply with the *Modern Slavey Act 2018* (Cth) ('Modern Slavery Act'). Aurora Energy also has a Modern Slavery Policy, Supplier Code of Conduct and a Public Interest Disclosure Policy which support its commitment to complying with the Modern Slavery Act.

An important part of Aurora Energy's approach to modern slavery is to issue key suppliers with a questionnaire each reporting period. The questionnaire asks suppliers to provide details on their modern slavery policies and training, as well as information about their key suppliers and subcontractors. Where Aurora Energy identify that remediation of modern slavery risks is required, it will work with the relevant supplier to develop actionable solutions or consider alternative arrangements.

Aurora Energy is currently in the process of obtaining supplier responses to a modern slavery questionnaire which will help inform its Modern Slavery Statement for 2022-23 which is due by 31 December 2023.

Financial Report.

Aurora Energy Pty Ltd Financial Report for year ended 30 June 2023
ABN 85 082 464 622

Contents.

Directors' Report		**36**
Auditor's Independence Declaration		**38**
Financial Statements		**39**
	Directors' declaration	40
	Statement of comprehensive income	41
	Statement of financial position	42
	Statement of changes in equity	43
	Statement of cash flows	44
Section A	**Corporate information and basis of preparation**	**45**
Section B	**Detailed information on financial performance**	**47**
B1	Operating profit	47
B2	Income tax	49
B3	Cash and cash equivalents	51
B4	Dividends	53
Section C	**Detailed information on statement of financial position items**	**54**
C1	Current trade and other receivables	54
C2	Inventories	56
C3	Current financial assets	56
C4	Other current assets	56
C5	Property, plant and equipment	57
C6	Intangible assets	58
C7	Non-current financial assets	59
C8	Current trade and other payables	59
C9	Provisions	59
C10	Contract liabilities	60
C11	Financial liabilities	61
C12	Lease commitments	61
Section D	**Employee benefits**	**63**
D1	Current employee provisions	63
D2	Non-current employee provisions	64
D3	Movement in employee provisions	64
D4	Key management personnel compensation	64
Section E	**Risk and fair value**	**69**
E1	Financial instruments	69
E2	Fair value measurement	77
E3	Critical accounting estimates and judgements	78
Section F	**Other information**	**79**
F1	Share capital	79
F2	Retained earnings	80
F3	Reserves	80
F4	Related party disclosures	80
F5	Auditors' remuneration	81
F6	Contingent liabilities	81
F7	Other accounting policies	82
F8	Subsequent events	82
Independent Auditor's Report		**83**

Directors' Report

Directors' report on the operations of the company and on the Financial Statements for the Financial Year Ended 30 June 2023.

Directors and Company Secretary

The Directors of the company in office between 1 July 2022 and the date of this report were

Professor M. O'Kane, Mrs Y. Rundle, and Ms K. Nylander.

Mrs R. Kardos was a director from 1 July 2022 until 18 October 2022.

Mr T. James was a director from 1 July 2022 until 25 November 2022.

Mr R. Edwards and Mrs J. Healey joined the Board on 25 November 2022 and remained as directors at the date of this report.

Mr O. Cousland was the Company Secretary from 1 July 2022 to the date of this report.

Principal Activities

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

Review and Results of Operations

The following table outlines key financial information for the company:

Indicator ($M)	2022-23	2021-22	Var.
Operating Revenue	939.4	866.8	72.6
Profit Before Tax	11.7	4.3	7.4
Total Comprehensive Income	(161.5)	150.9	(312.4)
Underlying Profit/ (Loss) Before Tax[1]	6.7	(11.9)	18.6
Net assets	38.4	200.0	(161.6)
Cash on Hand	18.5	30.8	(12.3)
Shareholder Returns[2]	1.6	16.6	(15.0)

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

[2] Shareholder returns is calculated on a cash basis and includes dividends paid and other distributions.

Aurora Energy reported a Profit Before Tax of $11.7M for 2022-23. The 2022-23 result represents an improved performance from the prior year Profit Before Tax of $4.3M, with the prior year being impacted by significant volatility in the wholesale market in the last quarter of 2021-22, increasing wholesale related costs for the business. The 2022-23 financial year has seen more stability in the National Electricity Market (NEM) with less volatile wholesale prices. Bad debt expense is much higher in 2022-23, driven by an ageing debt book and increased cost of living challenges.

Aurora Energy's net asset position as at 30 June 2023 was $38.4M, a decrease of $161.6M from the previous year. The main driver of the reduced net asset position was the change in the value of electricity derivatives as at 30 June 2023, this change in value has also resulted in a significant net cash flow hedge loss of $169.8M being included both in the cash flow hedge reserve in Equity and Total Comprehensive Income at 30 June 2023. A significant component of the net cash flow hedge loss relates to electricity derivatives that expired in 2022-23 and for which a significant gain was recognised in the 2021-22 Financial Year. Aurora Energy's cash position was lower as at 30 June 2023, with $18.5M cash on hand.

Changes in State of Affairs

There have been no significant changes in the state of affairs of Aurora Energy for the 2022-23 financial year.

Subsequent Events

There have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect Aurora Energy, its operations or results in the reporting period.

Likely Future Developments

External market forces are rapidly changing the future of the electricity market at a global, national and local level. The National Electricity Market (NEM) is in a significant state of transition which will continue to accelerate as changes to the generation mix in the NEM are made to meet the Australian Governments legislated emissions reductions targets of 43% by 2030 (on 2005 levels) and net zero by 2050. Whilst in Tasmania we are well placed in terms of our renewable energy assets, further interconnection with the national market will introduce new challenges (and opportunities) for the business. The transition in the NEM has resulted in extreme volatility and high wholesale prices and it is anticipated that these challenges may persist for the foreseeable future.

Higher wholesale prices and rising cost of living continues to have an impact on household budgets and customers' ability to pay their energy bills. Aurora Energy remains focused on managing these risks to the business and has financing facilities and strategies in place to manage a range of downside scenarios. Aurora Energy will provide ongoing support to its customers to manage their electricity bills through a range of measures including the Your Energy Support (YES) program, distribution of Federal and State Government energy relief payments and further rollouts of advanced meters whilst encouraging and advocating for customers to increase their usage of the Aurora + App in understanding and controlling energy usage.

Customers' needs and expectations are continuing to evolve and competition in the Tasmanian retail electricity market remains an ongoing challenge for the business. Aurora Energy will continue to meet these challenges through its strategic response, in particular focusing on customer loyalty and retention through a digital customer experience and a more seamless customer service model.

Environmental Regulation

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

Dividends

There were no dividends paid by Aurora Energy to its shareholders during the 2022-2023 financial year.

In line with the requirements of Aurora Energy's Constitution and the Dividend Guideline for Tasmanian Government Businesses, the dividend related to 2022-23 profits will be recommended prior to 31 October 2023.

Indemnification and Insurance

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

The company has insured its directors, company secretary and executive officers of the company against liabilities as permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

During or since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify the auditor of the company against a liability incurred as the auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by the auditor.

Auditor's Independence Declaration

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

Rounding of Amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that Corporations Instrument, amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors:

Professor M. O'Kane
Chair
10 August 2023

Mrs Y. Rundle
Director
10 August 2023

Tasmanian Audit Office

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

10 August 2023

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

Dear Board Members

Auditor's Independence Declaration

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

As the auditor of the financial report of Aurora Energy Pty Ltd for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

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

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

Yours sincerely

Rod Whitehead
Auditor-General

Financial Statements.

