

Corporate Plan

Financial years 2016-18



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Table of Contents

Background	5
Key benefits.....	5
Financial expectations	6
Long term planning.....	6
About TasWater.....	7
Our background.....	7
Our activities	7
Governance	7
Our journey so far.....	8
Progress against our FY2014-15 key performance indicators.....	8
Progress against our Strategic Initiatives.....	8
Progress against our capital plan	8
Our strategic framework.....	9
A vision for the future.....	9
Our shared values	9
Realising our vision and values	9
Measuring performance and monitoring our progress	11
Customer and Community Value.....	12
Goals and strategic initiatives	12
Delivery Framework	12
Financial and Commercial Performance	14
Goals and Strategic Initiatives.....	14
Delivery Framework	16
Business Systems and Processes	18
Goals and Strategic Initiatives.....	18
Delivery Framework	19
Quality of Product and Service	21
Goals and Strategic Initiatives.....	21
Delivery Framework	24
People and Culture	27
Goals and Strategic Initiatives.....	27
Delivery Framework	27
Strategic Risks.....	29
The challenges ahead.....	30
Our capital and operating budgets	31
Forecast growth and demand	31
Revenue and expense assumptions	31

Our financial projections.....	33
Income Statement	33
Cash Flow Statement	34
Owner Distributions	34
Balance Sheet	35
Capital expenditure projections	36

Executive summary

We are pleased to submit our Corporate Plan to owner councils for the three year financial period 2016-18.

This Plan has been developed following the Economic Regulator's (OTTER) Final Report and Price Determination, which has deviated significantly from TasWater's submission in a number of key aspects.

The corporation will focus its efforts on delivering on the objectives noted in the Plan whilst identifying opportunities for TasWater's longer term objectives to be sustained beyond PSP2.

Background

As we enter our third year of operation, it is prudent to reflect on our progress to date and consider our longer term prospects giving consideration to the dynamic environment we operate in, the outcomes of OTTER's Price and Service Plan Final Determination, and the need to balance the evolving requirements of our customers, regulators and owners.

Our first year of operation was one of consolidation and foundation building while ensuring delivery of the initial anticipated benefits of one corporation. As we entered our second year, we built upon the progress made in the first year, leveraging off a clear vision and strategy for the future, a new statewide operating model and realised merger gains.

This Corporate Plan continues our theme of balancing the competing priorities of infrastructure investment, stakeholder outcomes and managing price increases for our customers.

Following OTTER's Price and Service Plan Final Determination, we have reviewed our future plans and re-assessed our trajectory. While the implications of the Final Determination may ultimately constrain the rate of performance improvement, our plan continues to build on the progress made in our first two years of operation.

Key benefits

This Corporate Plan is intended to make a material difference to the Tasmanian community through the application of a considered and targeted program of investment intended to drive better customer outcomes, improved compliance of water and sewerage infrastructure and significant associated economic benefits for the state.

Customer benefits

- All customers currently paying above target tariff prices will be brought to target tariff on 1 July 2015
- 99% of residential water customers and 91% of residential sewage customers will reach target tariff by the end of this pricing period.
- Reduction in the number of unplanned water supply interruptions
- Reduction in the number of sewer breaks, chokes and spills
- No towns will be subject to regular summer water restrictions by the end of the Corporate Plan period
- Keeps future cost increases to a minimum through productivity savings of \$3 million making for a total of \$11M in annual recurrent savings arising from the formation of the single corporation by 2018.

Environment and public health benefits

- A minimum of 18 towns will have their Boil Water Notices and Public Health Alerts removed
- Treated sewage volume compliance will be lifted from 47%¹ to 60%
- Significant investments in Sewage Treatment Plant compliance upgrades and renewals
- Reduction in the number of non-compliant water storage dams from 13 to 5
- Reduction in the percentage of biosolids going to landfill

Economic

- A capital expenditure program of \$330M that will deliver significant employment and economic benefits to the state
- Reduction in the number of sewage spills and discharges that impact on the shellfish industry
- A development framework with no headworks charges where existing spare capacity exists

Financial expectations

Budget Net Profit after Tax for the three year Corporate Plan period is \$19.0M (FY16), \$25.5M (FY17) and \$30.3M (FY18). This level of profitability will support the provision of \$30M per annum in Distributions to owner councils.

