



Corporate Plan

Financial Years 2021 to 2025

Contents

Message from our Chairman and CEO	5
About our Plan	9
Our purpose.....	10
Our Long Term Strategic Plan	12
Our strategy	12
Our progress.....	16
Our key challenges and opportunities	20
Customer and Community	25
Commercial and Economic	27
Water and Environment	31
People and Culture	33
Measuring our success	34
Our organisational risks.....	36

Financial forecasts

Financial forecasts	38
Income statement	40
Cash flow statement.....	41
Balance sheet	42
Owner distributions	43
Capital expenditure.....	44

Appendices

Appendix 1	
Key strategic risks	48
Appendix 2	
FY2021-25 top 25 capital projects	51
Appendix 3	
FY2021-25 top 10 capital programs	53



TasWater proudly acknowledges the traditional and original owners of this land lutruwita, the Tasmanian Aboriginal people, pays respect to those who have passed before us and acknowledges today's Tasmanian Aboriginal people who are the custodians of this land.

Message from our Chairman and CEO



Dr Stephen Gumley AO
Chairman



Michael Brewster
Chief Executive Officer

Our vision is to be “a trusted and respected provider of essential services that is making a positive difference to Tasmania” and we are working hard to achieve this by 2023.

Our vision is the foundation for our Corporate Plan for FY2021–25 (our Plan). It guides our strategy for the delivery of safe, reliable and environmentally responsible water and sewerage services that support the health, wellbeing and lifestyle of all Tasmanians.

The coronavirus (COVID-19) outbreak has had, and will continue to have, a significant impact on the community. We have introduced a range of measures to support our customers through COVID-19, such as the small business rebate – a 100 per cent rebate for eligible small businesses¹ on regular TasWater quarterly bills issued between 1 April and 30 June 2020 – and the expansion of our Customer Support Program.

We have also committed to freezing our prices for 12 months from 1 July 2020 and will continue with our capital works program to maintain momentum and support our local community.

Understandably, the financial impact of our COVID-19 support measures will affect the pace at which we are able to deliver on some of our goals. We have implemented a range of strategic and operational reviews to determine the way forward and we are

confident that our recalibrated plans will deliver positive outcomes for our customers.

To respond to the higher level of uncertainty associated with COVID-19, we will regularly monitor the ongoing impacts throughout the year and adjust our strategic and operational plans as appropriate.

Despite the challenges presented by COVID-19, we have celebrated several significant achievements in the past 12 months that have improved services for customers, reduced our environmental impact and provided economic benefit for the state.

The new Burnie–Somerset pipeline has negated the need to upgrade the East Cam water treatment plant, the Kingborough Sewerage Strategy has improved the quality of treated effluent released into the River Derwent, and the Ti Tree Bend biosolids treatment upgrade has minimised odours for our neighbours. In addition, the King Island drinking water upgrade is providing safe, reliable and good tasting drinking water that is essential to the island community’s planned economic growth.

These projects are examples of our ongoing commitment to deliver to our customers and the Tasmanian community what they have told us is important to them.

¹ Eligible small businesses include those on electricity tariff 22, 94, 82 or 75

The projects demonstrate that we are keeping our promises while making a positive difference to Tasmania.

We have once again enjoyed the full support of our 29 Tasmanian councils and Tasmanian Government owners this year. Working with our Owners' Representatives Group and other stakeholder bodies gives us many insights into how to best serve the needs of our customers and the Tasmanian community.

As we move into the new financial year, our focus remains on our customers. Our customer promises are at the centre of our Plan, and our strategies align our activities with the customer outcomes we have set out to achieve.

Our Customer Experience and Community, Stakeholder and Customer Relations strategies provide a framework for keeping our customers and community informed. Equipped with a better understanding of customer needs and expectations, we are working towards making their every interaction with us a positive one.

As the global focus on climate change intensifies, we continue to pursue improved water management practices. We work closely with the Environment Protection Authority, the Department of Health, the Department of Primary Industries, Parks, Water and Environment and the Office of the Tasmanian Economic Regulator to deliver on our compliance obligations while reviewing priorities and responding to emerging needs.

Our Drinking Water and Sewerage strategies highlight an ongoing commitment to further improve public health and environmental outcomes. These improvements rely upon further investments in system quality and risk management plans, instrumentation upgrades, new sensors, improved management systems and embracing data analytics.

To manage our COVID-19 business recovery plan and the financial support measures provided to our customers, we have had to consider our reduced capacity to fund our list of strategic initiatives. We have focused on investments that will provide improved health and safety outcomes, support our digital transformation and assist the business' recovery from COVID-19, including the adoption of new ways of working for the future.

Our infrastructure can last for 100 years or more and, as we integrate the old with the new, our Asset Management and Productivity strategies ensure investment decisions are prudent, efficient and deliver value for money.

On 1 July 2019 our TasWater Capital Delivery Office (TasWater CDO) became operational and it is poised to lead our next five years of capital investment. Transitioning to the TasWater CDO operating model has created some initial challenges that we continue to review and address to ensure the community receives value for money from this important initiative.

The TasWater CDO provides the additional personnel, processes, systems and tools needed to increase our project planning and management capacity and achieve our ambitious program on schedule. Our increased capacity to implement complex construction projects extends to the priority engagement of local contractors and suppliers.

Over the five years of our Plan, we intend to invest \$1.04 billion in capital upgrades. This does not include externally funded major projects such as the relocation of the Macquarie Point sewage treatment plant and improvements to the Launceston combined sewage and stormwater system. In addition, a significant number of unfunded possible asset transfers and service introduction requests will need to be considered.

A new policy position has been developed in anticipation of the end of the current moratorium on asset transfers (to occur in October 2020). This new policy considers the funding source of both the capital and operational expenses of each project, and the needs and desires of the community. All asset transfer and service introduction proposals will be subject to a prioritisation assessment to evaluate their position in our overall capital works and asset renewal programs.

We continue to invest in our people by building capability and empowering our workforce to deliver a more personalised customer experience. To support

our People Strategy we have initiated programs to complement our technical skills and evolving technology with improvements in our soft skills. This will help us adapt to the changing needs of our customers.

Our Health and Safety Strategy is focused on the health and wellbeing of our people and the need for safe workplaces. We have joined the growing list of water industry leaders and organisations across Australia and New Zealand, including the Water Services Association of Australia, to pledge our commitment to a positive change in health and safety performance and action a holistic approach that supports mental health.

The full impact of COVID-19 on our business and on our customers remains difficult to determine. We have been closely monitoring the trajectory of the virus globally, nationally and on a state level. We have also assessed the potential impact of economic stimulus packages announced by the Australian and state governments and have reflected on their published roadmap to recovery.

From a financial perspective, we expect our FY2020–21 results, like many businesses, to be heavily impacted by COVID-19. The lower revenue associated with our commitment to freeze prices for 12 months, combined with an expected reduction in developer revenue and an increase in bad debt costs, have resulted in a forecast loss in FY2020–21 of \$8.7 million. As we emerge from the impacts of COVID-19, we expect our financial results to improve. We have budgeted for a net profit

of \$36.9 million in FY2021–22, which is forecast to grow to \$57.6 million by FY2024–25, being the final year of our Plan. We note that the level of forecast risk is significantly higher than normal given the uncertainties created by COVID-19.

In preparing the FY2020–21 budget we sought to balance the needs of all key stakeholders and exercise sound financial management practices. Unfortunately, this has led to the suspension of dividend payments to our owner councils. While this has been necessary given the ongoing financial uncertainty associated with COVID-19, we are committed to reinstating dividend payments as soon as possible. We will be regularly reviewing our financial performance and the underlying economic climate throughout the year in order to make informed decisions with respect to dividends.

Our Plan demonstrates our dedication to our vision, our commitment to our customers, and the depth of capability that exists within our people. It will deliver water and sewerage services for Tasmania that support the growth and prosperity of our state for today, tomorrow and generations to come.



Dr Stephen Gumley AO
Chairman



Michael Brewster
Chief Executive Officer



Our Plan demonstrates our dedication to our vision, our commitment to our customers, and the depth of capability that exists within our people.

About our Plan

What is the purpose of our Plan?

Our Plan describes our purpose, activities, strategies, performance measures and capability requirements, and will lead our business activities towards achieving our vision.

Our vision is “to be a trusted and respected provider of essential services that is making a positive difference to Tasmania”.

What does it contain?

Our Plan outlines:

- An overview of our business
- An overview of our key challenges and opportunities
- Our strategic direction as identified by our strategic priorities and primary strategies
- Our key performance measures and targets
- An overview of our operating and capital works program forecasts that demonstrate the sustainability of our Plan
- An overview of the key strategic risks that we will need to manage to ensure that we are able to deliver on our strategy.

How was it developed?

Our Plan incorporates analyses of our internal and external environment, reviews of current performance, and responses to community, stakeholder and owner feedback.

It aligns with our Long Term Strategic Plan and outlines priorities and focus areas for the FY2021–25 period which underpin a program of work that follows strategic priorities agreed with key industry regulators, shareholders and customers.

What has changed?

COVID-19 has significantly disrupted the usual way we live and work and has forced a global focus on the recovery from this unprecedented social and economic shutdown.

Our Plan reflects updated initiatives focused on achieving our vision. While our strategic direction does not differ from that contained in our previous corporate plan, we have re-evaluated our strategies and initiatives to prioritise our COVID-19 response.

We have introduced a range of financial support initiatives to assist our customers through COVID-19, such as bill rebates for our small business customers, an expansion of our Customer Support Program and freezing prices at FY2019–20 levels for FY2020–21. To

minimise the financial impact of decreased revenue and increased bad debt provisioning, we have reduced our discretionary spend by \$4.6 million in FY2020–21.

Our strategies and strategic initiatives have also been reviewed and adjusted where necessary. This has resulted in further cost reductions of approximately \$5.5 million when compared with our preliminary FY2020–21 budget.

To reflect the lower level of funding, several adjustments have been made to the key performance indicator targets shown in our Plan. In most cases the expected outcomes are forecast to recover to close to the original target over the course of our Plan. The actual outcomes will depend on the level of investment available once we recover from COVID-19.



Our purpose

TasWater is an incorporated company providing water and sewerage services to homes and businesses across Tasmania. We source, treat and deliver reliable, quality water to our customers. We collect, transport and treat sewage and safely return it to the environment. We were established under the *Water and Sewerage Corporation Act 2012* and the *Corporations Act 2001*, and commenced operations on 1 July 2013.

Providing water and sewerage services to homes and businesses across Tasmania.

We operate under a range of legislative and regulatory instruments, including:

- *Water and Sewerage Corporation Act 2012*
- *Corporations Act 2001*
- *Water and Sewerage Industry Act 2008*
- *Environmental Management and Pollution Control Act 1994*
- *Public Health Act 1997*
- *Land Use Planning and Approvals Act 1993*
- *Water Management Act 1999*
- TasWater's Constitution
- TasWater's Shareholders' Letter of Expectations.