Directors' Declaration

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

In the opinion of the directors:

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

  (i) giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the year ended on that date;

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

b) The financial statements and notes comply with International Financial Reporting Standards (with the exception of the early adoption of the ISSB Standards: IFRS S1 and IFRS S2) as disclosed in Note A.

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

On behalf of the Board

Professor M. O'Kane

Chair
10 August 2023

Mrs Y. Rundle

Director
10 August 2023

Statement of comprehensive income for the financial year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Revenue			
Sales revenue from contracts with customers	B1(a)	934,490	862,571
Interest revenue	B1(b)	1,110	628
Other revenue	B1(c)	3,834	3,555
Total revenue		939,434	866,754
Expenses			
Energy and network purchases		(847,470)	(789,726)
Electricity derivative fair value movements	B1(d)	(49)	61
Functional expenses	B1(e)	(65,390)	(58,783)
Finance expenses	B1(f)	(487)	(1,617)
Depreciation and amortisation expense	B1(g)	(4,438)	(10,360)
Other expenses from operating activities	B1(h)	(9,854)	(1,988)
Total expenses		(927,688)	(862,413)
Profit/(Loss) before income tax equivalent expense		11,746	4,341
Income tax equivalent (expense)/benefit	B2(a)	(3,541)	(1,309)
Profit/(Loss) for the year from continuing operations		8,205	3,032
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial superannuation re-measurement (losses)/gains	D(i)	13	263
Income tax equivalent relating to items that will not be reclassified subsequently	B2(b)	(4)	(79)
		9	184
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges:			
Gain/(loss) taken to equity	F3(b),E1(h)	(68,757)	202,351
Transferred to profit for the year	F3(b),E1(h)	(173,750)	8,649
Income tax equivalent relating to items that may be reclassified subsequently	B2(b),F3(b)	72,752	(63,300)
		(169,755)	147,700
Other comprehensive income for the year net of income tax equivalent		(169,746)	147,884
Total comprehensive income for the period		(161,541)	150,916

Notes to and forming part of the accounts are included on pages 45 to 82

Statement of financial position as at 30 June 2023

	Note	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	B3	18,528	30,838
Trade and other receivables	C1	153,059	157,820
Inventories	C2	5,778	3,291
Current tax asset	B2(c)	2,930	4,126
Financial assets	C3	45,117	410,931
Other current assets	C4	6,455	5,845
Total current assets		231,867	612,851
Non-current assets			
Property, plant and equipment	C5	4,834	4,679
Right-of-use assets	C12(a)	5,122	5,698
Deferred tax assets	B2(d)	42,039	45,040
Intangible assets	C6	6,075	8,164
Financial assets	C7	56,361	84,923
Total non-current assets		114,431	148,504
Total assets		346,298	761,355
LIABILITIES			
Current liabilities			
Trade and other payables	C8	107,410	296,301
Provisions	C9	5,086	7,288
Lease liabilities	C12(b)	760	642
Contract liabilities	C10	37,765	37,432
Financial liabilities	C11	107,516	72,736
Total current liabilities		258,537	414,399
Non-current liabilities			
Deferred tax liabilities	B2(d)	26,895	100,300
Provisions	C9	2,094	5,107
Lease liabilities	C12(b)	5,731	6,386
Financial liabilities	C11	14,593	35,174
Total non-current liabilities		49,313	146,967
Total liabilities		307,850	561,366
Net assets		38,448	199,989
EQUITY			
Issued capital	F1	50,212	50,212
Reserves	F3	(14,086)	155,669
Retained earnings	F2	2,322	(5,892)
Total Equity		38,448	199,989

Notes to and forming part of the accounts are included on pages 45 to 82

Statement of changes in equity for the financial year ended 30 June 2023

	Note	Share capital	Cash flow hedge reserve	Retained earnings	Total equity
		$'000	$'000	$'000	$'000
Balance 30 June 2021		50,212	7,969	4,039	62,220
Profit for the period		-	-	3,032	3,032
Other comprehensive income		-	147,700	184	147,884
Total comprehensive income for the period		-	147,700	3,216	150,916
Transactions with owners in their capacity as owners:					
Dividends paid	B4	-	-	(13,147)	(13,147)
Balance 30 June 2022		50,212	155,669	(5,892)	199,989
Profit for the period		-	-	8,205	8,205
Other comprehensive income		-	(169,755)	9	(169,746)
Total comprehensive income for the period		-	(169,755)	8,231	(161,524)
Transactions with owners in their capacity as owners:					
Dividend paid	B4	-	-	-	-
Balance 30 June 2023		50,212	(14,086)	2,322	38,448

Notes to and forming part of the accounts are included on pages 45 to 82

Statement of cash flows for the financial year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		1,024,897	946,624
Interest received		1,109	629
Payments to suppliers and employees		(1,019,386)	(930,409)
Interest and other finance costs paid		(1,165)	(611)
Income tax equivalents paid		-	(2,099)
Net cash provided by operating activities	B3(b)	5,455	14,134
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Payment for property, plant and equipment		(1,023)	(94)
Payment for intangible assets		(723)	(2,594)
Net cash used in investing activities		(1,746)	(2,688)
Cash flows from financing activities			
Proceeds from borrowings		120,000	60,000
Repayment of borrowings		(120,000)	(60,000)
Repayment of lease liabilities	B3(c)	(719)	(696)
Dividend paid	B4	-	(13,147)
Large Scale Generation Certificates Shortfall (Refundable)	C7	(15,300)	-
Net cash used by financing activities		(16,019)	(13,843)
Net (decrease)/increase in cash and cash equivalents		(12,310)	(2,397)
Cash and cash equivalents at the beginning of financial year		30,838	33,235
Cash and cash equivalents at the end of financial year	B3	18,528	30,838

Notes to and forming part of the accounts are included on pages 45 to 82

Section A: Corporate information and basis of preparation

A1 Company information

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

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

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

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

The financial statements were authorised for issue by the Directors on 10 August 2023.

A2 Basis of preparation

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

The Directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016. In accordance with that Corporations Instrument, amounts in the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

A3 Statement of compliance

The financial report is prepared in accordance with:

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

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB). The financial statements and notes also comply with International Financial Reporting Standards (with the exception of the early adoption of the ISSB Standards: IFRS S1 and IFRS S2) as disclosed in Note A4.

A4 New and revised standards

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

- *AASB 2020-3 Narrow Scope Amendments & Improvements to Australian Accounting Standards – AASB 116, AASB 13, AASB 3, AASB 1, AASB 9, AASB 16 & AASB141*
- *AASB 2021-7 – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *AASB 2022-3 – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

A4 New and revised standards (continued)

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

- *AASB 2020-6 – Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- *AASB 2021-5 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *AASB 2021-6 – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- *AASB 2022-1 – Initial Application of AASB 17 and AASB 9 –Comparative Information*
- *AASB 2014-10 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

IFRS Accounting Standards and IFRS Interpretations Committee Interpretations issued but not yet effective, but for which Australian equivalent Standards and Interpretations have not yet been issued.

In June 2023 the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S2 is also applied. The objective of IFRS S1 is to require an entity to disclose information about its sustainability related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S1 is also applied. The objective of IFRS S2 is to require an entity to disclose information about its climate related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

Aurora Energy Pty Ltd has not yet assessed the impact of IFRS S1 and S2.