Gearing over the period is expected to increase from 26.9% to 31.7% with no net increase in debt arising from the payment of dividends as a result of anticipated cost savings.

Budgeted capital expenditure over the period is \$330M split equally over the three year Corporate Plan period.

Retained earnings at the end of the Corporate Plan period are expected to be (\$32.2M)² with a closing total equity of \$1.496Bn.

Long term planning

It is essential that we look beyond the current Corporate Plan period in order to deliver a sustainable future which is affordable for the community and does not leave future generations facing a similar challenge to the one inherited by the former water and sewerage corporations in 2009.

Over the Corporate Plan period we will be deepening our understanding of the extent to which a renewals backlog exists (estimated at \$640M on 1 July 2015), the cost and feasibility of rationalising sewerage infrastructure in Hobart, Launceston and the north west coast, the condition of our assets and the impact of environmental license tightening. This program of work will include a review of the current regulatory framework and increasing our efforts to source external funding to enable us to comprehensively address the state's water and sewerage infrastructure challenges.

¹ As at 21 May 2015

² Negative retained earnings occur as a result of the Regulator's Final Price Determination for PSP2.

About TasWater

Our background

The Tasmanian Water and Sewerage Corporation Pty Ltd, trading as TasWater, was incorporated on 5 February 2013 under the *Water and Sewerage Corporation Act 2012* (Tas) and commenced operation on 1 July 2013.

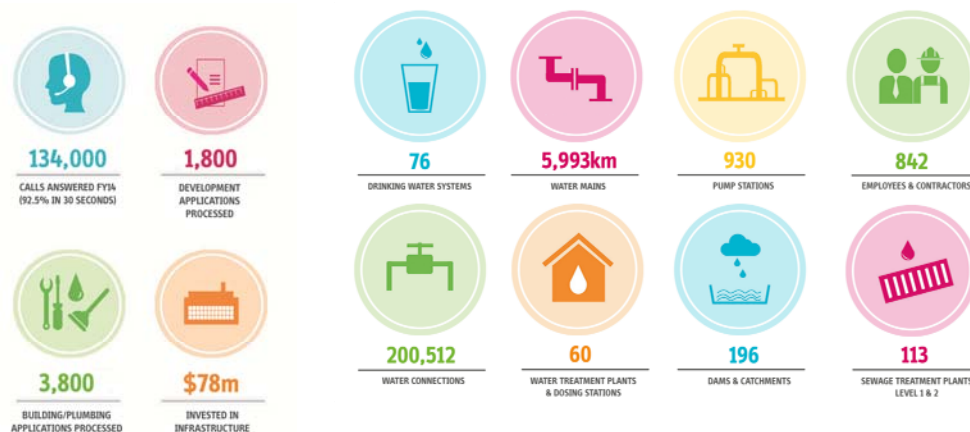
TasWater is owned by the 29 local government councils of Tasmania and provides water and wastewater services to residential and business customers across Tasmania.

Our activities

Our core business is to provide two essential services for Tasmanians:

- The sourcing, treatment and reliable delivery of quality drinking water to our customers
- The collection, transportation, treatment and safe return of the wastewater to the environment.

Figure 1: TasWater key facts and figures



Source: *TasWater Annual Water and Sewerage Performance Report 01 Jul 2013 – 30 Jun 2014*

Governance

In undertaking these duties, TasWater's actions are governed by a range of regulatory and legislative instruments including but not limited to:

- [Water and Sewerage Corporation Act 2012](#)
- [Water and Sewerage Industry Act 2008](#)
- [Environmental Management and Pollution Control Act 1994](#) (EMPCA)
- [Public Health Act 1997](#)
- [Shareholders' Letter of Expectations](#)
- [Land Use Planning Approvals Act 1993](#).