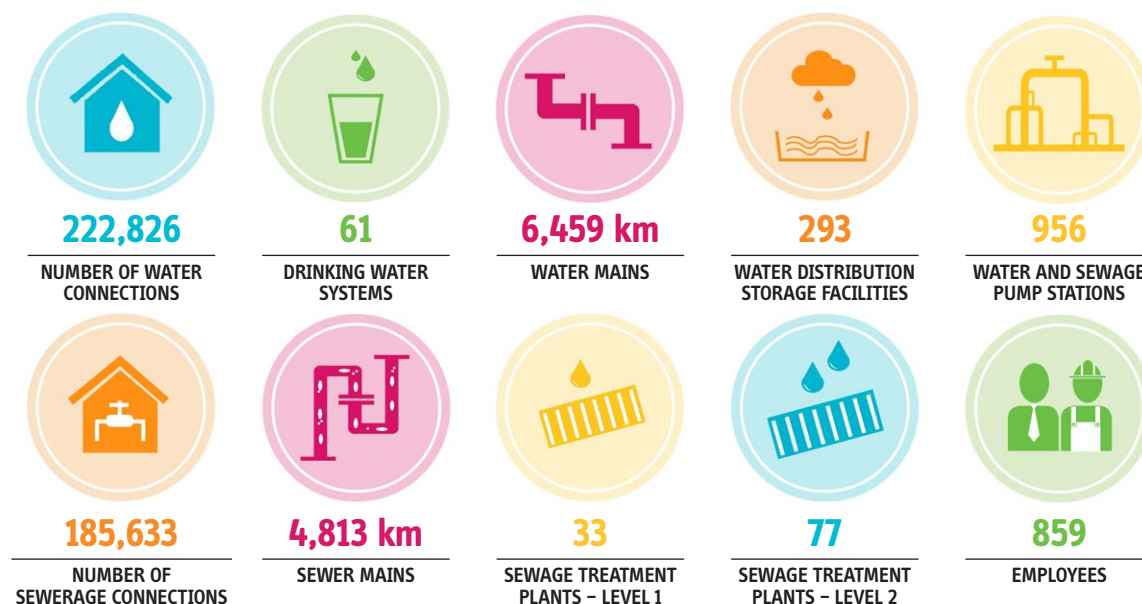
Our key regulators are:

- The Tasmanian Economic Regulator
- The Environment Protection Authority
- The Department of Health
- The Department of Primary Industries, Parks, Water and Environment.

The 29 Tasmanian councils and the Tasmanian Government are the shareholders of TasWater.

TasWater responsibilities

Figure 1. TasWater responsibilities



Information as of July 2020

Key facts as at 30 June 2020

- Provided water and sewerage services to more than 431,515 customers²
- Delivered 65,643 megalitres of drinking water
- Treated 51,918 megalitres of sewage
- Supplied 6,199 megalitres of recycled water

² 187,583 connections x 2.3 residents per connection (census 2017). Remaining connections are businesses and are excluded from population calculation.

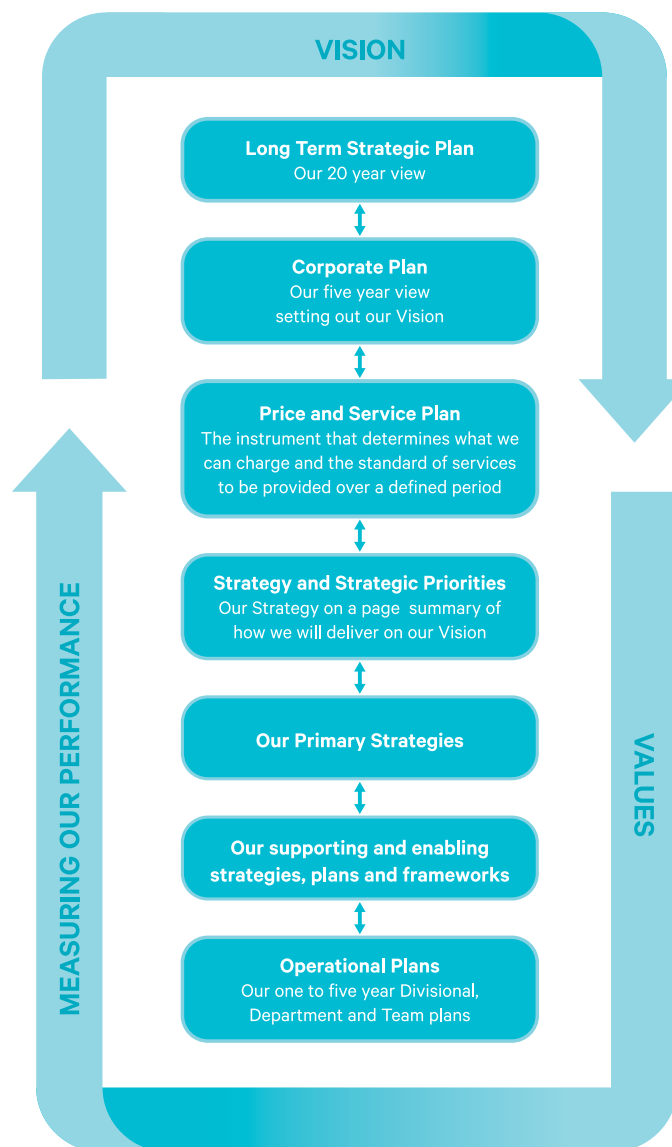
Our Long Term Strategic Plan

The inaugural TasWater Long Term Strategic Plan (our LTSP) was developed in 2017. Our LTSP identifies customer outcomes to be delivered over a 20-year period and the resulting balance between prices, service standards and the time to reach full compliance. It is based on customer and regulator feedback and integrates with long term financial plans that provide the financial constraints for our LTSP.

Our LTSP provides direction to the whole business. It outlines goals, customer preferences – for improving compliance, drinking water quality, environment and dam safety – and stakeholder support. It will be delivered as an integrated set of strategies, plans and frameworks, as outlined in Figure 2.

We are three years into the 10-year \$1.7 billion³ capital expenditure program to address the state's water and sewerage compliance challenges. Our LTSP has been fully modelled and provides a sustainable approach to improving infrastructure and balancing the needs of current and future generations.

3 This has increased from the \$1.55 billion previously noted under the Memorandum of Understanding entered into with the Tasmanian Government in May 2018, which also noted our commitment to use best endeavours to target \$1.8 billion of total infrastructure investment.



We intend to refresh our LTSP during FY2020–21. The primary aim of the refresh is to ensure our LTSP reflects developments since its inception in 2017, is more holistic in nature, and reflects our long term vision and our financial plan. While some change is envisaged, the primary objectives set out in our LTSP are expected to remain largely unchanged.

Our strategy

TasWater is operating in a time of significant change. This creates opportunities and challenges across four key strategic theme areas: Customer and Community, Commercial and Economic, Water and Environment, and People and Culture.

The strategy inherent in these themes provides the foundation for our Plan and will help us achieve our vision. It has been developed through careful consideration of the key outcomes our customers, regulators and owners expect from us.

Figure 2. Hierarchy of planning documents

Our vision • To be a trusted and respected provider of essential services that is making a positive difference to Tasmania



Figure 3. Our strategy

Our customer promises and outcomes

Our promises

Our customer promises set out what we understand our customers expect from us and outline the standards we have set ourselves in key areas of service that we know are important. These promises are the foundation upon which we will build trust and respect with our customers.

What you expect

The outcomes we are working to achieve have been developed through feedback from customer and community forums. They represent the level of service our customers expect from us and state what we aim to achieve.

Our priorities and primary strategies

Within the four strategic themes outlined in Figure 3 we have identified eight priorities and eight primary strategies to guide delivery of what matters to our customers in the most effective and affordable way. Together, these provide a roadmap for delivering safe, reliable and environmentally responsible water and sewerage services.

Our enabling strategies

We have refined and consolidated the six enabling strategies from our previous corporate plan. The eight primary strategies are now supported by four enabling strategies that underpin our customer promises and what our customers expect from us. They cover knowledge management, risk management, financial sustainability, and technology and innovation.

Our new Technology and Innovation Strategy is underpinned by our Information and Communication Technology, Operational Information Systems and Innovation strategies, and will provide the foundation for the digital transformation of our business.

We continue to maintain our governance framework to ensure we have a well-articulated strategy and direction, clearly defined management structures, robust management standards, internal and external accountability measures and sound risk management practices.

Our shared values

Our shared values set the expectation for how we work together to deliver our strategy and what customers expect of us.

Our values, as developed by our employees, reflect how we aim to operate in providing services to our customers, community and stakeholders.



Honest and straight forward

We uphold the values and behaviours of TasWater in every action and decision.



Getting it right

We will develop responsible solutions and strive for continuous improvement.



Long term thinking

We will deliver outcomes that are in the best interest of the Tasmanian community.



Working together

We will work together as one TasWater to meet the expectations of our customers.



Taking ownership

We will take personal responsibility for meeting commitments.

Our progress

In the past year we have progressed key initiatives designed to help us meet the customer promises set out in our strategy. Some of these initiatives are outlined below.

Our role in the community

To build community confidence, we strive to be recognised as a capable, reliable and accountable utility supporting the wellbeing and health of all Tasmanians.

Our research indicates that to improve trust we need to continue to demonstrate higher levels of customer care and community interest. To address this, and the impact of COVID-19 on our community, stakeholders and customers, it is vitally important that we continue to progress our meaningful engagement and focus on what matters to communities, provide employment for Tasmanians, and raise the visibility and effectiveness of our Customer Support Program.

We want our customers to know and understand what we do – to trust and respect us as a provider of essential services that is making a positive difference to Tasmania.

We will also continue to raise awareness of our collaborations with councils, the Tasmanian Government, industry groups, and organisations that support the state's 'clean green' brand and the economic growth opportunities underpinned by our services.

Price and Service Plan 4

Due to the economic and financial impacts of COVID-19, the Premier of Tasmania has granted an extension to our current Price and Service Plan 3 (PSP3) for an additional year. PSP3 will now conclude on 30 June 2022, with Price and Service Plan 4 (PSP4) to cover the period 1 July 2022 through to 30 June 2026. Our PSP4 submission is now due to be submitted to the Tasmanian Economic Regulator (TER) on 30 June 2021.

Our proposed PSP4 was significantly advanced at the time of the deferral and will now be refined during FY2020-21 to reflect our changed financial and economic circumstances.

We will build upon the customer feedback received in FY2019-20 to deliver a PSP4 that reflects customer priorities, particularly in relation to levels of service, performance measurement and our sewerage charging approach.

Following submission of our proposed PSP4, we will focus on supporting the TER's subsequent regulatory investigation process and responding to the TER's draft position. We will then update and finalise the PSP4 for commencement on 1 July 2022.

Service Delivery

Continuing our focus on the efficient delivery of services for our customers, we have removed non-value-adding tasks, further embedded our Management Operating System⁴ and expanded the Active Management

Behaviours Program.⁵ These changes have allowed our 24/7/365 Operations Control Centre (OCC) to further improve dispatch and scheduling of work and realise benefits across Tasmania.

A pilot program initiated to increase the quality of interactions with our customers has centralised dedicated fault and emergency officers within the OCC. These subject matter experts operate from the point at which a fault is reported through to dispatch. This means we can respond with increased speed, accuracy and efficiency, including response to regulated faults such as sewer overflows and blockages.

Water and sewer optimisation

The primary aims of our optimisation programs are to improve water and sewer system compliance, increase visibility of plant processes, and develop improvement plans for upgrade or optimisation.

Improvements to infrastructure and procedures have successfully reduced the risk rating of some systems, while performance has been enhanced at several of our treatment plants. Specific examples of optimisation benefits include:

- Improved understanding of quality risk at water and sewage treatment plants and networks
- Significant reduction in the number of critical control point breaches at water treatment plants
- Implementation of a holistic approach towards the improvement of water quality in terms of taste, colour and odour

⁴ The Management Operating System (MOS) is a productivity improvement project that was first piloted in 2017 to review and improve our processes for forecasting, planning, scheduling and reporting.

⁵ The Active Management Behaviours Program was established to complement the MOS by providing clear plans, targets and strategic alignment to drive our performance.

- Improved treatment unit processes through detailed assessments and implementation of capital and operational improvements
- Improved visibility of treatment performance for water and sewage treatment plants and water quality in networks.