A5 Significant accounting judgements

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

A6 Comparisons with previous year

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

Section B: Detailed information on financial performance

B1 Operating Profit

Accounting Policy

Revenue recognition and unbilled electricity sales

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Sales revenue from contracts with customers

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

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

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

Revenue is disclosed net of concessions and waivers. Concession discounts and waivers represent variable consideration under AASB 15 Revenue from contracts with customers, which requires electricity revenue to be disclosed on a net basis.

Interest and other revenue

Interest revenue relates to interest earned on cash investments and overdue customer electricity debt.

Other revenue includes rental income from sub-lease arrangement, connection and service order fees, and concession administration fees.

		2023 $'000	2022 $'000
B1(a)	**Sales Revenue from contracts with customers**		
	Sales to Residential Electricity Customers	494,377	448,030
	Sales to Business Electricity Customers	430,817	404,232
	Sales to Residential Gas Customers	4,952	5,179
	Sales to Business Gas Customers	4,344	5,130
		934,490	862,571
B1(b)	**Interest revenue**		
	Money market investments	17	21
	Bank investments	766	105
	Trade receivables	327	502
		1,110	628

B1 Operating Profit (continued)

		2023 $'000	2022 $'000
B1(c)	**Other revenue**		
	Connection & services order fees	3,279	3,065
	Other	555	490
		3,834	3,555

		2023 $'000	2022 $'000
B1(d)	**Electricity derivative fair value movements**		
	Gain/(loss) on derivatives in a fair value hedge accounting relationship (note E1(h))	(51,515)	67,560
	Gain/(loss) on adjustment to hedged item in a fair value hedge accounting relationship (note E1(h))	51,466	(67,499)
		(49)	61

		2023 $'000	2022 $'000
B1(e)	**Functional expenses**		
	Labour	(33,033)	(31,095)
	IT, communication and other service fees and charges	(32,357)	(27,688)
		(65,390)	(58,783)

		2023 $'000	2022 $'000
B1(f)	**Finance expenses**		
	Interest expense on leasing arrangements (note C12(c))	(274)	(296)
	Unwinding of Discount on Onerous Contracts (note C9)	(205)	(1,321)
	Other finance expenses	(8)	-
		(487)	(1,617)

		2023 $'000	2022 $'000
B1(g)	**Depreciation and amortisation**		
	Property, plant and equipment depreciation (note C5)	(868)	(995)
	Intangibles amortisation (note C6)	(2,812)	(8,563)
	Right-of-use assets (note C12(c))	(758)	(802)
		(4,438)	(10,360)

		2023 $'000	2022 $'000
B1(h)	**Other expenses**		
	Credit losses on trade receivables (note C1(a))	(9,854)	(1,988)
		(9,854)	(1,988)

B2 Income Tax

Accounting Policy

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

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

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

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

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

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

		2023 $'000	2022 $'000
B2(a)	**Income tax**		
	Income tax recognised in profit		
	Tax expense comprises:		
	Current tax expense	3,541	1,309
	Total tax expense from continuing operations	3,541	1,309
	Profit/(loss) before income tax equivalent expense	11,746	4,341
	Income tax equivalent expense calculated at 30%	3,524	1,302
	Non-deductible expenses	17	7
	Income tax equivalent expense	3,541	1,309

B2 Income Tax (continued)

		2023 $'000	2022 $'000
B2(b)	**Income tax recognised directly in equity**		
	The following current and deferred amounts were charged directly to equity during the period:		
	Deferred tax:		
	Financial instruments	72,752	(63,300)
	Provisions	(4)	(79)
		72,748	(63,379)
B2(c)	**Current tax assets and liabilities**		
	Income tax (receivable)/payable:	(2,930)	(4,126)
B2(d)	**Deferred tax balances**		
	Deferred tax assets comprise:		
	Temporary differences	42,039	45,040
	Deferred tax liabilities comprise:		
	Temporary differences	(26,895)	(100,300)
	Net deferred asset / (liability)	15,144	(55,260)

Taxable and deductible temporary differences arise from the following:

2023	**Opening balance $'000**	**Charged to income $'000**	**Charged to equity $'000**	**Closing Balance $'000**
Gross deferred tax liabilities:				
Property, plant and equipment	1,096	(178)	-	918
Financial instruments & other	99,204	(475)	(72,752)	25,977
	100,300	(653)	(72,752)	26,895
Gross deferred tax assets:				
Provisions	8,697	612	(4)	9,306
Tax losses – revenue	2,790	(2,790)	-	-
Financial instruments & other	32,539	(528)	-	32,011
Property, plant and equipment	1,014	(292)	-	722
	45,040	(2,998)	(4)	42,039
Net deferred tax asset / (liability)	(55,260)	(2,345)	72,748	15,144

B2 Income Tax (continued)

2022	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Closing Balance $'000
Gross deferred tax liabilities:				
Property, plant and equipment	1,860	(765)	-	1,096
Financial instruments & other	13,279	22,625	63,300	99,204
	15,139	21,860	63,300	100,300
Gross deferred tax assets:				
Provisions	14,065	(5,289)	(79)	8,697
Tax losses - revenue	-	2,790	-	2,790
Financial instruments & other	9,888	22,652	-	32,539
Property, plant and equipment	615	399	-	1,014
	24,568	20,552	(79)	45,040
Net deferred tax assets / (liability)	9,429	(1,308)	63,379	(55,260)

B3 Cash and short term deposits

Accounting Policy

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

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

	2023 $'000	2022 $'000
Bank balances	17,928	30,238
Money market investments	600	600
Cash and cash equivalents	18,528	30,838

B3 Cash and short term deposits (continued)

B3(a) Financing facilities

The company had access to financing facilities at 30 June as indicated below:

2023	Facility Limit $'000	Facility Used $'000	Balance $'000
Borrowing Facilities	145,000	-	145,000
Bank Guarantee Facilities	350,000	111,700	238,300
	495,000	111,700	383,300

2022	Facility Limit $'000	Facility Used $'000	Balance $'000
Borrowing Facilities	145,000	-	145,000
Bank Guarantee Facilities	280,000	280,000	-
	425,000	280,000	145,000

The Treasurer provided explicit support to the Tasmanian Public Finance Corporation for the Company's borrowings as part of the Government's response to the COVID-19 pandemic. This support is limited to a maximum borrowing limit of $495M. (2022: $425M)

	2023 $'000	2022 $'000
B3(b) Reconciliation of profit for the period to net cash provided by operating activities		
Operating (loss)/profit after income tax equivalents	8,205	3,032
Depreciation & amortisation costs	4,438	10,360
Fair value through (profit) or loss of financial instruments	49	(61)
(Decrease)/increase in onerous contract provision	(5,070)	(16,128)
(Increase)/decrease in accrued interest/market traded receivables	165,350	(160,245)
(Increase)/decrease in other assets	(608)	(2,361)
Decrease/(increase) in inventories	(2,487)	14,449
(Increase)/decrease in trade and other receivables	4,761	(9,172)
(Increase)/decrease in deferred and current taxes	3,548	(789)
Increase/(decrease) in trade and other payables	(171,657)	169,992
(Decrease)/increase in employee provisions	(133)	(285)
Increase/(decrease) in contract liabilities	(941)	5,342
Net cash provided by operating activities	5,455	14,134

B3 Cash and short term deposits (continued)

B3(c) Reconciliation of changes in liabilities arising from financing activities

	2022	Cash Flows	Non-cash changes	2023
	$'000	$'000	$'000	$'000
Lease liabilities	7,028	(719)	182	6,491
Total changes in liabilities arising from financing activities	7,028	(719)	182	6,491

B4 Dividends

	2023	2022
	$'000	$'000
Declared and paid, dividends on ordinary shares	-	13,147

Section C: Detailed information on statement of financial position items

C1 Current trade and other receivables

Accounting Policy

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

	2023	2022
	$'000	$'000
Trade receivables	69,900	64,800
Accrued income	23,787	31,781
Unbilled energy sales	82,947	77,835
Provision for expected credit losses	(23,575)	(16,596)
	153,059	157,820

Of the total $69.9M (2022: $64.8M) of trade receivables, $31.1M (2022: $33.9M) are current with an average of 9.9 days. It is considered that there are no indications as of the reporting date that the debtors will not meet their payment obligations, unless otherwise provided.