Our Corporate Plan FY2016-18 has been developed in accordance with the requirements of the Shareholders' Letter of Expectations. Further information on the relevant legislation, regulations and policies that govern our business can be found on our [website](#).

Our journey so far

Since commencing operations on 1 July 2013, we have embarked on a journey of transformational change. We have built on the achievements of the former Tasmanian water and sewage companies and developed an organisation that can progress industry performance to the levels expected of a modern utility company, while concurrently delivering the benefits expected through economies of scale.

Our first year of operation was one of consolidation and foundation building for future improvement. We have since continued to leverage our clear vision and strategy for the future with a new statewide operating model to build and improve our health and environmental outcomes while simultaneously delivering efficiency gains.

Progress against our FY2014-15 key performance indicators

Since formation, we have made good progress on a number of key performance indicators for the business. Through our focus on 'Zero harm' we have continued to improve our safety performance, with our Lost Time Injury Frequency Rate for the financial year to date improving 53 per cent from 12.9 in 2013-14 to 6.1 at the end of March 2015; but we still have a long way to go and safety must continue to be a high priority.

Our call centre performance continues to be strong, with 88.4 per cent of calls being answered within 30 seconds in the nine months to the end of March 2015.

The average minutes to attend priority one bursts and leaks and the average time to attend sewerage spills remain well within target.

Our environmental performance, however, continues to be poor with only 48 per cent of the volume of our treated effluent fully compliant with Environment Protection Authority requirements as at March 2015.

A full list of our key performance indicators and performance can be found in [Appendix 1](#).

Progress against our Strategic Initiatives

Steady progress continues to be made against the strategic initiatives that shape our organisation and define our performance. Refer to [Appendix 2](#) for a list of key strategic initiatives and progress to March 2015.

Progress against our capital plan

Our capital program is touching all parts of Tasmania as we bring ageing and non-performing infrastructure up to modern standards. A detailed list of projects completed or under way is at [Appendix 3](#).

While we underspent in our first year of operations, achieving \$78 million investment, we expect to spend \$90 million in FY2014-15.

In the last 12 months over \$170 million in business cases have been approved with committed forward capital expenditure at \$70 million as of March 2015. This positions us strongly to realise the \$330 million of capital expenditure planned for the Corporate Plan period.

Our strategic framework

A vision for the future

Our vision is to be '***A trusted and respected provider of essential services that is making a positive difference to Tasmania***'.

This vision reflects the strong desire of the Board and employees of TasWater to focus on what really matters for our owners, customers and the general community who are dependent on us for what are effectively essential services.

We see that there is considerable opportunity to make a positive difference to Tasmania by aligning our decision making with the economic interests of the state, delivering fit-for-purpose solutions and great customer service.

Our shared values

The delivery of our strategy for the future is not just about what we do but how we do it.

While our strategic objectives describe what we are aiming to achieve, our values describe how, in terms of behaviours, we will achieve them.

Our values, as developed by our employees, reflect how we wish to operate in providing services to our community:

- Honest & straight forward
We uphold the values and behaviours of TasWater in every action & decision
- Getting it right
We will develop responsible solutions and strive for continuous improvement in all that we do
- Long term thinking
We will deliver outcomes that are in the best interests 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.

Realising our vision and values

In developing our strategic framework, which provides the supporting foundation of our Corporate Plan, we reviewed the expectations of our customers, regulators and owners. While the needs of our stakeholders often align, there are instances where they differ.

Different and competing expectations mean that we need to make choices to balance outcomes. The choices on how to best allocate our scarce resources to deliver the appropriate outcomes are managed through the application of our vision and strategic framework.