The optimisation teams also assessed operational and procedural changes implemented in response to COVID-19 to determine if these can be adapted for long term benefit.

TasWater Capital Delivery Office

The TasWater Capital Delivery Office (TasWater CDO), through an alliance partnership model, was seen as the most effective way to augment our capacity and capability to achieve the outcomes of our capital works program and make a positive difference to our customers and for Tasmania. The alliance has provided access to capacity (skills, scale and resources) that were otherwise not available to us.

Following a competitive tender process, the TasWater CDO was established to deliver a program management alliance model with our partners UGL and CPB and their sub-alliance partner WSP. Extensive engagement across the business has enabled the integration of the TasWater CDO into the TasWater business. Continued engagement with consultants and contractors will build confidence in the TasWater CDO across market participants servicing our industry.

After a period of mobilisation, the TasWater CDO is working through considerable planning, investigation

and project development activities. With a focus on the priority engagement of local contractors and suppliers, this will ensure the steady delivery of projects in the current and upcoming price and service plan periods across the state.

The first major projects to be fully delivered by the TasWater CDO include upgrade works at Mikany Dam at Smithton, and Henderson Dam on Flinders Island. These projects will increase water surety and dam safety for local communities.

The TasWater CDO has begun work on a significant number of projects including the design work for the Bryn Estyn water treatment plant upgrade, which will increase water supply capacity to the greater Hobart area, and the Macquarie Point sewage treatment plant relocation.

Growth and capacity plans

Our growth and capacity plans (GCPs) provide planning authorities, developers and our planners with information critical to new developments and proposed rezoning. They provide essential knowledge about the ability of our systems to meet current demand and future growth scenarios.

We are streamlining the development of our GCPs by introducing an online tool to automatically generate real time content from existing data sources. This innovation will reduce the manual input of content and improve growth forecast accuracy, giving our engineering teams greater opportunity to engage with stakeholders.

The online tool is in the prototype phase, and we are

on target to complete development of our GCPs for our 61 drinking water systems and 110 sewage treatment plants by December 2020. Once completed, the GCPs will become a critical input into the development of regional master plans.

Zero Harm

We have recently seen an increase in the number of low severity soft tissue injuries, particularly through the COVID-19 period. We have formalised a soft tissue injury prevention program to address the causes of these injuries.

A rigorous process of reviewing and redefining the Health and Safety Strategy has provided both the short term actions to achieve interim risk reductions, and a long term action plan, which is designed to provide a sustained improvement in risk reduction and increased health and safety capability.

The comprehensive Health and Safety Improvement Plan has been developed to facilitate the implementation of the new Health and Safety Strategy. The improvement plan will be deployed in three phases over the next four years. Progress towards our Zero Harm vision and the execution of the Health and Safety Strategy will be monitored at all levels across all areas of the business.

Injury prevention

A dedicated internal team has been established to lead safety improvements aimed at reducing soft tissue injury rates. The Soft Tissue Injury Taskforce (the Taskforce) has initially focused on manual lifting risks. The Taskforce has successfully introduced innovations to minimise or

eliminate hazards associated with chlorine cylinders, filter handling, grit management, access chamber lids and general site material management.

Reducing the number of soft tissue injuries will have a positive impact on the health and wellbeing of our workforce and demonstrate our commitment to proactively improving the operational work environment for our people. We would also expect to see financial benefits through a reduction in our workers compensation claims and increased availability of our people.

The Taskforce will continue to address a range of capital and operational upgrades in priority areas identified through extensive workplace health and safety audits.

Organisational culture

We have continued to invest in increasing leadership capability as a critical platform for our evolving organisational culture.

Our senior people leaders have benefited from a Leader as Coach development program and the Human Synergistics Life Styles Inventory™, an organisational tool that uses self-assessment and colleague feedback to identify individual and behavioural styles, and opportunities to create greater personal effectiveness. These coaching and development tools have now been extended to our broader team of people leaders across the business.

In March 2019, 64 per cent of employees provided feedback on the organisation's culture by completing the Human Synergistics Organisational Culture Inventory® (OCI). The survey results showed that significant

commitment is required if we are to realise the highly constructive and positive culture we aspire to.

In response to the OCI survey, we have invested in a culture program called Blue Bus Revolution™ and all employees were to have the opportunity to participate in the program by June 2020. While this milestone was impacted by the COVID-19-related suspension of face-to-face training in March 2020, around half of our people have participated in the program. Employees report an overwhelmingly positive experience from participating in the program, and lessons learned from the program are being used by employees to drive positive change and improved performance. The program is scheduled to resume in FY2021-22.

A culture pulse check survey has been developed to test the effectiveness of our culture initiatives and a second OCI will be conducted in FY2021-22.

The culture pulse checks are conducted quarterly, and the May 2020 results indicate a 20-30 per cent positive increase in our culture profile compared with the earlier surveys conducted in November 2019 and March 2020. These results reflect our very clear focus on creating a more constructive culture.

Knowledge management

Our Knowledge Management Strategy provides the framework required to move us to be a learning organisation by supporting a culture of collaboration, continual learning and improvement. Connecting people to relevant knowledge is critical to the success of our primary and enabling strategies and the delivery of our customer promises.

Implementation of the strategy has been fast-tracked through early adoption of key foundational knowledge sharing and collaboration tools, such as SharePoint, as part of our response to and during COVID-19.

Innovation

Innovation is the process of translating an idea into a reality that creates value.

Our Innovation Strategy centres on connecting our people, ideas and opportunities to create a strong, innovative business that is valued by our customers and our people.

Our goal is to embed innovative skillsets and mindsets into our everyday operations that enable our business to adapt to a continuously changing environment.

Our people have already produced several impressive and nationally recognised innovations. We continue to build our innovation foundation and momentum through design thinking workshops and the development of innovation toolkits, frameworks and processes.

COVID-19 has increased the need for our people to be able to think and act innovatively. Our Innovation Strategy post-COVID-19 continues to focus on how we can empower our people to consider problems with an innovative mindset, especially those that have arisen because of the pandemic. We have seen our people adapt to the changing environment positively and embrace the opportunity to apply new innovative ways of thinking to address issues.

Information and communication technology

Our Information and Communication Technology (ICT) Strategy supports our customer outcomes and aligns our ICT investment with immediate, medium and longer term business objectives.

This year's key achievements include:

- Developing our first Operational Information Systems (OIS) Strategy to provide the future direction for our operational technologies and accelerate our progress to becoming a digital utility
- Establishing a collaborative agile delivery model focused on working together to leverage technology to reduce our cost to serve, allow early benefit realisation and build people-centric solutions
- Establishing our digital platform and releasing H2GO, a reliable field-based platform that enables our field staff to access digital field processes to efficiently manage their work and continuously improve our data
- Establishing a new integration platform to leverage our existing investment, increase automation and minimise manual processing
- Establishing a smart network in Latrobe to explore the potential of overhauling the Geographic Information System (GIS) and asset data to enable smart network concepts
- Refreshing our video conferencing and secure remote access technology to enable collaboration and working from anywhere

- Updating and migrating our personal computers to laptops and Windows 10/Office 365 to enable our Virtual Workplace Program.

Productivity

Productivity improvement activities have achieved operating efficiencies valued at over \$24.6 million since the commencement of TasWater in 2013 through to the end of FY2018-19.

We delivered additional benefits of \$4.1 million in FY2019-20. These benefits are due to favourable negotiations of supply contracts, the Retail Value Creation Program (RVCP) and our Lean and top 10 process improvement initiatives.

Retail Value Creation Program

The RVCP began in July 2017 with two primary goals. The first goal is to develop an operating model that is fit for purpose to consistently deliver our agreed customer service levels. The second goal is to deliver those services at the lowest possible cost.

The RVCP is on track to deliver ongoing operating expenditure efficiencies of approximately \$5 million per annum. These savings have been progressively accrued since the RVCP began and have been incorporated in our annual operating budget process as cost reductions. The sustained improvement has been achieved through considering the experiences and expectations of our customers, streamlining processes, removing duplication and increasing automation.

New opportunities to assist our customers have been enabled by the RVCP such as the Customer Support Program, which is an enhanced, targeted offering for residential customers experiencing financial hardship. As part of our response to COVID-19, we have expanded our offering to assist more of our customers who may experience financial difficulties because of the pandemic.

Procurement

We have achieved considerable process improvements across the procurement chain through the realignment of our Accounts Payable and Purchasing teams and the development of a closer working relationship between these two related functions.



Our key challenges and opportunities

Tasmania's water and sewerage sector has navigated substantial changes in the past decade. Throughout this transition our business has evolved into a unified, statewide organisation that is striving to make a positive difference to Tasmania.

We monitor our operating environment to identify emerging trends and opportunities and to guide our responses to the challenges that lie ahead. At the same time, our Plan prescribes a continued focus on our customers, our community, our people, and the impact of climate change on our business and the Tasmanian way of life.

COVID-19

We have established a Business Recovery team to ensure we emerge from COVID-19 in a manner that is well coordinated and provides us with the opportunity to look to the future and harness new ways of working.

The key objectives of the Business Recovery team are:

- To coordinate the recovery and resumption of business functions
- To identify how we can enhance our business so we can be more efficient and innovative while supporting our people to deliver better outcomes for customers
- To review the effectiveness of our management of COVID-19.

Responding to customer needs

The way that customers interact with businesses is changing. Customers are increasingly choosing to connect with retail outlets and service centres through online and mobile platforms, and to manage their transactions in the way that is most convenient for them.

As part of our Information and Communication Technology Strategy, we are seeking to provide customers with access to real-time account data. This will enable quick and simple interactions, personalised services and timely access to information.

We also understand there may be circumstances in which our residential customers find it difficult to manage their accounts and household expenses. Guided by our Customer Experience Strategy, we have introduced a Customer Support Program to assist in this time of need.

We have seen increased interest in recycled water services and our teams are working with regulators to determine how we can increase the availability of these services.

Issues raised by some business owners needing assistance to comply with our trade waste requirements have been listened to and acted upon. There are now a range of financial incentives, options and specialist advice to help businesses become compliant.

As a provider of essential services, we are continually looking at ways to make a positive difference to our community, and these initiatives illustrate how we are working to deliver our customer promises.

Supporting the community

We have a responsibility to the Tasmanian community to provide clean and safe drinking water and to collect and treat sewage safely while minimising the impact of our activities on the environment. The provision of these essential services supports the Tasmanian economy and way of life, and we take pride in ensuring safe and reliable services.

At the time of publishing our Plan, the tourism sector has been significantly impacted by COVID-19-related travel restrictions, resulting in a severe decline in visitor numbers.

As COVID-19 restrictions are eased we expect to see travellers return to Tasmania and ultimately continue the pre-pandemic trend of increasing visitor numbers. We are committed to working with the state's visitor economy leaders, the broader tourism industry and local communities to ensure we plan now for future infrastructure needs.

Our industry is implementing an array of solutions to improve community outcomes and benefits for stakeholders. Our Technology and Innovation Strategy will help us capitalise on the evolution of digital technology and test and implement solutions developed by our frontline teams.

Investing in our people

Infrastructure development in Australia is experiencing a period of stimulus. TasWater is committed to delivering a \$1.04 billion program over the next five years, involving numerous upgrades of existing infrastructure

and construction of new plant and water storages. The TasWater Capital Delivery Office has injected infrastructure planning and project management resources into our business to help deliver our ambitious capital works program.

The global demand for science, data and data analytics, technology, engineering and mathematics skills is high, and critical skill areas such as adaptability, critical thinking, industry-specific knowledge and leadership are also in demand. Our People Strategy will guide our workforce planning through this competitive skills market, ensuring we attract and retain expertise and harness existing capability to strengthen the delivery of our capital works program.