C1(a) Movement in the allowance for expected credit losses of debts:

	2023	2022
Balance at the beginning of the year	16,596	17,688
Credit losses recognised on receivables	9,854	1,988
Amounts written off as uncollectable	(3,879)	(4,117)
Amounts recovered during the year	1,004	1,037
Balance at the end of the year	23,575	16,596

C1(b) Credit risk exposure of trade receivables and contract assets

2023	Trade receivables							
			Days past due					
	Accrued Income & Unbilled Energy	Current	<30 days	30-60 days	61-180 days	>180 days	Total Receivables	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	2.47%	3.00%	7.74%	29.77%	58.87%	87.63%		
Gross carrying amount	106,732	31,142	11,614	4,229	7,777	15,140	69,900	176,634
Expected credit loss	2,636	935	899	1,259	4,578	13,268	20,939	23,575

C1 Current trade and other receivables (continued)

(C1b) Credit risk exposure of trade receivables and contact assets (continued)

2022	Trade receivables							
			Days past due					
	Accrued Income & Unbilled Energy	Current	<30 days	30-60 days	61-180 days	>180 days	Total Receivables	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	1.45%	2.40%	7.14%	26.78%	50.02%	79.41%		
Gross carrying amount	109,616	33,974	9,086	3,462	6,472	11,807	64,800	174,416
Expected credit loss	1,591	816	649	927	3,237	9,376	15,005	16,596

The company holds no collateral over these balances, with the exception of a small number of large customers for which account security has been determined necessary to mitigate their risk of default.

C1(c) Of the total receivables, $8.95M (2022: $10.5M) are renegotiated receivables and Aurora Energy has assessed on the basis of historical experience that not all will be recoverable and an allowance for credit loss of $4.75M (2022: $5.3M) has been recorded.

C2 Inventories

Accounting Policy

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

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

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

	2023 $'000	2022 $'000
Renewable energy certificates (valued at cost or net realisable value)	5,778	3,291
	5,778	3,291

Renewable energy certificates recognised as an expense for the year ended 30 June 2023 totalled $62.2M (2022: $75.2M).

C3 Current financial assets

Interest accrued	149	148
Market traded receivables[1]	-	165,351
Derivative contracts (at fair value) (note E1)	44,968	245,432
Total current financial assets	45,117	410,931

[1] 1The market traded receivables relate to contracts for difference for energy purchases and are neither past due nor impaired. There are no indications that these debtors will not meet their payment obligations.

C4 Other current Assets

Prepayments	2,980	2,068
Customer services obligation recoveries[2]	3,474	3,777
	6,455	5,845

[2] Customer services obligation recoveries relate to accrued customer concession recoveries not yet billed to the State Government.

C5 Property, plant and equipment

Accounting Policy

(i) Valuation

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

(ii) Depreciation

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

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

The depreciation rates used for each class of assets were consistent with prior year and listed below:

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

	2023 $'000	2022 $'000
Opening gross carrying amount	9,225	9,139
Additions	952	86
Disposals	-	-
Closing gross carrying amount	10,177	9,225
Opening accumulated depreciation	(4,561)	(3,566)
Disposals	-	-
Depreciation expense (i)	(868)	(995)
Closing accumulated depreciation	(5,429)	(4,561)
Net book value - at recoverable amount	4,748	4,664
Capital works in progress – at cost	86	15
Total property, plant and equipment	4,834	4,679

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

C6 Intangible assets

Accounting Policy

An intangible asset shall be recognised if, and only if it is probable that future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

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

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

The customer care and billing system reached the end of its useful life and at 30 June 2022 was fully depreciated. Aurora Energy is currently in the process of migrating its customer base to a new Software-as-a-Service (SaaS) based billing platform.

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

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

	2023 $'000	2022 $'000
Opening gross carrying amount	76,342	71,170
Additions	783	5,172
Disposals	-	-
Closing gross carrying amount	77,125	76,342
Opening accumulated amortisation	(69,038)	(60,475)
Amortisation expense (i)	(2,812)	(8,563)
Closing accumulated amortisation	(71,850)	(69,038)
Net book value - at recoverable amount	5,275	7,304
Software works in progress – at cost	800	860
Total intangible assets	6,075	8,164

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

C7 Non-current financial assets

	2023 $'000	2022 $'000
Large Scale Generation Certificates Shortfall (refundable)	15,301	-
Derivative contracts (at fair value) (note E1)	41,060	84,923
	56,361	84,923

In line with Renewable Energy Target rules, Aurora Energy elected to shortfall 29.5% of its 2022 Large-Scale Generation Certificates (LGC) liability in February 2023 and will make good on the shortfall with Calendar Year 2024 LGCs. The shortfall amount of $15.3M is fully refundable to Aurora once the calendar year 2024 LGC's are acquitted in February 2025.

C8 Current trade and other payables

Accounting Policy

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

Trade payables	76,179	273,065
Accrued expenses	1,867	93
Accrued REC expenses	29,364	23,143
	107,410	296,301

All trade payables and accrued expenses are unsecured.

C9 Provisions

Accounting Policy

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are measured at the present value of Aurora Energy's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time (unwinding of discount) is recognised in finance costs on the statement of comprehensive income.

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

C9 Provisions (continued)

	2023 $'000	2022 $'000
Current employee provisions (note D1)	3,368	3,426
Current onerous contract provision*	1,718	3,862
	5,086	7,288
Non-current employee provisions (note D2)	2,094	2,180
Non-current onerous contract provision*	-	2,927
	2,094	5,107
Provision for onerous contract*		
Opening balance	6,789	22,917
Provision reassessment	(1,868)	(13,136)
Utilised	(3,408)	(4,313)
Unwinding of discount	205	1,321
Closing balance	1,718	6,789

* Aurora Energy has a long-term contract for the purchase of an energy related product that was assessed as onerous in 2018-19 due to the forward market prices and the economic value that Aurora Energy could obtain from the product being less than the total cost of the contract at the time. Increases in the forward market prices has led to favourable reassessments of the provision, which are included in the line item energy and network purchases on the statement of comprehensive income. The provision is calculated utilising a market price range from an external provider. The rate within the range that reflects the current market conditions is then utilised to determine the provision value. From year to year the spread of the range may move, and rates will vary between bid and offer rates dependent upon the prevailing market. The rate used for 2022-23 is the offer rate (2021-22: mid-rate).