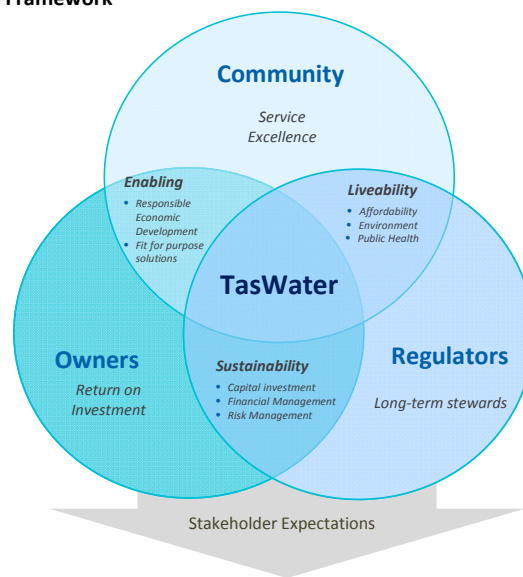
The delivery of our vision requires that we take an informed and pragmatic view of the current challenges facing the community and the industry today to establish the priorities for the coming years.

The need to deliver infrastructure that complies with contemporary health and environmental compliance requirements, addresses ageing assets in need of investment, and balances these needs against community affordability concerns were key considerations in defining our vision and shaping our strategic direction.

Our strategic framework provides a means to better understand the expectations of our stakeholders and align our business activities to meet them. By understanding where we provide the greatest value for our stakeholders (our value drivers), we are able to more effectively and efficiently focus our efforts in delivering the activities that really matter for the wider community.

In this way, the framework provides a tool for assessing our decision making and evaluative processes and for monitoring and controlling our performance.

Figure 2: TasWater's Strategic Framework



Vision	A trusted and respected provider of essential services that is making a positive difference to Tasmania				
Core Business	<ul style="list-style-type: none"> The sourcing, treatment and delivery of reliable, quality water to our customers The collection, transportation, treatment and safe return of wastewater to the environment 				
Value Drivers	Customer & Community Value	Financial & Commercial Performance	Business Systems & Processes	Quality of Product & Service	People & Culture
Strategic Themes	"Customer focused and part of the community"	"Financially Sustainable"	"Fit-for-purpose and enabling"	"Long term asset managers"	"One TasWater"
Strategic Objectives	Be a trusted & respected provider of essential services	To deliver sustainable financial outcomes that enhance the state's economic prosperity	Build fit-for-purpose consistent systems that enable 'best for business' outcomes	Provide products & services that deliver positive outcomes for Tasmania	Develop capable, empowered & accountable people committed to zero harm
Key Measures	Customer Satisfaction	Pricing	Productivity	Regulatory Targets	Zero Harm
Strategies	<ol style="list-style-type: none"> 1. Deliver an experience that meets customer expectations 2. Invest in our people's capability and build a values based culture 3. Build systems that drive better service at a lower cost 4. Keep price increases to a minimum 5. Provide safe drinking water and improved environmental outcomes 				

Measuring performance and monitoring our progress

The following sections of the Corporate Plan set out the goals, Key Performance Indicators (KPIs), targets, strategic initiatives and projects by value driver that support the delivery of our strategic objectives.

The following outline the meaning used to define goals, KPIs, targets, strategic initiatives and projects for the purpose of this Corporate Plan:

- Goals represent the high level aims for each Strategic Objective over the three year Corporate Plan period
- KPIs are the criteria by which performance against goals are measured
- Targets are the outcomes being sought for each measure
- Strategic Initiatives are the key focus areas aimed at delivering the targeted outcomes over the period of the Corporate Plan
- Strategic Projects are individual funded activities undertaken under the umbrella of strategic initiatives. There may be a number of strategic projects undertaken as part of a strategic initiative.

It is important to note that while our strategic framework draws a clear distinction between the various value drivers, there is in fact a high degree of interrelationship between them. The delivery of one strategic initiative may support the accomplishment of another contributing to improvement against multiple KPIs. For simplicity sake, in the main body of the document we have focused on where the primary benefit materialises.