Emerging technologies and innovation

Technology is continuously evolving and changing the way we do things, and utilities are turning their strategic focus to digital transformation. The digital world and its interconnected technologies are growing at an exponential rate, and adoption speed is increasing.

Our response to COVID-19 included the swift and successful transition of our office-based workforce to a remote access model to support our people to work from home during the height of the pandemic. Through this experience we have identified a range of new digital delivery methods and technologies to improve customer outcomes and employee satisfaction.

Faced with a challenging environmental future, we are continuously looking at how to introduce new innovations into our business to improve efficiency, safety and

environmental outcomes for our customers and the community and maintain sustainable business practices.

Being a digital water utility means having the flexibility, culture and capability to seek out and leverage emerging digital technologies to deliver our customer promises faster and more efficiently. It also requires a culture that embraces innovation and change, challenges its thinking and looks for ways to operate in a more efficient and effective manner.

The Internet of Things is changing the way people operate and interact at home and at work, and we are working on how we can provide digital and automated solutions to keep pace with our customers' digital needs and expectations.

Our Technology and Innovation Strategy focuses on how we will harness innovation and emerging technologies to make a positive difference for customers and better deliver on their expectations. This overarching strategy builds on our Information and Communication Technology, Operational Information Systems and Innovation strategies and provides a comprehensive roadmap for the digital transformation of our business.

Our recently formed partnership with the Water Services Association of Australia, to engage in the national innovative technologies program, will further assist us to achieve better customer outcomes and realise our vision.

Climate change

The impacts of climate change are being felt globally and we can expect the challenges associated with climate change to increase in both frequency and

magnitude. Climate change is already influencing the way we operate, design, build and manage our assets. We are currently developing a broader Climate Change Adaptation and Mitigation Strategy to provide us with a systematic, consistent and coordinated focus.

The strategy will consider the impact of climate change on all parts of our business and build climate resilience into our 'business as usual' processes, allowing us to appropriately manage risks and continue to deliver high quality water and sewerage services to our customers.

Water security

An increasing population and seasonal population booms are putting more pressure on existing water supplies. This may require service introductions or augmentation to our water treatment plants or water storages.

Increased demand when water is scarce (i.e. summer) may require investment in raw water storages or alternative water supplies and initiatives to manage demand.

Industrial and commercial water use makes a significant contribution to the economic wellbeing of Tasmania and we are committed to working with these customers in a collaborative way to ensure adequate and sustainable supply.

We recognise water security as a risk to our ability to deliver services to our customers and the community, and that this risk spans the full water system from water catchment to tap. We manage these risks by:

- Understanding our water catchments
- Implementing treatment infrastructure and operational practices that can achieve our water quality and surety objectives
- Reducing our water losses
- Protecting water quality while water is in transit to our customers
- Strengthening demand management with behaviour change programs on water conservation measures
- Working collaboratively with our large industrial and commercial customers to ensure a sustainable supply
- Engaging with the Department of Primary Industries, Parks, Water and Environment to ensure water allocations are sufficient to meet Tasmania's drinking water requirements.

Catchment management

Increased activity in drinking water catchments can reduce raw water quantity and quality, with consequences for the design of water treatment plants.

A key challenge is our limited control of activities that occur within the drinking water catchments. Unlike some other Australian water utilities, we do not own or manage water catchments, and in most cases do not own or manage land around water storages or extraction points.

Our Catchment Management Plan, a subset of our Drinking Water Strategy, outlines our approach to addressing these challenges. We will continue to

advocate for our catchments and work constructively with key catchment management groups, landowners and the Tasmanian Government to protect our natural resources.

Environmental impact

We continue to build our understanding of the environmental impacts of our ageing infrastructure and we include this knowledge in the prioritisation of capital works projects. This helps us to ensure our investment and operations will protect public health and Tasmania's 'clean green' image.

We continue to look at ways of using electricity more wisely and we are exploring new avenues for reducing energy costs and emissions.

The use of biosolids, solar, hydro and wind energy generation across our network are investigated as alternative supply options where deemed feasible.

Asset transfer and service introduction

Following the formation of TasWater in 2013, a significant number of asset transfer and service introduction requests were received for both water and sewerage systems.

Service introductions are an extension to a current system or an entirely new system to service households and businesses that are currently not within the serviced land area and do not have access to shared water or sewerage services. An asset transfer occurs when an existing system is transferred from its current owner to TasWater, along

with the assets, customers, responsibilities and liabilities associated with that system.

Due to the focus on improving systems already under our management, we have had a five-year moratorium in place on accepting any asset transfers.

As the moratorium is due to end in October 2020, we have developed a policy and framework for addressing asset transfers. A high-level financial assessment has been completed to investigate the potential implications of accepting asset transfers and performing service introductions.

A key consideration in the development of the new policy was how capital upgrades and ongoing operations and maintenance activities of any transferred schemes are funded. A preliminary estimate of the cost to satisfy all requests for asset transfers and service introductions is between \$600 million and \$1.2 billion.

We have committed to capping price increases at 3.5 per cent for customers until FY2025-26, including no price increases in FY2019-20 and FY2020-21. This makes any projects outside the forecast capital works program difficult to progress without external funding or deferring other priority projects. The infrastructure involved in an asset transfer generally does not meet acceptable standards and regulated levels of service, and typically requires significant upgrades to meet these requirements.

In the absence of a sustainable funding mechanism, the acceptance and/or development of a new scheme would come at the expense of other scheduled projects which

improve compliance with best practice risk management of drinking water quality and environmental regulation.

Productivity and efficiency expectations

As we build infrastructure for the future of Tasmania and meet our compliance obligations, our productivity and efficiency efforts must support these plans. We are ahead of productivity targets outlined in our Long Term Strategic Plan, and to maintain momentum we must deploy the right mix of people, process and technology to improve service delivery during the period of our Plan.

As our business matures, we will draw on better practices within our own business, as well as those throughout the industry, to further increase efficiency. Our objective is to minimise price increases by becoming more efficient, without sacrificing the required investments in infrastructure, compliance and service.

Our Productivity Strategy provides our blueprint for the progression of our productivity program. Over the next five years, productivity improvement activities will target the reduction of operating expenses by focusing on reducing unit costs of consumables, inventory, wastage, rework and double-handling, and facilitating end-to-end business processes.





Customer and Community

Our promise

- Deliver a positive customer experience to you

What you expect

- You are satisfied with our service
- You find it easy to do business with us
- You are kept informed

Our priorities

- Identify and close critical customer service gaps
- Improve our community engagement and understanding

Our strategies

Customer Experience Strategy

Our customers, stakeholders and people are at the centre of all that we do. Our Customer Experience Strategy is focused on improving both the experience our customers have when interacting with us, and their satisfaction with our services.

The key objectives of this strategy are to build trust, respect and transparency by understanding and meeting the key expectations of our customers.

We want to ensure that the whole sequence of interactions with our customers constitutes a well-managed, cohesive and positive customer experience consistent with our vision and values.

We are investing in the way we communicate to make it easier to access information. This includes the redesign of our website, active social media engagement and a communication and marketing program that fosters a deeper understanding of what goes into the services we provide.

We will continue to build a culture across the organisation that values our people and recognises their contribution to ensuring our customers are at the centre of our business.

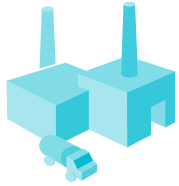
Community, Stakeholder and Customer Relations Strategy

COVID-19 has had a significant impact on our community, stakeholders and customers. We will continue to progress meaningful engagement and focus on what matters to communities, including by demonstrating our commitment to incorporate feedback in decision-making processes.

TasWater is an integral member of the Tasmanian community and our activities support lifestyle and commerce across the state. We want our communities, stakeholders and customers to have confidence in our engagement approach and to trust us to deliver outcomes that benefit them now and into the future.

Our Community, Stakeholder and Customer Relations Strategy aims to guide proactive engagement and consultation, and foster collaboration to achieve creative solutions and mutually beneficial outcomes.





Commercial and Economic

Our promise

→ Give you value for money

What you expect

- Your price increases are minimised
- The local economy benefits from our investment and capacity building

Our priorities

- Deliver Price and Service Plan commitments
- Achieve further efficiencies

Our strategies

Asset Management Strategy

TasWater delivers water and sewerage services across an extensive network of infrastructure which has a current replacement cost of approximately \$5.5 billion.

These assets can last for more than 100 years. The decisions that we make about them must balance this longevity with pricing, compliance and customer and community expectations.

Our Asset Management Strategy provides for continuous improvement in the way we manage our assets to ensure the delivery of our customer promises.

Our asset management activities are measured against leading industry practice standards.⁶ We aim to increase our asset management maturity and compliance to those benchmarks and improve the transparency and quality of our decision-making processes. This will demonstrate to our customers that we can be trusted to make the right decisions at the right time and make a positive difference to Tasmania.

Our Asset Management Strategy, together with our Asset Management Plan, asset class strategies, asset class management plans and planned maintenance program, support us to reliably and efficiently manage our asset portfolio using a whole-of-life-cycle approach.

Macquarie Point – planning works

TasWater is progressing planning phase activities of the Macquarie Point sewage treatment plant (STP) relocation project, which includes:

- Construction of a new sewage pump station (SPS) and emergency storage at Macquarie Point
- Construction of a rising main from the Macquarie Point SPS to Selfs Point
- Expansion of the Selfs Point STP
- Decommissioning of the existing Macquarie Point STP.

In line with commitments made to the Tasmanian Government and the Macquarie Point Development Corporation (MPDC), we are progressing with immediate works to support redevelopment of the site. This includes the preparation of concept designs for the Macquarie Point SPS to assist with integration of the site into the MPDC master plan.

Discussions are ongoing with key stakeholders. For example, the Environment Protection Authority has an interest in numerous aspects of the project, from environmental approvals of the increased discharge volumes from the Selfs Point STP to construction of the new SPS at Macquarie Point.

Tamar Estuary River Health Action Plan

We have continued to work with the Tasmanian Government, the City of Launceston and other stakeholders to progress a funding agreement based on the Investment Plan previously prepared by the Tamar Estuary Management Taskforce (TEMT).

The Investment Plan outlined several projects aimed at reducing the frequency and volume of overflows from Launceston's combined sewage and stormwater drainage system. The projects include new trunk pipelines and pump station upgrades to transfer increased flow volumes and construction of storage basins to hold peak flows and reduce discharges.

In 2019, we prepared a project delivery plan to better understand the project components, planning requirements and risk elements. We have also continued to participate in the broader Tamar Estuary management process through our role as a member of the TEMT.

Following the development of the project delivery plan, we have worked with the Tasmanian Government on a project proposal outlining milestones, an expenditure forecast and funding requirements. The project proposal document is contributing to the development of a funding deed to be agreed between the parties (Tasmanian Government, Australian Government, City of Launceston and TasWater).

In 2020, we intend to finalise funding arrangements. Once this is undertaken, we will commence detailed planning, design and approvals for the nominated projects.

Business readiness

The planning and building portal (the Portal) is a Tasmanian Government initiative that we are committed to, which will streamline the development process for our customers and stakeholders.

The Portal will provide property owners and developers with a single, statewide system that integrates all planning, building and approvals, including those relating to TasWater, and includes:

- Online access to information and regulatory requirements
- Online planning, building and related application lodgement, which will allow property owners and agents to lodge applications and documents electronically
- An application tracking service, which will allow applicants to view and track applications from lodgement to determination.

The Portal will deliver an easier, faster and more streamlined development application and approval process for our customers. Systems and processes are being prepared for a successful implementation.

Service connections

We want to improve the provision of new water and sewerage connections to our customers by simplifying the way that property owners connect to our infrastructure.