C10 Contract liabilities

Accounting Policy

Aurora Energy receives income from customers in advance of retail electricity bills being issued to customers. Income in advance is recognised as revenue by Aurora Energy at the point retail electricity bills are issued to customers and debt is incurred on customer accounts. Electricity bills are typically issued on a quarterly basis.

	2023	2022
Income received in advance	37,765	37,432
	37,765	37,432

C10(a) Movement in the income received in advance:

	2023	2022
Balance at the beginning of the year	37,432	32,081
Transferred to revenue during the year	(34,289)	(28,764)
Advance customer payments received during the year	34,622	34,115
Balance at the end of the year	37,765	37,432

C11 Financial liabilities

	2023 $'000	2022 $'000
Current financial liabilities (note E1):		
Derivative contracts (at fair value)	75,467	24,692
Market traded payables	15,970	-
Fair value adjustment to hedged item designated in a fair value hedge accounting relationship	16,079	48,044
Total current financial liabilities	107,516	72,736
Non-current financial liabilities (note E1):		
Derivatives contracts (at fair value)	3,726	4,807
Fair value adjustment to hedged item designated in a fair value hedge accounting relationship	10,867	30,367
Total non-current financial liabilities	14,593	35,174

C12 Lease commitments

Accounting Policy

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

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

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

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

At 30 June 2023, Aurora Energy has two lease commitments relating to two office buildings, once each in Hobart and Launceston.

C12(a) Rights-of-use assets		
Opening balance	5,698	6,500
Additions	182	-
Disposals	-	-
Depreciation	(758)	(802)
Closing balance	5,122	5,698

C12 Lease commitments (continued)

		2023 $'000	2022 $'000
C12(b)	**Lease liabilities**		
	Non-cancellable lease payments		
	Less than one year	760	642
	One to five years	4,469	4,085
	Longer than five years	1,262	2,301
	Total discounted lease liabilities	6,491	7,028
	Current	760	642
	Non-current	5,731	6,386
	Lease liabilities in statement of financial position	6,491	7,028

C12(c)	**Amounts recognised in profit and loss**		
	Depreciation expense on right-of-use assets	758	802
	Interest expense on lease liabilities	274	296
	Income from sub-leasing right-of-use assets	(286)	(256)
		746	**842**

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

The company has estimated that the potential future lease payments, should it exercise the extension, would result in an increase in lease liability of $4.3m.

Section D: Employee benefits

Accounting Policy

(i) Superannuation

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

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

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

(ii) Other employee entitlement provisions

Contributions to these provisions are charged directly to cost centres as part of employment costs. The company adopts the present value basis of measurement methodology where the liability recognised is the present value of expected non-current future payments to be made in respect of services provided by employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows. Annual leave and long service leave provisions are classified as current where the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. This does not imply that there is an expectation that the current provision will be paid out within the next twelve months.

D1 Current employee provisions

	2023 $'000	2022 $'000
Employee entitlements:		
Annual leave	1,894	1,830
Long service leave	932	1,060
Superannuation	295	289
Retirements Benefits Fund (note D(i))	57	53
	3,178	3,232
Other current provisions:		
Payroll tax	190	194
	190	194
Total current provisions	3,368	3,426

D2 Non-current employee provisions

	2023 $'000	2022 $'000
Employee entitlements:		
Long service leave	895	960
Superannuation	90	96
Retirements Benefits Fund (note D(i))	1,049	1,060
	2,034	2,116
Other non-current provisions:		
Payroll tax	60	64
	60	64
Total non-current provisions	2,094	2,180

D3 Net transfer (to)/from employee provisions:

Employee entitlements	136	533
Payroll tax	8	16
	144	549

D4 Key management personnel compensation

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

Professor M. O'Kane (Chair, non-executive director)
Mrs Y. Rundle (non-executive director)
Ms K. Nylander (non-executive director)
Mrs J. Healey (non-executive director 25/11/22 – 30/06/23)
Mr R. Edwards (non-executive director 25/11/22 – 30/06/23)
Mr T. James (non-executive director 01/07/22 – 25/11/22)
Mrs R. Kardos (Chief Executive Officer/Managing Director 01/07/22 – 18/10/22)
Mr N. Clark (Chief Executive Officer 19/10/22 – 30/06/23)
Mr A. Burke (Acting Chief Operating Officer 15/08/22 – 30/04/23)
(Chief Operating Officer 01/05/23 – 30/06/23)
Mr J. Chisholm (Chief Financial Officer)
Mr O. Cousland (Company Secretary / General Counsel)
Mr A. Crozier (Chief Digital Officer)
Mrs N. Hunt (Chief People Officer 29/08/22 – 30/06/23)
Mr K. Ingham (Chief Operating Officer 01/07/22 – 21/09/22)

D4 Key management personnel compensation (continued)

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

	Director Remuneration		Executive Remuneration		Consolidated	
	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$
Short-term employee benefits	245,097	218,182	1,696,622	1,316,944	1,941,719	1,535,126
Post-employment benefits	24,837	21,358	161,104	118,611	185,941	139,969
Long-term employee benefits	-	-	(143,006)	17,801	(143,006)	17,801
Termination Benefits	-	-	356,551	6,257	356,551	6,257
	269,934	239,540	2,071,271	1,459,613	2,341,205	1,699,153

There were no short-term incentive payments paid in 2022-23 nor 2021-22.

Director remuneration[1]

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

2023

Name	Position	Period	Directors' Fees $	Committee Fees $	Other Benefits[2] $	Super-annuation[1] $	Total $
Non-Executive Directors							
Professor M O'Kane	Chairperson	Full term	59,924	5,410	1,200	6,860	73,394
Ms K Nylander	Director	Full term	40,183	7,087	1,500	4,944	53,714
Mrs Y Rundle	Director	Full term	40,183	8,124	1,500	5,053	54,860
Mrs J Healey	Director	From 25/11/2022	24,017	3,341	600	2,854	30,812
Mr R Edwards	Director	From 25/11/2022	24,017	3,341	600	2,693	30,651
Mr T James	Director	To 25/11/2022	16,321	6,849	900	2,433	26,503
Total			**204,645**	**34,152**	**6,300**	**24,837**	**269,934**

2022

Name	Position	Period	Directors' Fees $	Committee Fees $	Other Benefits[2] $	Super-annuation[3] $	Total $
Non-Executive Directors							
Professor M O'Kane	Chairperson	Full term	61,455	5,549	1,200	6,700	74,904
Ms K Nylander	Director	Full term	41,359	5,575	1,200	4,700	52,834
Mrs Y Rundle	Director	Full term	41,359	8,363	1,200	4,979	55,901
Mr T James	Director	Full term	41,359	8,363	1,200	4,979	55,901
Total			**185,532**	**27,850**	**4,800**	**21,358**	**239,540**

[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] Other Benefits include travel and other expenses

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

D4 Key management personnel compensation (continued)

Executive remuneration

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

2023

Name	Position	Period	Salary[1] $	Short term incentive payments[2] $	Other Monetary Benefits[3] $
Mrs R Kardos	Chief Executive Officer	To 18/10/2022	108,357	-	-
Mr N Clark	Chief Executive Officer	From 19/10/2022	250,814	-	66,077
Mr O Cousland	Company Secretary / General Counsel	Full year	226,023	-	-
Mr A Burke	Acting Chief Operating Officer / Chief Operating Officer	15/08/2022 to 30/04/2023 From 01/05/2023	203,149	-	-
Mr A Crozier	Chief Digital Officer	Full year	287,687	-	-
Mrs N Hunt	Chief People Officer	From 29/08/2022	171,709	-	-
Mr J Chisholm	Chief Financial Officer	Full year	269,315	-	28,772
Mr K Ingham	Chief Operating Officer	To 21/09/2022	64,563	-	-
Total			**1,581,617**	**-**	**94,849**

*Mrs Kardos' termination benefits included unused leave entitlements together with an eligible termination payment representing a contract payout.