As our business matures and we gain deeper insight into customer expectations and the evolving regulatory framework, we will need to regularly review our key performance indicators and strategic initiatives to ensure alignment with the expectations of our stakeholders and the changing world around us.

Many of the strategic initiatives listed in this Corporate Plan are at the concept or feasibility stage, therefore funding of supporting projects is generally subject to a business benefits test or business case.

During the Corporate Plan period a number of other strategic projects will be developed and delivered consistent with the strategic initiatives outlined above, pending budget approval.

Customer and Community Value

Goals and strategic initiatives

Deliver consistent and timely service

We aim to enhance customer experiences by improving first point resolution, reducing our response times and making it easier to do business with us. The key supporting strategic initiatives for delivering this change are the centralisation of our customer service centres into a single statewide centre of excellence and the introduction of tools and self-service options for customers.

Meet service interruption response time regulatory targets

In FY2015 our response times to service interruptions has been in accordance with the expectations of the regulator. Our priority this Corporate Plan period will be to maintain this performance whilst progressively reducing the number of unplanned water supply interruptions, sewer breaks and sewer chokes. The key strategic initiatives aimed at delivering the performance targets are:

- Development of a new statewide network operations centre
- Improvements in our alarming and monitoring systems
- Capital expenditure on renewals, CCTV inspections and relining of water and sewer mains

Increase public awareness of benefits of our programs

We will invest in community education initiatives to improve awareness of the trade-offs involved in providing timely responses to service interruptions, maintaining affordable pricing for customers and the need to address aging and non-compliant infrastructure.

As a continuation of our commitment to deliver an experience that meets customer expectations, we will seek to improve community engagement on service provision and review the avenues for communication, interaction and knowledge sharing.

Delivery Framework

The following table sets out the key elements of the delivery framework for the Customer and Community value driver and the linkage between each element of the framework.

Table 1: Customer and Community Value: Planning Period Delivery Framework

Goal	KPI	Targets			Strategic Initiatives	FY 16 Priority strategic projects*
		FY2015-16	FY2016-17	FY2017-18		
1 Deliver consistent and timely service	Customer Satisfaction	60%	70%	80%	1.1 Centralise call centres and create a Customer Service Centre of Excellence 1.2 Tools and self service options that enhance customer experience	1.1.1 Set up centralised Customer Service Centre of Excellence 1.1.2 Set up pop up shops in regional centres 1.1.3 Establish the Network Operations Centre 1.2.1 Investigate potential benefits of linking our Geographic Information System (GIS) and billing system enabling improved tracking of customers 1.2.2 Implement online trade waste calculators 1.2.3 Investigate potential benefits of systems for improved management of development services applications, complaints management, trade waste customers, tankered waste tracking and stores control 1.2.4 Expansion of online forms
	First point resolution	67%	75%	>80%		
	Customer effort score	<2.5	2	<1.5		
	Calls answered in the first 30 seconds (%)	85%	85%	85%		
	Complaints (per 1,000 properties)	9	9	9		
	Development applications processed in 10 business days (%)	98%	98%	98%		
	Building and plumbing applications processed in 10 business days (%)	98%	98%	98%		
	Customer code regulatory non-compliances	0	0	0		
2 Meet regulatory targets for service interruptions and response times	Time taken to attend Priority 1 water bursts and leaks	60	60	60	2.1 Statewide Network Operation Centre 2.2 Improve alarm and monitoring systems reliability and capability 2.3 Delivery of PSP2 water and sewer mains capital programs	2.1.1 System and process enhancements for prioritisation of customer interruptions and system failures 2.2.1 Deliver planned SCADA and telemetry upgrade projects 2.3.1 Delivery of annual capital programs for pipe renewals, CCTV pipe inspections and pipe relining 3.1.1 Review internet and intranet sites to enhance outcomes for customers and improve efficiencies 3.1.2 Continue to roll out community education and information campaign.
	Time to attend sewage spills, breaks and chokes	60	60	60		
	Unplanned water supply interruptions (per 100km of main)	71	68	54		
	Sewer breaks, chokes and spills (per 100km of main)	104	98	93		
3 Increase public awareness of community benefits of TasWater's operations and capital program	Number of favourable articles	140	160	180	3.1 Implement community and information education strategy	
	Number of unfavourable articles	190	160	140		