A new operational model will provide a simple and standardised process for connecting to our services. It will be developed in conjunction with a significant

engagement program across a broad range of internal and external stakeholders. We want the process to meet the needs of all users.

We are working with regulators and the Tasmanian Government to ensure that our new process will satisfy the necessary regulatory and legislative requirements.

While the new service connections operating model will commence during FY2021-22, there are elements that we are aiming to introduce earlier to improve the process for our customers, including the choice for customers to directly engage our accredited contractors.

Asset transfer and service introduction

We have developed an Asset Transfer Policy, which provides us with the framework to consider asset transfers where they are financially and operationally viable, there is community support, and the assets meet the required standards (or there is external funding to bring them up to the required standard).

We have an existing Service Introduction Policy, which we intend to continue to apply, which is consistent with our Price and Service Plan 3 regulatory obligations.

Productivity Strategy

To give our customers value for money, we are always looking for ways to reduce our operating costs and improve our processes. The focus of our Productivity Strategy is to instil a continuous improvement mindset and embed productivity as a 'way we work' behaviour.

Our goal is to solve our own productivity challenges by providing our people with the right tools, coaching and

support. They will be empowered to treat the root cause of an issue and take an end-to-end process approach to problem solving.

To support this goal, we have developed the Productivity Improvement Strategy Execution (PrISE) program – a series of productivity, accountability and benefits realisation frameworks. We have also introduced the Lean program, which includes frameworks, training and certification and reporting.

We will continue to use comparative industry data through the Water Services Association of Australia and the Bureau of Meteorology to help us identify processes that are above the median cost of our interstate peers and in turn explore initiatives that reduce our cost to service our customers and the community.

Knowledge Management Strategy

Our Knowledge Management Strategy empowers our people and supports the achievement of each of our customer promises. The strategy enables informed decision-making based on effective and efficient access to relevant information and a more timely and higher quality response for customers.

Technology and Innovation Strategy

Our Technology and Innovation Strategy focuses on technology and innovation investment across the organisation and provides a vision of how we connect our people, ideas and opportunities to create a strong, innovative business that delivers value for our customers and employees. It will also improve risk mitigation

and efficiency and simplify, integrate, consolidate and modernise our technology.

By empowering our people with the skillsets, mindsets and tools needed to deliver innovative solutions, we will continue to improve our customer and community outcomes and deliver on our promises.

Financial Sustainability Strategy

The primary focus of the Financial Sustainability Strategy is to maintain our financial and infrastructure capital over the long term to ensure the delivery of our customer promises.

Our primary financial objectives are to:

- Deliver water and sewerage services to our customers in the most cost-efficient manner
- Operate our activities in accordance with good commercial practice
- Deliver returns to our owner councils through forecast dividend payments of \$20 million per annum in the last four years of our Plan period.

This strategy is essential to monitor sustainable operations, support effective asset management, and deliver efficient and reliable services to our customers into the future.

In line with the primary focus of the strategy we undertake a regular review of our financial sustainability, including long term forecasting of internal and external variables, and a valuation of the assets relied upon to deliver our services. A review during FY2019-20 resulted in a reduction of \$191.9 million in the

value of water infrastructure assets and a reduction of \$250.5 million in the value of sewerage infrastructure assets.

As reflected in the financial forecast overview section, the Australian Accounting Standards require decreases in asset values, where there is no associated asset revaluation reserve, to be accounted for as an expense in the year incurred. For the FY2019-20 financial year, a total of \$214.2 million was required to be brought to account as an expense, while the remaining decrement of \$228.2 million was offset against existing asset revaluation reserves held on the balance sheet.





Water and Environment

Our promise

- Provide you with safe drinking water and responsibly manage your sewage

What you expect

- Your drinking water is clean and safe to drink
- You have a reliable supply of water
- Your sewage is efficiently collected and transported
- Your sewage is treated and disposed of with minimal impact to the environment and its users

Our priorities

- Meet agreed regulatory compliance targets
- Optimise system performance

Our strategies

Drinking Water Strategy

The focus of our Drinking Water Strategy is to consistently and reliably provide safe drinking water that is aesthetically pleasing for customers while implementing best practice risk management principles.

Our Water System Performance team continues to improve our Drinking Water Quality Risk Management Plan and operational systems and processes to:

- Enhance our capability for protecting public health across our drinking water supply systems
- Consider productivity improvements to increase delivery efficiencies
- Adapt to and mitigate the impacts of climate change.

Our use of quality management and sophisticated data analytics enables us to make informed and timely decisions to manage a water supply that tastes good and is safe to drink, and maintain consistent delivery for our customers.

To complement the delivery of our 24glasses program in August 2018, we are investing in significant capital improvements to ensure our broader water quality objectives can be achieved. This includes upgrades to our Bryn Estyn water treatment plant, which will increase capacity for, and reduce risk to, southern Tasmania's major population centres.

Our Catchment Management Plan outlines how we are mitigating our catchment challenges by better understanding Tasmania's water catchments and the impacts of climate change on our water security.

We are engaging with catchment stakeholders and regulators to foster water quality understanding and maximise water quality outcomes, and to develop targeted catchment interventions. Our activities include:

- Working with the Department of Primary Industries, Parks, Water and Environment on its draft rural water use strategy
- Collaborating with the Derwent Estuary Program to increase understanding of and develop actions to improve water quality in the Derwent Catchment
- Working as part of the Lake Trevallyn Working Group to monitor blue-green algae (BGA) in Lake Trevallyn and identify the conditions that are likely to lead to BGA blooms.

Sewerage Strategy

We face some major challenges to reduce the impact of sewage treatment on our environment and maintain service reliability as we progress the replacement of our ageing infrastructure.

Our Sewerage Strategy focuses on reinforcing and future proofing our infrastructure and further reducing the

environmental risks associated with key sites. We intend to do this by using customised and innovative solutions that achieve low-risk emission outcomes.

The Sewerage Optimisation Program involves ongoing development and introduction of improved instruments and data analysis. These will be used to monitor and control optimum system performance, accurately inform maintenance and asset replacement schedules, and manage high-risk events such as adverse weather conditions and their effects on treatment sites.

We continue to work with regulators to develop standardised conditions to provide a consistent benchmark, improve compliance opportunities across treatment sites and simplify regulatory obligations.





People and Culture

Our promise

- Build culture and skills for the long term benefit of Tasmania

What you expect

- Our work is conducted safely to protect our people, contractors and the communities we serve
- Our culture and capabilities enable us to make a positive difference to Tasmania

Our priorities

- Relentless focus on safety (Zero Harm)
- Enhance workforce capability and culture

Our strategies

Health and Safety Strategy

To facilitate the implementation of the Health and Safety Strategy we have developed the 2019–24 Health and Safety Improvement Plan. This plan is designed to deliver continual performance improvement and sustain capability. Its actions and milestones reflect the organisational capacities realistically required to deliver high quality outcomes.

Several health and safety objectives were also identified as requiring immediate attention, including:

- Our Zero Harm vision needs to reflect both our aspirations and our defined performance measures
- Our health and safety practices need to be benchmarked against recognised principles of health and safety excellence
- Our health and safety practices need to reflect the changing context in which our organisation operates and the emerging challenges this presents
- We need to establish a consolidated foundation from which we can communicate, facilitate and prioritise our health and safety objectives across the organisation.

In total, the improvement plan consists of 22 key areas requiring action. The planning framework incorporates three broad development phases. These phases were

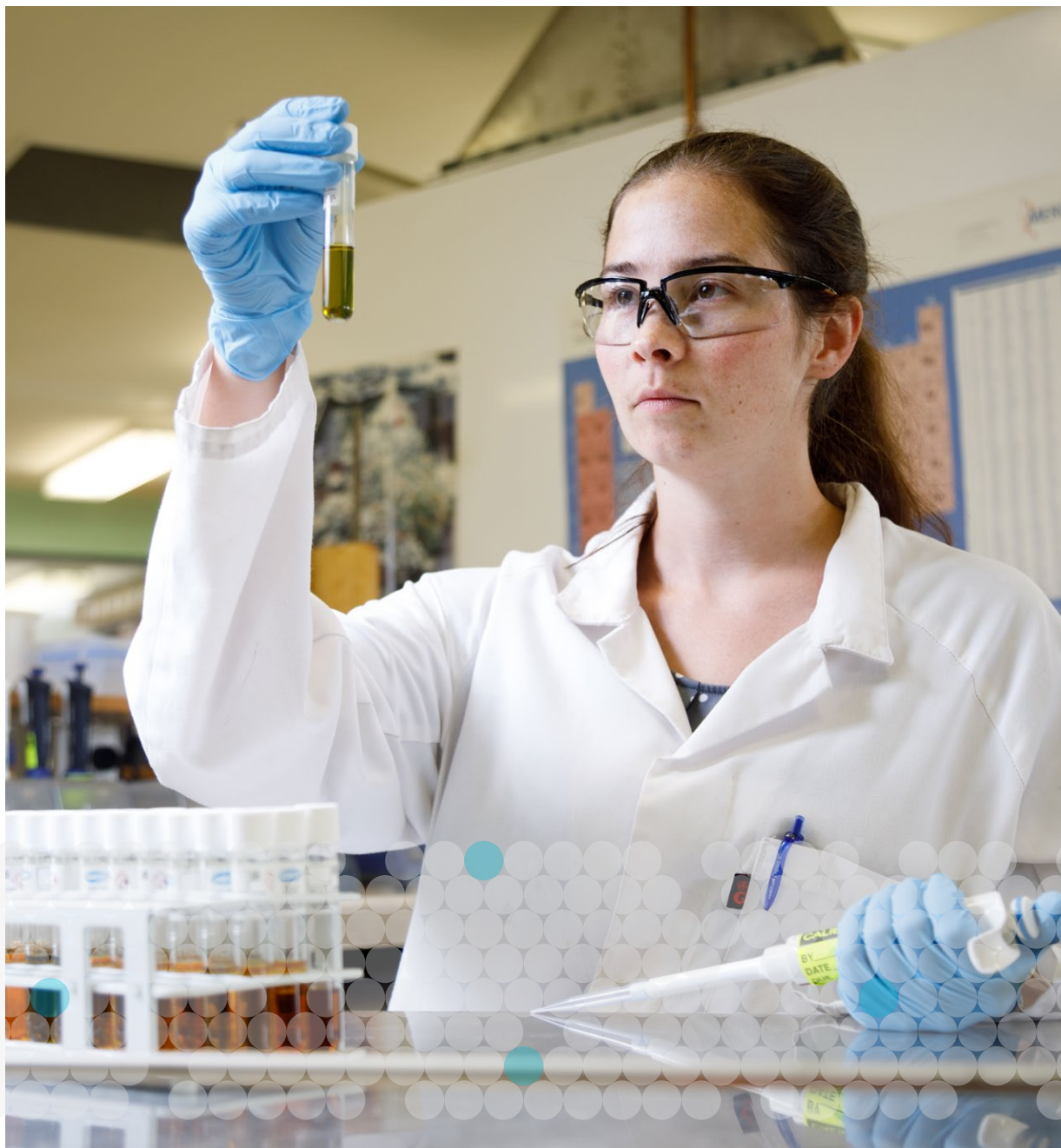
established to help prioritise and plan objectives/targets, develop appropriate timelines and establish the capabilities required to support successive improvement steps.

People strategy

Our People Strategy supports the achievement of our promises across all the strategic themes, by building a positive and constructive TasWater culture. At the core of the strategy are our values and behaviours, which are integrated into all of our people practices. Three key objectives underpin the strategy:

- Build a more positive and constructive culture to support the attainment of higher levels of business performance, ensuring that our people understand and feel valued for how they contribute to overall business outcomes
- Provide opportunities and support for our people to learn, develop and reach their full potential
- Build organisational capabilities in those areas that drive the greatest benefits for customers and financial outcomes for the business.