2022

Name	Position	Period	Salary[1] $	Short term incentive payments[2] $	Other Monetary Benefits[3] $
Mrs R Kardos	Chief Executive Officer / Managing Director	Full year	358,864	-	-
Mr K Ingham	Chief Operating Officer	Full year	257,659	-	-
Mr O Cousland	Company Secretary / General Counsel	Full year	217,351	-	-
Mr A Crozier	Chief Product & Customer Officer	Full year	279,841	-	-
Ms K. Gillies	General Manager People & Commercial Services	To 12/11/2021	90,015	-	-
Mr J Chisholm	General Manager People & Commercial Services	From 21/02/2022	95,044	-	18,170
Total			**1,298,774**	**-**	**18,170**

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

2 Short term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified timeframes. No Short-term incentives were paid during the 2022-23 financial year.

3 Other monetary benefits include all other forms of employment allowances, payments in lieu of leave, and any other compensation paid and payable

4 Vehicle benefits include all motor vehicle running costs. Aurora Energy did not provide any motor vehicle benefits during the 2022-2023 financial year.

Vehicle Benefits[4] $	Other Non-Monetary Benefits[5]	Superannuation[6] $	Reported Remuneration[7] $	Other Long-Term Benefits[8] $	Termination Benefits[9] $	Total $
-	-	7,820	116,177	(113,361)	224,148*	226,964
-	2,598	27,651	347,140	14,572	-	361,712
-	-	23,732	249,755	7,370	-	257,125
-	-	21,331	224,480	28,316	-	252,796
-	-	27,483	315,170	18,006	-	333,176
-	-	18,030	189,739	2,315	-	192,054
-	17,558	28,278	343,923	21,523	-	365,446
-	-	6,779	71,342	(121,747)	132,403	81,998
-	**20,156**	**161,104**	**1,857,726**	**(143,006)**	**356,551**	**2,071,271**

Vehicle Benefits[4] $	Other Non-Monetary Benefits[5]	Superannuation[6] $	Reported Remuneration[7] $	Other Long-Term Benefits[8] $	Termination Benefits[9] $	Total $
-	-	25,415	384,279	6,546	-	390,825
-	-	25,838	283,497	7,086	-	290,583
-	-	21,796	239,147	6,451	-	245,598
-	-	27,625	307,466	18,380	-	325,846
-	-	8,422	98,437	(26,871)	6,257	77,823
-	-	9,515	122,729	6,209	-	128,938
-	**-**	**118,611**	**1,435,555**	**17,801**	**6,257**	**1,459,613**

[5] Other Non-Monetary Benefits includes any direct benefit received by the individual for which no direct payment was made to the person, e.g., car parking, health insurance. The Non-Monetary Benefit disclosed represents the Fringe Benefits Tax Payable on Relocation Housing Allowances paid during the FBT year to 31st March 2023.

[6] Superannuation means the contribution 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.

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

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

D4 Key management personnel compensation (continued)

Remuneration Principles

Non-Executive Directors

Non-executive directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be reappointed. The level of fees paid to the non-executive directors is administered by the Department of Premier and Cabinet, as is additional fees paid in respect of their work on Board committees.

Executive remuneration

Remuneration levels for key management personnel are set in accordance with the Director and Executive Remuneration Guidelines, dated June 2021. Under these Guidelines, remuneration bands for Chief Executive Officers (CEO) are determined by the Treasurer and reflect the principles outlined in the Guidelines broadly and align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary band.

The CEO is appointed by the Board. The Board consults with the Treasurer when determining the CEO's remuneration package.

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

The performance of each senior executive, including the CEO, is reviewed annually which includes a review of their remuneration package. The terms of employment of each senior executive, including the CEO, contain a termination clause that requires the senior executives or the Board to provide a minimum notice period of up to 3 months for senior executives and 6 months for the CEO prior to the termination of the contract. Whilst not automatic, contracts can be extended.

Short term incentive payments

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

Section E: Risk and fair value

E1 Financial instruments

Accounting Policy

Derivative Financial Instruments

The company enters into various financial instruments in the form of electricity swaps in order to manage financial exposures faced by the company from its operations. In accordance with its Treasury and Energy Risk Policies, the company does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss on the statement of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss on the statement of comprehensive income depends on the nature of the hedge relationship. On the date the contract is entered, each contract is recorded in Aurora Energy's hedge accounting system where the relevant effectiveness tests and documentation is created at inception and all further designation and valuation data is recorded. The fair value of a hedging instrument is presented as current or non-current based on the timing of the contractual cash flows, with cash flows expected to be realised or settled after 12 months classified as non-current and cash flows expected to be realised or settled within 12 months classified as current. Other derivatives are presented as current assets or current liabilities.

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

Hedging

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

Fair value hedges

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or losses relating to ineffective portions are recognised immediately in profit or loss on the statement of comprehensive income. Amounts deferred in equity are recycled in profit or loss on the statement of comprehensive income in the periods when the hedged item is recognised in profit or loss on the statement of comprehensive income. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

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

E1 Financial instruments (continued)

E1(a) Capital risk management

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

The Treasurer provided explicit support to the Tasmanian Public Finance Corporation for the Company's borrowings as part of the Government's response to the COVID-19 pandemic. This support is limited to a maximum borrowing limit of $495 million (2022 $425M).

As at 30 June 2023 this guarantee remains in place.

Aurora Energy holds no debt as at 30 June 2023.

E1(b) Categories of financial instruments

	2023 $'000 Carrying amount	2022 $'000 Carrying amount
Financial assets		
Amortised cost		
- Cash and cash equivalents	18,528	30,838
- Trade and other receivables	69,900	64,800
- Market traded receivables	-	165,351
Financial liabilities		
Amortised cost		
- Trade and other payables	76,179	273,065
- Market traded payables	15,970	-
Derivative instruments		
Fair value through other comprehensive income		
- Electricity swaps – note E1(f)	(20,111)	222,445

E1(c) Financial risk management

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

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

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

E1 Financial instruments (continued)

E1(d) Credit risk management

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

Credit risk associated with receivables is described in note C1.

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

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

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

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

E1(e) Liquidity risk management

Current liabilities exceed current assets as at 30th June 2023 with the main driver of this position being the change in the value of electricity derivatives as at 30 June 2023.