Financial and Commercial Performance

Goals and Strategic Initiatives

Transition customers to equitable pricing

By the end of the Corporate Plan period we aim to have 99.0% of residential water customers and 91.0% of residential sewage service customers at target tariff. This will be achieved through the implementation of the OTTER approved Price and Service Plan for FY2016-18.

Meet financial capacity and performance targets

While initial merger savings targets have been met, it is essential for the business to continue to reduce its cost base and operate as efficiently as possible. This is especially important as many of our capital projects are compliance driven and as such will continue to drive corresponding increases in labour and materials.

The business is participating in national benchmarking exercises to determine how it compares with the rest of the nation's water and sewerage businesses. This will provide a basis for determining the extent to which further savings can be realised.

We are setting up a Productivity and Cost Reduction strategic initiative aimed at delivering at least \$3M per annum in recurrent savings by the end of the planning period. When combined with the \$6M savings anticipated to be realised in FY2014-15 and the previous \$2.5M saved from the Onstream rationalisation leading into the formation of TasWater, the formation of a single water and sewerage corporation will have realised recurrent savings in excess of \$11M per annum at the end of its first 5 years of operation.

Other associated supporting key strategic initiatives include:

- A project aimed at securing significant external funding for unfunded major capital programs
- A review the efficacy of unregulated activities i.e. irrigation and re-use water supply and bio-solids distribution and handling
- Reduction in revenue leakage primarily focused on:
- A program to reduce the number of unmetered properties and replacement of meters that materially under record water consumption
- Resolution of Launceston City Council (LCC) dispute³
- Implementation of full cost recovery pricing program for tankered waste

The key financial outcomes arising from the execution of the Plan include:

- Budget Net Profit after Tax for the three year Corporate Plan period is \$19.0M (FY16), \$25.5M (FY17) and \$30.3M (FY18).
- \$30M per annum in Distributions to owner councils⁴
- Gearing increases from 26.9% to 31.7%
- Capital expenditure of \$330M

³ No allowance has been made in the financial projections for increased revenue from LCC as the matter has yet to be arbitrated

⁴ The dividend component of Distributions assumes that there will be no increase in debt at the end of the planning period arising from the payment of the dividend component

- Retained earnings of (\$32.2M)
- Closing Total Equity of \$1.496Bn.

These outcomes reflect OTTER's Final Report and Price Determination, which has deviated significantly from our submission in a number of key aspects. The key deviations factored into this plan include:

- An immediate move to target tariff for customers previously paying above target tariff
- A change in the regulatory depreciation methodology
- A significant reduction in the Asset Renewal Annuity

While we have managed to accommodate the impact of these changes in the current Plan as a result of a further cost saving program and reduced distributions to owners, without a change in approach by OTTER in the next Price and Service Plan, our ability to deliver the current rate of improvements is likely to be compromised.

We are currently finalising our Long Term Financial Plan which is expected to highlight the extent to which we will need additional external funding.

Meet capital expenditure targets with optimum efficiency

The business is planning to spend \$330M on improving water quality, dam safety and sewage treatment outcomes. It is essential that this money is spent efficiently with a focus on value for money. While the new empowered Strategic Asset Management business model using a 6 step capital approval and implementation process is working well, there is more we must do to realise an optimal outcome from the program. The proposed primary strategic initiatives for the Corporate Plan period are:

- Process improvements using our RACI program, improvements in data quality and new fit for purpose technology applications
- Further standardisation of contracts, additional project and contract management training and regular key provider briefing sessions
- Seek out new customer service and technology innovations and learn from other jurisdictions

Promote economic development on an equitable and sustainable basis

We are mindful of the need to make a positive contribution to the state's economy. We are seeking to realise these goals by continually looking to remove unnecessary bureaucracy, bring about consistent pricing regimes for customers and encourage sustainable development.