We will continue our collaboration – and explore the potential for new partnerships – with educational and professional institutions, and to provide opportunities for our people to have secondments with other utility providers. Our Diversity and Inclusion Plan will be leveraged to increase opportunities for women and drive more inclusive practices throughout the employee lifecycle.



Measuring our success

To ensure we remain accountable to our customers, we work towards a set of key performance indicators (KPIs) and targets that align to each of our strategic themes, our customer promises and what is expected of us. Our measures are aligned to our Long Term Strategic Plan, our strategic priorities, our drive to be a high performing organisation and the delivery of our strategies.

Our Vision:

To be a trusted and respected provider of essential services that is making a positive difference to Tasmania.

OUR PRIORITIES		MEASUREMENT	ACTUAL	TARGET	TARGET	TARGET	TARGET	TARGET
Customer and Community – Deliver a positive customer experience to you			FY2019–20	FY2020–21	FY2021–22	FY2022–23	FY2023–24	FY2024–25
Identify and close critical customer service gaps	Customer satisfaction percentage		62%	66%	68%	70%	72%	74%
	Brand perception percentage		54%	58%	60%	62%	64%	66%
Improve our community engagement and understanding	Community and stakeholder satisfaction percentage		62%	62%	68%	75%	75%	75%
Commercial and Economic – Give you value for money			FY2019–20	FY2020–21	FY2021–22	FY2022–23	FY2023–24	FY2024–25
Deliver Price and Service Plan commitments	Capital expenditure		\$128.8M	\$193.3M	\$198.0M	\$233.0M	\$209.0M	\$205.0M
Achieve further efficiencies	EBITDA ⁷		\$138.3M ⁸	\$103.5M	\$155.8M	\$172.8M	\$186.8M	\$198.5M
	Interest cover ratio		1.7	0.5	2.2	2.5	2.5	2.6
Water and Environment – Provide you with safe drinking water and responsibility manage your sewage			FY2019–20	FY2020–21	FY2021–22	FY2022–23	FY2023–24	FY2024–25
Meet agreed regulatory compliance targets	Customers supplied by drinking water systems meeting best practice risk mitigation (per cent) ⁹		4.6%	4.6%	24.3%	56.0%	56.8%	70.8%
	Number of dams above the ANCOLD LOT		4	3	2	1	0	0
Optimise system performance	Number of critically notifiable spills (less than or equal to)		8	5	4	2	2	1
	Treated waste water compliant with EPA requirements (flow-weighted) percentage		90.4%	90.0%	91.1%	91.4%	91.4%	91.4%
People and Culture – Build culture and skills for the long term benefits of Tasmania			FY2019–20	FY2020–21	FY2021–22	FY2022–23	FY2023–24	FY2024–25
Enhance workforce capability and culture	Fifty per cent constructive leadership styles by 2023		Material improvement in pulse cultural survey results	Material improvement in pulse cultural survey results	Constructive styles to be between the 25 th and 50 th percentile. Defensive styles at or below the 50 th percentile	Material improvement in pulse cultural survey results	Constructive styles to be at the 50 th percentile or better. Defensive styles at or below the 25 th percentile	Improvement in constructive styles year on year
Relentless focus on safety (Zero Harm)	Total Recordable Injury Frequency Rate (TRIFR) – (less than or equal to)		18.2	12	8.5	5.5	3	≤3

⁷ Earnings before interest, taxation, depreciation and amortisation.

⁸ EBITDA before the asset revaluation reduction impact.

⁹ This KPI measures the percentage of our drinking water systems that meet best practice drinking water risk mitigation principles based upon the Water Services Association of Australia Manual for the application of Health Based Targets for Drinking Water Safety. While all of our drinking water systems are currently compliant with the Australian Drinking Water Guidelines, not all of our smaller systems currently meet the best practice threshold. The significant increases in the targets for FY2021-22 and FY2022-23 reflect the completion of disinfection upgrades at the Distillery Creek, North Esk and Burnie (Pet) water treatment plants and the anticipated commissioning of the new Bryn Estyn water treatment plant respectively.

Our organisational risks

Through our risk management processes, we identify and assess uncertainty that may impact positively or negatively on our ability to achieve our strategic objectives and deliver our customer promises.

Our customers and the community depend on us to manage our organisational risks appropriately. As our business matures, we are further integrating risk management into our business systems, processes and culture.

The TasWater Board and senior managers regularly review risks, controls and assurance levels. When our strategies alter, or we predict changes in our operating environment, we assess uncertainties that may have a material impact on our risk profile. This will be crucial as we consider the impacts of COVID-19 and any changes to our risk assumptions and controls, particularly as we move into the recovery phase.

To ensure our key strategic risks are being managed appropriately, we regularly update key risks on our strategic risk register and report them to the Board and the Audit and Risk Committee. We also maintain detailed sub-risk registers for other corporate, operational and project risks.

A full list of our strategic risks and key controls is provided in Appendix 1. The strategic risks in Appendix 1 were developed prior to the broader corporate, national and global response to COVID-19.

While the key strategic risks themselves may remain unchanged, the impacts and preparations for future pandemics, including a possible re-emergence of COVID-19, will need to be included in all controls that have been identified. Many of these will be updated and their priorities reassessed, which may reflect on overall risk scores.





Financial
forecasts



Financial forecasts

Overview

The table below highlights the key information contained within our financial and capital forecasts for our Plan:

FINANCIAL SUMMARY	FY2019-20 ACTUAL	FY2020-21 FORECAST	FY2021-22 FORECAST	FY2022-23 FORECAST	FY2023-24 FORECAST	FY2024-25 FORECAST
NPAT \$M	(199.2) ¹⁰	(8.7) ¹¹	36.9	46.7	52.2	57.6
Capital Expenditure \$M	128.8	193.3	198.0	233.0	209.0	205.0
Distributions						
Income Tax Equivalents \$M	1.6	0.0	0.0	0.0	0.0	0.0
Dividends \$M	8.4	0.0	20.0	20.0	20.0	20.0
Total Distributions \$M	10.0	0.0	20.0	20.0	20.0	20.0
Debt \$M	579.6	687.0	772.3	870.9	942.3	1,004.7
Gearing	40.0%	47.1%	51.6%	56.5% ¹²	59.1% ¹²	60.8% ¹²
Interest Cover (times)	1.7	0.5	2.2	2.5	2.5	2.6

¹⁰ The net loss of \$199.2M in FY2019-20 is primarily driven by a non-cash downward revision of our infrastructure asset values that resulted in an expense of \$214.2M. The revaluation was primarily driven by the application of a higher discount rate within the asset valuation model and to a lesser extent by lower forecasted cashflows arising from the impact of COVID-19 in future financial years. Lower revenues and higher costs associated with COVID-19 also contributed to the reported loss in FY2019-20.

¹¹ The forecast result for FY2020-21 is impacted significantly by COVID-19, most notably by the lower revenue associated with our commitment to freeze prices for 12 months, an expected reduction in developer revenue and an increase in bad debt costs.

¹² Our gearing levels have increased as a result of the downward revaluation of our infrastructure assets in FY2019-20. In the financial years where the gearing exceeds 55 per cent, we will require an increase to our existing gearing loan covenant. We expect that this will be achievable given our forecasted profits and strong interest cover ratio in these years.

Forecast growth and demand

Forecast growth and demand assumptions are largely consistent with Price and Service Plan 3 (PSP3) for FY2020–21, as updated where necessary. Our Plan makes conservative assumptions for FY2021–22 and beyond. These assumptions will be reviewed as we formalise the extension of PSP3 to cover FY2021–22 and develop Price and Service Plan 4 for the period from FY2022–23 to FY2025–26.

Revenue assumptions

Revenue assumptions reflect the outcomes of the Memorandum of Understanding (MOU) with the Tasmanian Government, the underlying assumptions and financial projections of which were included in the Information Memorandum of 16 July 2018 (Information Memorandum). A key feature of the MOU was to cap price increases from FY2020–21 through to FY2026–27 at the lesser of 3.5 per cent and the price determination made by the Tasmanian Economic Regulator, with the Tasmanian Government contributing \$200 million to TasWater over a 10-year period. In response to COVID-19 the price increase for FY2020–21 has been deferred.

Interest expense assumptions

For the period of our Plan the average interest rate for the loan portfolio is 3.5 per cent.

Non-interest expense assumptions

Cost increase assumptions have been predominantly based around the projected Consumer Price Index (CPI) increase of 1.6 per cent. The following assumptions underpin the expenses contained in our Plan:

- CPI is assumed to be 1.6 per cent for FY2020–21 then increasing steadily to 1.9 per cent for the remaining four years of our Plan
- Fixed increases have been determined through our Enterprise Agreements which provide certainty for our employees for FY2020–21. In addition, a modest pool of funds is set aside for annual performance increases based on individual performance. These are discretionary and not guaranteed
- Salary expense increases have been partially offset by anticipated productivity savings in each year of our Plan
- Power expenses have been modelled by an external consultant and are based on network tariff outcomes, current contracts and forward price projections for recontracting. Power costs are a major focus area for the productivity program and are anticipated to generate significant savings in FY2020–21.

Comparison to the Information Memorandum financial forecasts

The financial forecasts provided in our Plan vary from the financial forecasts included in the Information

Memorandum, particularly over the upcoming three financial years. This is largely driven by the financial impact of COVID-19. In the later years of our Plan our financial results are forecast to more closely align with the MOU targets and our long term financial performance goals as outlined in our Financial Sustainability Strategy.

Our total revenue is budgeted to be lower primarily due to the impact of a price freeze in FY2020–21. In addition, we anticipate an initial reduction in development revenue given the current higher levels of economic uncertainty.

Expenditure is expected to be higher due to COVID-19, but it is challenging to determine the full impact at this time. COVID-19 is expected to have a material effect on bad debts and hardship assistance, as some of our customers have been, and will continue to be, impacted by a significant loss of income. Certainty with respect to bad debts is unlikely to be known for some time, adding to the heightened level of forecast risk present within our Plan.

Other minor increases in costs relate to business improvement investments. These investments are aimed at improving our performance and realising our vision. Examples include improving our health and safety performance, delivering digital transformation and implementing COVID-19 business recovery initiatives. These investments will bring long term benefits to our customers and the Tasmanian community.

Income statement

INCOME STATEMENT	FY2019-20 ACTUAL (\$M)	FY2020-21 FORECAST (\$M)	FY2021-22 FORECAST (\$M)	FY2022-23 FORECAST (\$M)	FY2023-24 FORECAST (\$M)	FY2024-25 FORECAST (\$M)
REVENUE						
Fixed Charges	237.9	250.6	262.6	275.3	288.2	300.9
Volumetric Charges	71.7	71.4	76.1	80.6	85.4	89.5
Services & Consulting Revenue	7.2	7.3	8.0	3.8	4.0	4.1
Contributed Assets	32.2	16.9	22.3	25.0	27.3	29.8
Other Revenue	2.0	1.3	2.7	2.8	2.9	2.9
Total Revenue	351.0	347.5	371.7	387.5	407.8	427.2
EXPENSES						
Chemicals, Power & Royalties	26.3	25.6	24.8	26.3	28.7	31.1
Materials & Services	41.1	37.7	39.4	32.7	32.5	33.0
Salaries & Related Personnel Expenditure	95.3	96.2	99.7	102.6	105.8	109.1
Administration Costs	264.1 ¹³	84.5 ¹⁴	52.0	53.1	54.0	55.5
Total Expenses	426.8	244.0	215.9	214.7	221.0	228.7
EARNINGS BEFORE INTEREST & DEPRECIATION	(75.8)	103.5	155.8	172.8	186.8	198.5
Interest Expense	19.4	18.9	20.5	22.6	25.2	27.1
Depreciation	104.0	93.3	98.4	103.5	109.4	113.8
Net Operating Profit	(199.2)	(8.7)	36.9	46.7	52.2	57.6

¹³ This includes a write down of infrastructure assets of \$214.2M.