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

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

E1 Financial instruments (continued)

(E1e) Liquidity risk management (continued)

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

2023	Weighted average effective interest rate %	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000
Financial assets					
Cash and short term deposits	3.68	18,528	-	-	-
Trade and other receivables	-	69,900	-	-	-
Electricity derivatives	-	46,003	37,313	6,337	-
		134,431	37,313	6,337	-
Financial liabilities					
Trade and other payables	-	76,179	-	-	-
Electricity derivatives	-	93,712	15,200	153	-
Market traded payables	-	15,970	-	-	
		185,861	15,200	153	-

2022	Weighted average effective interest rate %	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000
Financial assets					
Cash and short term deposits	0.45	30,838	-	-	-
Trade and other receivables	-	64,800	-	-	-
Market traded receivables	-	165,351	-	-	-
Electricity derivatives	-	247,321	64,333	25,657	-
		508,310	64,333	25,657	-
Financial liabilities					
Trade and other payables	-	273,065	-	-	-
Electricity derivatives	-	73,571	27,066	10,217	-
		346,636	27,066	10,217	-

E1 Financial instruments (continued)

E1(f) Market risk management

Price risk management

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

The key elements of the company's strategy include:

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

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

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

2023	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
Assets					
Derivatives designated hedge in a cash flow relationship	28,885	24,421	5,767	-	59,073
Derivatives designated in a fair value hedge relationship	16,083	10,872	-	-	26,955
	44,968	35,293	5,767	-	86,028
Liabilities					
Derivatives designated hedge in a cash flow relationship	(75,467)	(3,592)	(137)	-	(79,196)
Derivatives designated in a fair value hedge relationship	(16,079)	(10,864)	-	-	26,943
	(91,546)	(14,456)	(137)	-	(106,139)
Total asset/(liability)	(46,578)	20,837	5,630	-	(20,111)

2022	1 year or less $'000	1 to 2 years $'000	2 to 5 years $'000	Over 5 years $'000	Total $'000
Assets					
Derivatives designated hedge in a cash flow relationship	197,396	39,617	14,871	-	251,884
Derivatives designated in a fair value hedge relationship	48,036	21,874	8,561	-	78,471
	245,432	61,491	23,432	-	330,355
Liabilities					
Derivatives designated hedge in a cash flow relationship	(24,692)	(3,951)	(857)	-	(29,500)
Derivatives designated in a fair value hedge relationship	(48,044)	(21,819)	(8,547)	-	(78,411)
	(72,736)	(25,770)	(9,404)	-	(107,910)
Total asset/(liability)	172,697	35,720	14,028	-	222,445

E1 Financial instruments (continued)

(E1f) Market risk management (continued)

Price sensitivity

The following table summarises the impact of increases/decreases of the relevant forward prices for electricity on the company's post tax profit for the year and on other components of equity. The sensitivity analysis is calculated based on a calculation of the region's volatility of price as observed over the past year to provide an indicator of likely potential variation to profit and equity of the company. A twenty dollar per megawatt hour rate variation (2022: $20), up and down, has been used in the analysis for 30 June 2023. Actual results may differ dependent on future market conditions. All variables other than the relevant primary risk variable identified are held constant in the analysis.

	Impact on post tax profit of the Company	Post tax impact on equity of the Company
	+/(-) ($'000)	+/(-) ($'000)
2023		
Electricity forward price	4 / (4)	59,372 / (59,378)
2022		
Electricity forward price	22/(22)	61,572/(61,460)

Profit for the year would increase/(decrease) as a result of electricity derivatives which do not qualify for cash flow hedge accounting (ineffective) under AASB 9 or differences in the discount rates applied in valuing fair value hedges and their underlying hedged asset or liability that is attributable to the hedged risk. There were no ineffective cash flow hedges as at 30 June 2023. Equity would increase/(decrease) as a result of electricity derivatives which do qualify for cash flow hedge accounting under AASB 9 and any profit or losses arising from fair value hedges or ineffective cash flow hedges.

E1(g) Fair value of financial instruments

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

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

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

Electricity Derivative Contracts

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

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

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

E1 Financial instruments (continued)

(E1g) Fair value of financial instruments (continued)

30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivative instruments				
- Electricity swaps – note E1(f)	-	(20,111)	-	(20,111)

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

30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivative instruments				
- Electricity swaps – note E1(f)	-	222,445	-	222,445

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

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

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

E1(h) Impact of hedging on the statement of financial position and statement of comprehensive income

Fair value hedges

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

30 June 2023	Nominal MWh	Carrying amount $'000	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period $'000
Electricity price swaps	54	16,083	Current financial assets	(51,515)
		10,872	Non-current financial assets	-
	54	26,955		(51,515)

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

30 June 2023	Carrying amount $'000	Accumulated fair value adjustments $'000	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period $'000
Customer sales contracts	(16,078)	(16,078)	Other current liabilities.	51,466
	(10,867)	(10,867)	Other non-current liabilities	-
	(26,945)	(26,945)		51,466

E1 Financial instruments (continued)

(E1h) Impact of hedging on the statement of financial position and statement of comprehensive income (continued)

The ineffectiveness recognised in the statement of comprehensive income was $0.049M in the line electricity derivative fair value movements.

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

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

30 June 2022	Nominal MWh	Carrying amount $'000	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period $'000
Electricity price swaps	54	48,036	Current financial assets	67,560
		30,435	Non-current financial assets	-
Closing balance		78,471		67,560

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

30 June 2022	Carrying amount $'000	Accumulated fair value adjustments $'000	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the period $'000
Customer sales contracts	(48,044)	(48,044)	Other current liabilities.	(67,499)
	(30,367)	(30,367)	Other non-current liabilities	-
	(78,411)	(78,411)		(67,499)

The ineffectiveness recognised in the statement of comprehensive income was $0.061M in the line electricity derivative fair value movements.

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

Cash flow hedges

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

30 June 2023	Total hedging gain/(loss) recognised in OCI $'000	Ineffective-ness recognised in P&L $'000	Line item in P&L	Amount reclassified from OCI to P&L $'000	Line item in P&L
Electricity price swaps	(68,757)	-	Electricity derivative fair value movements	(173,750)	Energy and network purchases
30 June 2022					
Electricity price swaps	202,351	-	Electricity derivative fair value movements	8,649	Energy and network purchases

E1 Financial instruments (continued)

(E1h) Impact of hedging on the statement of financial position and statement of comprehensive income (continued)

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

	30 June 2023		30 June 2022	
	Change in fair value used for measuring ineffectiveness for the period	Cash flow hedge reserve	Change in fair value used for measuring ineffectiveness for the period	Cash flow hedge reserve
	$'000	$'000	$'000	$'000
Electricity price swaps	(68,757)	(14,086)	202,351	155,669

E2 Fair value measurement

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2023:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
Assets measured at fair value		$'000	$'000	$'000	$'000
Derivative financial assets					
Electricity derivatives	30 June 23	86,028	-	86,028	-
There have been no transfers between Level 1, 2 and 3 in the period					
Liabilities measured at fair value					
Derivative financial liabilities					
Electricity derivatives	30 June 23	79,194	-	79,194	-
Fair value adjustment to hedged items in fair value hedges	30 June 23	26,945	-	26,945	-
There have been no transfers between Level 1, 2 and 3 in the period					

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 30 June 2022:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
Assets measured at fair value		$'000	$'000	$'000	$'000
Derivative financial assets					
Electricity derivatives	30 June 22	330,355		330,355	-
There have been no transfers between Level 1, 2 and 3 in the period					
Liabilities measured at fair value					
Derivative financial liabilities					
Electricity derivatives	30 June 22	29,499		29,499	-
Fair value adjustment to hedged items in fair value hedges	30 June 22	78,411		78,411	-
There have been no transfers between Level 1, 2 and 3 in the period					

E3 Critical accounting estimates and judgements

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

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

(i) Assessment of impairment of non-financial assets

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

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

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

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

A four year Corporate Plan for Aurora Energy has been approved by the Board. The plan reflects up-to-date information, and the projections represent management's best estimate of future financial performance. Based on the future projections of Aurora Energy, the Board has determined that no indicators of impairment exist and, accordingly, no formal estimate of the recoverable amount has been performed.