Our capital program also provides a significant boost for the local economy and can be expected to do so for some years to come.

The implementation of our interim headworks charging regime for the Corporate Plan period should continue to encourage development once the state government's headworks holiday expires in April 2016.

We remain committed to maintaining the ratio of regional employment inherited on formation of TasWater. Our North West accommodation strategy which incorporates the centralisation of our customer service centres and the setup of a statewide Network Operations Centre is a key initiative intended to facilitate this objective.

Delivery Framework

The following table sets out the key elements of the delivery framework for the Financial and Commercial Performance value driver and the linkage between each element of the framework.

Table 2: Financial and Commercial Performance: Planning Period Delivery Framework

Goal	KPI	Targets			Strategic Initiatives	FY 16 Priority strategic projects*
		FY2015-16	FY2016-17	FY2017-18		
1	Transition to equitable pricing for customers	% on target tariff – water 20mm	89.7%	94.8%	1.1 Implementation of PSP2 requirements	1.1.1 Implement PSP2 requirements
		% on target tariff for sewage (1ET)	81.5%	88.0%		2.1.1 Set up corporate-wide business productivity improvement and cost reduction program
		PSP regulatory non-compliances	0	0		2.1.2 Realise year one productivity and cost reduction targets and reduce revenue leakage
2	Meet financial capacity and performance targets	Net Profit After Tax (\$M)	19.0	25.5	2.1 Business productivity improvement and cost reductions 2.2 External funding for unfunded major capital programs 2.3 Review the efficacy of unregulated activities 2.4 Reduce revenue leakage	2.1.3 Improve data collection efficiency for field officers
		Sustainable cost savings	\$0.5M	\$1.5M		2.1.4 Review approach to multi-tenanted properties
		Interest cover ratio	2.35	2.66		2.1.5 Resolution of Launceston City Council (LCC) dispute
		Gearing ratio	26.9%	29.7%		2.1.6 Business case for consolidating billing system platforms
		Total overdue debtors as a percentage of revenue	4.80%	4.60%		2.1.7 Move to a single payroll system
3	Meet capital expenditure targets with optimum efficiency	Capital expenditure	\$110M	\$110M	3.1 Optimise the capital delivery program 3.2 Seek out new innovations and learn from other jurisdictions	2.1.8 Undertake strategic review of the biosolids operating model and seek cost reductions
		Research and innovation activities delivering tangible benefit	2	2		2.1.9 Seek cost reductions from new technology trials and innovations
4	Promote economic development on an equitable and sustainable basis	Regional employment ratio	S - 50% N - 30% NW -20%	S - 50% N - 30% NW -20%	4.1 Attract more interest in north west as a prospective location for future and current employees 4.2 Align Asset Management Plan with new statewide planning system 4.3 Instigate regulatory framework review	2.1.10 Implement transition to full cost recovery for tankered waste
		Prepare for implementation of recommended headworks charging regime in PSP3	In progress	In progress		2.1.11 Set up program to dispose of and demolish redundant assets
		Reduce the cost of regulatory compliance and speed up timeframes for approvals	In progress	In progress		2.2.1 Seek external funding for major strategic programs
						2.3.1 Undertake strategic review of operating models for biosolids beneficial reuse, irrigation supplies and reuse schemes
						3.1.1 Standardise contracts development and staff training in project and contract management principles
						3.1.2 Set up regular key provider information sessions for capital program delivery
						3.1.3 Process improvements using our RACI program
						4.1.1 Implement north west accommodation strategy
						4.3.1 Commence regulatory framework options study
						4.3.2 Engage with technical regulators on timeframes.