¹⁴ This includes the impact of the escalated bad debt provisioning associated with COVID-19.

Cash flow statement

CASH FLOW STATEMENT	FY2019-20 ACTUAL (\$M)	FY2020-21 FORECAST (\$M)	FY2021-22 FORECAST (\$M)	FY2022-23 FORECAST (\$M)	FY2023-24 FORECAST (\$M)	FY2024-25 FORECAST (\$M)
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	330.1	290.5	337.9	361.1	384.3	398.9
Payments to Suppliers & Employees	(228.5)	(228.9)	(229.0)	(230.8)	(245.4)	(253.4)
Interest Paid	(18.8)	(20.3)	(20.7)	(22.5)	(26.2)	(28.4)
Income Tax Equivalents Paid	(1.6)	0.0	0.0	0.0	0.0	0.0
GST Refund from the ATO	22.3	26.3	25.7	27.8	26.1	26.7
Net Cash from Operating Activities	103.5	67.6	113.9	135.6	138.8	143.8
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments for Property, Plant & Equipment	(127.8)	(193.3)	(198.0)	(233.0)	(209.0)	(205.0)
Equity Contributions	20.0	20.0	20.0	20.0	20.0	20.0
Sales – Property Plant and Equipment	0.9	0.0	0.0	0.0	0.0	0.0
Net Cash Flows from Investing Activities	(106.9)	(173.3)	(178.0)	(213.0)	(189.0)	(185.0)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Borrowings	10.2	107.4	85.3	98.6	71.4	62.4
Dividends Paid	(8.4)	0.0	(20.0)	(20.0)	(20.0)	(20.0)
Repayment of Lease Liabilities	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Net Cash Flows from Financing Activities	0.6	106.2	64.1	77.4	50.2	41.2
Net Movement in Cash for the Year	(2.8)	0.5	0.0	0.0	0.0	0.0
Opening Cash Balance	4.8	2.0	2.5	2.5	2.5	2.5
Closing Cash Balance	2.0	2.5	2.5	2.5	2.5	2.5

Balance sheet

BALANCE SHEET	FY2019-20 ACTUAL (\$M)	FY2020-21 FORECAST (\$M)	FY2021-22 FORECAST (\$M)	FY2022-23 FORECAST (\$M)	FY2023-24 FORECAST (\$M)	FY2024-25 FORECAST (\$M)
ASSETS						
Cash and Cash Equivalents	2.0	2.5	2.5	2.5	2.5	2.5
Receivables	22.9	26.2	27.4	26.7	28.6	23.0
Inventories	8.4	7.8	7.8	7.8	7.8	7.1
Property, plant & equipment ¹⁵	2,098.4	2,214.0	2,335.4	2,489.5	2,616.0	2,736.6
Other	3.6	3.4	3.4	3.9	3.9	3.0
Total Assets	2,135.3	2,253.9	2,376.5	2,530.4	2,658.8	2,772.2
LIABILITIES						
Borrowings	579.6	687.0	772.3	870.9	942.3	1,004.7
Employee Benefits	30.2	30.0	30.2	31.5	31.2	30.7
Payables	29.2	28.2	27.8	32.5	33.6	31.6
Unearned Income	29.5	29.5	30.2	32.8	31.8	30.5
Other	23.7	24.8	24.8	24.8	29.8	27.0
Total Liabilities	692.2	799.5	885.3	992.5	1,068.7	1,124.5
Net Assets	1,443.1	1,454.4	1,491.2	1,537.9	1,590.1	1,647.7
EQUITY						
Retained Earnings	(419.0)	(427.7)	(410.9)	(384.2)	(352.0)	(314.4)
Reserves	294.3	294.3	294.3	294.3	294.3	294.3
Contributed Capital	1,567.8	1,587.8	1,607.8	1,627.8	1,647.8	1,667.8
Total Equity	1,443.1	1,454.4	1,491.2	1,537.9	1,590.1	1,647.7

¹⁵ The asset valuations do not reflect possible revaluations that may be undertaken during the financial years post-FY2019-20.

Owner distributions

SUMMARY OF DISTRIBUTIONS TO OWNERS	FY2019-20 ACTUAL (\$M)	FY2020-21 FORECAST (\$M)	FY2021-22 FORECAST (\$M)	FY2022-23 FORECAST (\$M)	FY2023-24 FORECAST (\$M)	FY2024-25 FORECAST (\$M)
Income Tax Equivalents	1.6	0.0	0.0	0.0	0.0	0.0
Dividend	8.4	0.0	20.0	20.0	20.0	20.0
Total Distribution	10.0	0.0	20.0	20.0	20.0	20.0

Capital expenditure

Background

We have maintained our target capital spend in FY2020-21 of \$193 million, noting that our program is critical to the economic recovery in Tasmania and will provide jobs at a challenging time.

Our capital expenditure program focuses on investment in water and sewerage infrastructure to support the Tasmanian way of life. We want our customers, community and visitors to enjoy safe and reliable water and sewerage services that provide lifestyle and economic opportunities. We want to minimise the impact our operations have on the environment by improving our processes and updating our assets. We aim to achieve the outcomes we have committed to in our Price and Service Plan and Long Term Strategic Plan that will make a positive difference to Tasmania.

We have an infrastructure portfolio that is large and varied in terms of size, age, condition and technology. Our asset knowledge continues to grow, and we use this information to help determine what we need to do to improve the experiences of our customers and the community.

In 2017 we made the decision to increase the investment in our infrastructure to \$1.7 billion over 10 years. We remain on track to deliver this ambitious investment target and deliver important benefits to our customers and the community.

Our revised capital expenditure program will deliver improved water quality, service reliability and environmental outcomes, and will enable us to minimise risks that have the potential to impact the delivery of our services.

Capital expenditure overview and prioritisation basis

The total capital expenditure forecast for our Plan period is \$1.04 billion, which will allow us to address some of our highest priority compliance requirements as well as necessary renewal and growth works.

FY2019-20 ACTUAL (\$M)	FY2020-21 FORECAST (\$M)	FY2021-22 FORECAST (\$M)	FY2022-23 FORECAST (\$M)	FY2023-24 FORECAST (\$M)	FY2024-25 FORECAST (\$M)	TOTAL (\$M)
128.8	193.3	198.0	233.0	209.0	205.0	1,038.3

Due to the size and complexity of our infrastructure portfolio we use a capital prioritisation process to ensure that projects are delivered in a manner that considers the impact on our customers, the criticality of each project, our strategic priorities, and our regulatory obligations.

The key plans, which are subject to the approval of our regulators, that underpin our capital expenditure program include:

- The Drinking Water Quality Risk Management Plan regulated by the Department of Health
- The Wastewater Risk Management Plan regulated by the Environment Protection Authority
- The Dam Safety Management Plan regulated by the Department of Primary Industries, Parks, Water and Environment
- Our internal asset class plans.

Capital investment projects across our Plan period reflect the priority rating assigned to the infrastructure assets set out in each of these plans. Planning for our programs and subsequent activities use the risk framework in our asset class plans.

To manage the scale of expenditure that is required and maintain price affordability for our customers, we need to carefully balance our priorities over time – it is not feasible to address all compliance, improvement and renewal challenges at the same time.

While our approach to capital investment is highly structured, we have the flexibility to rapidly address unexpected issues that have the potential to significantly impact our services.

Figure 4. 2021–25 capital program by asset class

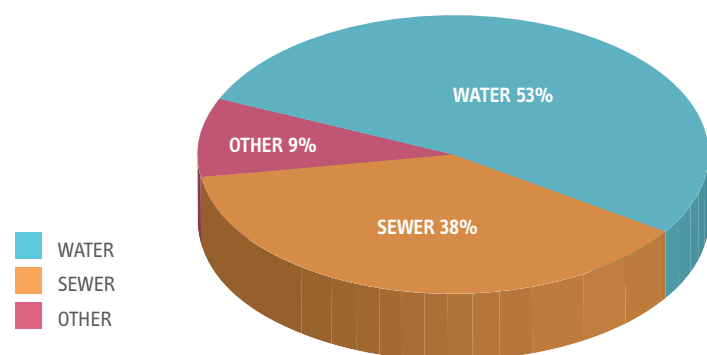
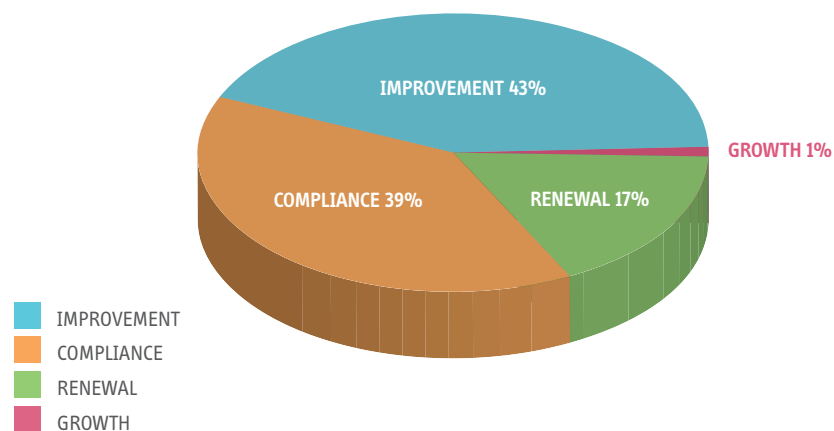


Figure 5. FY2021–25 capital program by primary driver



TOTAL CAPITAL EXPENDITURE \$1.04 BILLION

Our capital expenditure program also supports the introduction of innovative solutions that deliver water re-use and waste to energy resource opportunities, and the rationalisation of our infrastructure portfolio. Figure 4 illustrates the proportion of funding allocation over our Plan period for each of our asset classes, together with the programs that support the delivery of our capital expenditure program, such as information technology and fleet (categorised as ‘other’).

Our current capital investment commitments are driven by environmental, water quality and dam safety outcomes. Figure 5 highlights the significant proportion of capital expenditure activities over our Plan period that target the improvement of our infrastructure.

Other significant drivers of our investment decisions include the renewal or replacement of ageing infrastructure to maintain service levels to our customers, the increase in system capacity to accommodate population growth, and improvements to the safety and compliance profile of our assets.

It is important to recognise that, while we have categorised our capital expenditure projects by their primary drivers, the rationale behind each project is usually multi-faceted. For example, expenditure related to the redevelopment of a 50-year old water treatment plant will improve water quality, renew the treatment infrastructure and accommodate future growth in capacity.

Details of our top 25 planned projects and top 10 planned programs (based on dollar value) over our Plan period are detailed in appendices 2 and 3.

Externally funded capital expenditure projects

To provide value for money, we need to minimise price increases for our customers and deliver water and sewerage services that meet community expectations. From time to time we need to consider projects where, while they provide benefits to Tasmania, we are unable to recover the associated costs from our customers.

Where possible, we seek external funding for projects such as the Tasmanian Government's commitment to the Macquarie Point sewage treatment plant relocation, the Launceston combined drainage system improvement works and the feasibility study into the introduction of sewerage services to Coles Bay.

We will continue working with the Tasmanian Government to secure funding for these significant projects.