(ii) Fair value of financial instruments

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

(iii) Unbilled revenue

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

(iv) Unbilled use of system expense

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

(v) Recovery of deferred tax asset

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

(vi) Provision for an onerous contact

Aurora Energy has a contract for the purchase of energy related products that was considered onerous at 30 June 2019 due to a reduction in forward market prices. A provision was raised for the difference between the contract purchase cost and the expected economic value of the purchases to Aurora Energy. The provision has been revised at 30 June 2023 using the weighted average of probable future market prices and the remaining purchases contracted, discounted to present value using Aurora Energy's internal pre-tax cost of capital. The increase in the weighted average of the probable future market prices and the remaining purchases contracted has resulted in a decrease in the provision as at 30 June 2023.

E3 Critical accounting estimates and judgements (continued)

(vii) Customer care and billing system

The estimated useful life of Aurora Energy's customer care and billing system was 12 years, ending 30 June 2022. Aurora Energy is currently in the process of migrating its customer base to a new replacement billing system, which is expected to be completed by early 2024. Aurora Energy's customer care and billing system will be utilised until this time; however no change has been made to its useful life for accounting purposes.

(viii) Expected Credit Loss of Trade Receivables

The expected credit losses reflect potential loss from the non-payment of trade receivables. The key sources of estimation uncertainty in the expected credit loss calculation are the extent to which the effects of interest rate rises and cost of living increases impact the 2023-24 financial year. The provision rates for the allowance for expected credit losses reflect the experience of credit losses in the months leading up to 30 June 2023.

Section F: Other information

F1 Share capital

Accounting Policy

Ordinary shares are classified as equity.

	2023 $'000	2022 $'000
Issued and paid-up capital		
112,700,004 ordinary shares, fully paid	50,212	50,212

	2023	2022
Authorised shares, shares have no par value	500,000,000	500,000,000
Movements in ordinary share capital		
Balance at beginning of year	112,700,004	112,700,004
Movements	-	-
Balance at end of year	112,700,004	112,700,004

F2 Retained earnings

	2023 $'000	2022 $'000
Balance at beginning of year	(5,892)	4,039
Net profit attributable to members of the entity	8,205	3,032
Dividend provided/paid (note B4)	-	(13,147)
Actuarial gain on RBF defined benefit plan net of tax (note D(i))	9	184
Balance at end of year	2,322	(5,892)

F3 Reserves

		2023	2022
F3(a)	**Reserves comprise**		
	Cash flow hedge reserve	(14,086)	155,669
		(14,086)	155,669
F3(b)	**Movements in reserves**		
	Cash flow hedge reserve		
	Balance at beginning of year	155,669	7,969
	Gain recognised		
	Electricity price swaps	(68,757)	202,351
	Transferred to profit		
	Electricity price swaps	(173,750)	8,649
	Deferred tax arising on hedges	72,752	(63,300)
	Balance at end of year	(14,086)	155,669

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

F4 Related party disclosures

F4(a) Equity interests in related parties

Equity interests in subsidiaries

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

F4(b) Key management personnel compensation

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

F4 Related party disclosures (continued)

F4(c) Transactions with key management personnel

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

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

F4(d) Controlling entity

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

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

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

The company supplied electrical services to TasNetworks and Hydro Tasmania.

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

F5 Auditors' remuneration

	2023 $	2022 $
Amounts received, due and receivable, by the Auditor-General from the company for:		
Auditing the accounts of the company	124,650	120,200
Auditing Financial Services Licence	6,430	6,180
	131,080	126,380

F6 Contingent liabilities

Aurora Energy is presently involved in one confidential legal matter which is being conducted through Aurora's internal legal team.

The financial outcome can be reliably estimated at $0.3M, however, as the matter is yet to be finalised no allowance for this contingency has been made in the financial report.

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

F7 Other accounting policies

F7(a) Goods and services tax

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

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

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

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

F7(b) Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. As per AASB136 *Impairment of Assets*, the company undertakes impairment tests of any intangible assets with an indefinite useful life and those not yet available for use (i.e., Work in Progress).

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

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

F8 Subsequent events

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

Tasmanian Audit Office

Independent Auditor's Report

To the Members of Aurora Energy Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Aurora Energy Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2023 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

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

(a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 10 August 2023 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this auditor's report.

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

Key Audit Matters

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

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Financial instruments valuation and hedge accounting ***Refer to notes B1(d), C3, C7, C11, E1, E2 and E3(ii)***	
The Company enters into electricity swaps in order to manage financial exposures faced in purchasing electricity. At inception, each contract is recorded in the hedge accounting system where the relevant effectiveness tests and documentation is created. Further designation and valuation data is also recorded. These financial instruments are recorded at fair value, some of which use complex valuation models. As at 30 June 2023, derivative financial assets totalled \$86.03 million, derivative financial liabilities totalled \$106.14 million. The models involved significant judgements for the key inputs used to calculate the fair value of derivative financial instruments, which included future electricity prices, discount rates, credit risk factors and option volatility. Valuation and accounting for these financial instruments is complex.	• Engaging a derivative valuation expert to evaluate the valuation of derivative instruments, assess the reasonableness of hedge effectiveness testing and evaluate sensitivity analysis and disclosure requirements for compliance with relevant Australian Accounting Standards. • Evaluating the adequacy of the derivative valuation expert's work to ensure the: - assumptions and methods used are relevant and reasonable - source data used is relevant, complete and accurate. - conclusions are consistent with other audit evidence.

<table>
<tr><th>Why this matter is considered to be one of the most significant matters in the audit</th><th>Audit procedures to address the matter included</th></tr>
<tr><td colspan="2">Unbilled energy sales
Refer to notes B1, C1 and E3(iii)</td></tr>
<tr><td>The Company’s electricity sales included an estimate of unbilled energy supplied to customers between the date of the last meter reading and the year end. At 30 June 2023, unbilled energy sales were estimated at $82.95 million.

Determining the volume of unbilled energy involves significant management judgement to estimate consumption between the last electricity bill and the end of the reporting period to calculate the unbilled energy sales.</td><td>• Evaluating of the methodology for estimating unbilled energy sales.
• Reviewing of management’s assumptions and estimates to assess that they are appropriate, adequately supported, and based on accurate and relevant data.
• Testing the unbilled revenue calculation by:
- comparing inputs used in the calculation to supporting data such as historical energy loan purchased
- reviewing the comparison of tariffs applied to customer consumption with historical data
- evaluating the trend analysis of the accrual by comparing the unbilled energy amount to final billing data
- evaluating the historical trend analysis of unbilled energy at year end as a percentage of annual sales
- testing the mathematical accuracy of elements of the unbilled revenue accrual.
• Evaluating the adequacy of the related disclosures in the financial report.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company’s Directors’ Report for the year ended 30 June 2023, but does not include the financial report and my auditor’s report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Rod Whitehead
Auditor-General
Tasmanian Audit Office

14 August 2023
Hobart

Together, good things can happen.