The total capital expenditure program included in our Plan does not assume funding for such projects, or any other works that are expected to be externally funded. We will amend the capital expenditure forecast included in our Plan to reflect these projects as external funding is confirmed.

We will also seek funding, with the Tasmanian Government's support, from the Australian Government for other important projects, such as service introductions to communities that do not currently have access to potable water, and trade waste funding for industrial customers who are experiencing difficulty meeting compliance costs.

Our Financial Sustainability Strategy considers our potential to access external funding.





Appendices

Appendix 1

Key strategic risks

STRATEGIC RISK TITLE	DESCRIPTION	KEY CONTROLS *
CUSTOMER & COMMUNITY – DELIVER A POSITIVE CUSTOMER EXPERIENCE TO YOU		
Customer, Community and Stakeholder Engagement	Inability to effectively engage with, manage and meet expectations of customers, community and stakeholders	<ul style="list-style-type: none"> • Key stakeholder engagement – customer groups, regulators, industry groups, Owners' Representatives and members of the Tasmanian Government • Community Engagement Policy & Framework • Stakeholder Management Strategy • Brand Strategy • Operations Control Centre and dedicated Contact Centre
COMMERCIAL & ECONOMIC – GIVE YOU VALUE FOR MONEY		
Cybersecurity	Unauthorised external access to data, financials or control systems	<ul style="list-style-type: none"> • Technology and Innovation Strategy • Information Security and Acceptable Use Policy • Business Continuity Planning • Incident and Emergency Management Plan • Enhanced internal cybersecurity expertise
Capital program delivery	Inability to supply resources to meet delivery requirements of capital program or program may not deliver the intended business benefits, efficiencies and/or customer outcomes in a timely manner	<ul style="list-style-type: none"> • Strategic Asset Management Plan • Project Management System • Capital management processes, including procurement • Asset Management Information System • Capital Delivery Office
Financial sustainability	Inability to fund and meet competing stakeholder demands and expectations	<ul style="list-style-type: none"> • Extensive modelling and analysis leading into Price and Service Plan submission (economic regulatory framework) • Key stakeholder engagements – customer groups, regulators, industry groups, Owners' Representatives and members of the Tasmanian Government • Annual borrowing approvals through state treasury and treasury management policies • Long term capital and operating expenditure plans • Financial Sustainability Strategy
Regulatory change	Losing the confidence of regulators and/or regulators may impose unrealistic or more onerous requirements	<ul style="list-style-type: none"> • Key stakeholder engagement – customer groups, regulators, industry groups, Owners' Representatives and members of the Tasmanian Government • Compliance and performance monitoring procedures • Ongoing regulators forum linked to Price and Service Plan 4 and future price and service plans

Appendix 1 (continued)

STRATEGIC RISK TITLE	DESCRIPTION	KEY CONTROLS *
Operational systems capability	Operational technologies and employee capability do not result in efficient, reliable and responsive practices to deliver on customer promises	<ul style="list-style-type: none"> • Technology and Innovation Strategy • Supervisory control and data acquisition (SCADA) Strategy • Data Quality Policy • Operations Control Centre • Information management policies
WATER & ENVIRONMENT – PROVIDE YOU WITH SAFE DRINKING WATER AND RESPONSIBLY MANAGE YOUR SEWAGE		
Water quality/public health	Provision of unsafe drinking water resulting in serious public health incident	<ul style="list-style-type: none"> • Drinking Water Quality Risk Management Plan • Protocol for provision of non-drinking water supplies • Operations Control Centre • Incident and Emergency Management Plan
Climate change	Failure to consider and manage impacts from climate change on all aspects of the business	<ul style="list-style-type: none"> • Climate change adaptation and mitigation strategy • Climate prediction scenario modelling
Environmental/third party	Sewerage system process/infrastructure failure or business activity causing environmental harm	<ul style="list-style-type: none"> • Operation and maintenance manuals • Inspection regimes • Automated monitoring and control systems and Operations Control Centre • Inflow and infiltration reduction programs • Renewals and relining programs • Incident and Emergency Management Plan • Operations and maintenance oversight
Critical asset failure	Failure or prolonged disruption of critical asset (including dam failure).	<ul style="list-style-type: none"> • Dam safety emergency management plans • Strategic Asset Management Plan • Asset Management Information System Incident and Emergency Management Plan • Operations Control Centre • Network asset strategies and management plans (in development) • Asset class strategies and management plans (in development)

Appendix 1 (continued)

STRATEGIC RISK TITLE	DESCRIPTION	KEY CONTROLS *
Supply and demand	Failure to adequately plan for water supply security and/or demand for sewerage services (short and long term)	<ul style="list-style-type: none"> • Demand modelling • Business Continuity Plan individual site and critical asset contingency plans • Water restrictions policy and guideline • Water Supply Security Strategy and implementation plans • Water Supply Demand Management Steering Group • Growth and Capacity Plans
Business continuity	Inability to respond to incidents and/or maintain business continuity after incidents or major disruption of systems, and/or loss of critical business information	<ul style="list-style-type: none"> • Business Continuity Plan • Incident and Emergency Management Plan • Operation Control Centre • Individual site and critical asset contingency plans • External emergency services relationships • Technology and Innovation Strategy
PEOPLE & CULTURE –BUILD CULTURE AND SKILLS FOR THE LONG TERM BENEFIT OF TASMANIA		
Worker and public safety	Injury to worker or member of the public	<ul style="list-style-type: none"> • Safety committees • Inductions and ongoing training • Policy and procedures • Fatality risk profile and associated management plans • Workers Compensation insurance policy • Ongoing investments in safety culture and implementation of Health and Safety Plan initiatives
Organisational culture and talent	Inability to develop an organisational culture or future workforce that can deliver the strategic objectives	<ul style="list-style-type: none"> • People Strategy • Leadership development program • Performance and development agreements • Training and knowledge capture programs
Contractor conduct risk	Conduct of employee and/or contractors carrying out core business activities in a manner that is detrimental to the organisation, the individual and/or customer outcomes	<ul style="list-style-type: none"> • Corporate Governance Framework • Procurement Policy and Contract Management Guidelines • Ongoing investment in culture • Complaints, Enquiries and Dispute Management Policy • Corporate Code of Conduct • Clear policies relating to behaviour and conduct

*Key controls for all risks include senior management, Board and, in a number of cases, regulatory oversight in addition to those specifically stated in the table.

Appendix 2

FY2021–25 top 25 capital projects (by value \$Millions)

PROJECT TITLE	SYSTEM TYPE	DRIVER	FY2020–21	FY2021–22	FY2022–23	FY2023–24	FY2024–25	TOTAL
Bryn Estyn Major Upgrade / Replacement	Water	Improvement	51.7	64.3	90.0	19.8	5.8	231.6
Launceston Sewer Improvement Plan (LSIP)	Sewer	Compliance	1.6	6.3	10.8	66.5	93.8	179.0
Forth River Major Upgrade / Replacement	Water	Improvement	0.5	0.5	5.0	37.1	7.6	50.7
Launceston water supply surety	Water	Improvement	0.0	0.0	3.5	7.0	19.4	29.9
Ridgeway Upgrade (Ridgeway Dam Safety - Anchor Replacements)	Dams	Compliance	0.7	19.0	9.3	0.0	0.0	29.0
Northern Midlands Sewerage Improvement Plan - Longford STP Upgrade	Sewer	Compliance	21.2	1.4	0.0	0.0	0.0	22.6
Davis St, Smithton Sewer Pump Station Upgrade	Sewer	Compliance	17.6	4.2	0.0	0.0	0.0	21.8
Regional Towns Water Supply Program Stage 4 - WP1 (Bothwell, Dover, St Marys, Oatlands, Coles Bay)	Water	Improvement	1.1	1.4	7.9	10.0	0.4	20.9
PittWater Sewerage Strategy	Sewer	Compliance	0.0	0.0	0.4	10.0	7.5	17.9
Lake Mikany Dam Upgrade	Dams	Compliance	13.9	0.0	0.0	0.0	0.0	13.9
Bridport Water Surety	Water	Compliance	0.0	0.4	9.0	3.8	0.0	13.1
Pardoe Sewer Improvement Plan	Sewer	Compliance	0.0	0.0	0.0	5.0	7.0	12.0
Pet Dam (Pet Dam - Safety Upgrade)	Dams	Compliance	2.2	9.0	0.3	0.0	0.0	11.5
Wynyard Sewer Treatment Plant Upgrades	Sewer	Compliance	0.2	0.7	8.0	1.3	0.0	10.2
Ulverstone Sewer Treatment Plant Upgrade	Sewer	Compliance	0.7	6.1	1.3	0.0	0.0	8.2
Prospect Vale STP - Upgrade (EPA Top 20)	Sewer	Compliance	0.4	3.0	4.7	0.0	0.0	8.1
UV Program Stage 2 - Campbell Town/Ross, Fingal, Queenstown, South Esk, Swansea, Triabunna, Tullah, West Tamar and Zeehan	Water	Improvement	5.1	2.0	0.5	0.0	0.0	7.6
Regional Towns Water Supply Program Stage 4 - WP4 (Dowlings Creek/Yolla, Manuka River/Strahan, Glen Huon, Westbury, St Helens, Scottsdale, Bridport, Deloraine, Longford, Bracknell)	Water	Improvement	0.1	0.4	6.0	0.0	0.0	6.5

Appendix 2 (continued)

PROJECT TITLE	SYSTEM TYPE	DRIVER	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	TOTAL
Burnie RC Trunk Main Renewal	Water	Renewal	0.3	3.5	2.5	0.0	0.0	6.3
Sheffield Optimisation	Sewer	Compliance	0.3	2.5	3.1	0.0	0.0	5.9
Bicheno STP Recycled Water Scheme Expansion (EPA Top 20)	Sewer	Growth	0.6	1.5	3.5	0.0	0.0	5.7
Latrobe Sewerage System - Network Upgrade and Augmentation	Sewer	Renewal	4.9	0.1	0.0	0.0	0.0	5.1
George Town Optimisation	Sewer	Compliance	0.0	0.0	0.0	0.0	4.9	4.9
Westbury Sewer Treatment Plant Upgrade and Reuse	Sewer	Renewal	0.6	1.4	2.3	0.0	0.0	4.3
Port Sorell Reservoir & Network Upgrades	Water	Improvement	0.0	0.2	0.3	3.3	0.4	4.3

Appendix 3

FY2021–25 top 10 capital programs (by value \$Millions)

PROJECT TITLE	SYSTEM TYPE	DRIVER	FY2020–21	FY2021–22	FY2022–23	FY2023–24	FY2024–25	TOTAL
Non-network IT	Other	Renewal	4.4	4.0	4.0	4.0	4.0	20.4
Water Treatment Plant Renewal Program (WTP renewals)	Water	Renewal	5.0	3.4	3.2	2.9	3.6	18.0
Water Main Renewals	Water	Renewal	3.6	4.3	4.8	2.4	2.8	17.9
Non-network Other - Fleet	Other	Renewal	4.4	3.3	3.3	3.3	3.3	17.6
Minor Projects Program	Other	Improvement	3.3	3.3	3.3	3.3	3.3	16.4
Sewer Main Renewals	Sewer	Renewal	3.7	3.6	4.1	1.8	2.1	15.3
Sewage Treatment Plant Renewal Program (STP Renewals)	Sewer	Renewal	4.6	3.6	3.4	1.5	2.2	15.3
Electrical Program	Other	Renewal	3.6	2.5	2.4	2.6	2.5	13.5
SCADA Program	Other	Improvement	2.7	2.7	2.5	2.8	2.6	13.4
Metering Program	Water	Renewal	4.2	2.9	2.9	1.1	1.4	12.5

Note: The programs identified above contain multiple projects.



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