Business Systems and Processes

Goals and Strategic Initiatives

Enhance Project and Business Process Control

We are committed to providing our services as efficiently as possible. While significant gains have been made in consolidating our systems and processes, we still have considerable work remaining to align all our processes and systems to ensure optimal efficiency.

Given the size of the task and the geographic and demographic challenges in operating at a statewide level, it is important that we scale our processes and systems appropriately to ensure we deliver the greatest benefit at the lowest possible cost to our customers.

Over the Corporate Plan period we intend to drive better customer service and improved performance through refined processes, the development of a project management system suited for the scale of our capital program and benchmarking of our performance against other jurisdictions.

Increase security and reliability of key systems

In the first two years of operation we have focused on optimising inherited systems and identifying a future pathway for our business systems that will allow us to maximise our operational efficiency and reduce the probability and consequence of a major system failure or security breach.

A road map has been developed which outlines a number of key risk reduction and reliability improvement initiatives which will be implemented in the Corporate Plan period.

Improve sharing of business critical information

The business currently lacks a business intelligence framework. The lack of such a framework impedes a range of possible further improvements in customer service and results in inefficient reporting practises. It is intended that a suitably scaled framework will be developed over the Corporate Plan period.

Improve Customer relationship and service management systems

The business requires a customer relationship management solution in order to deliver modern levels of customer service and enable a seamless connection between the customer service centre and operations. At the moment we rely on a disparate range of systems, the majority of which are not connected and thereby result in poor customer outcomes. The implementation of such a system should also drive a range of efficiencies and enable labour to be targeted towards more productive purposes.

Develop a comprehensive Asset Management System

The implementation of an Asset Management System is a key driver of improved performance and a regulatory requirement. The first draft of our inaugural Asset Management System and Strategic Asset Management Plan has been developed and represents the overarching mechanism from which we can deliver improved asset performance and reduce the cost of reactive and unplanned maintenance.

Over the Corporate Plan period we intend to concentrate on the following strategic initiatives as a means of driving long term improvements in asset performance:

- Develop a detailed comprehensive Asset Management Plan
- Procure critical fit for purpose asset management tools and systems
- Develop an annual statewide preventative maintenance program

Enhance our emergency and incident management capability

The business has developed a fit for purpose emergency and incident management system. This system is critical to our incident management capability enabling us to effectively manage and prevent key operational events from escalating.

Further effort is required in order to get the system and processes to the point where they are mature and operating on a "business as usual" basis.

Delivery Framework

The following table sets out the key elements of the delivery framework for the Business Systems and Processes value driver and the linkage between each element of the framework.

Table 3: Business Systems and Processes: Planning Period Delivery Framework

Goal	Strategic Initiatives	Timelines			FY 16 Priority strategic projects*
		FY2015-16	FY2016-17	FY2017-18	
1 Enhance Project and Business Process Control	1.1 Map all key processes and develop appropriate tools and systems to drive continuous performance improvement				1.1.1 Implement 'blueworks' process management tool and use to drive process improvements
	1.2 Develop a project management solution to match our scale of operations				1.2.1 Investigate the business case for a Project Management solution to match our scale
	1.3 National performance benchmarking and reporting (continued from FY15)				1.3.1 Continue to participate in national performance benchmarking projects
2 Increase security and reliability of key systems	2.1 Consolidate the SCADA solution				2.1.1 Consolidate SCADA solutions onto a single platform
	2.2 Review and enhance reliability and security of key systems				2.2.1 Separate SCADA from the corporate network
3 Improve sharing of business critical information	3.1 Implement a business intelligence framework to improve corporate service, responsiveness and operational reporting				2.2.2 Improve identity and access management security
	3.2 Improve data acquisition, modelling, analysis and reporting capability				3.1.2 Develop business case for business intelligence framework
4 Improve customer relationship and service management systems	4.1 Implement Customer Relationship Management solution				3.2.1 Upgrade financial reporting system to improve efficiency and ease of use of financial reporting system
5 Develop a comprehensive Asset Management System	5.1 Develop detailed comprehensive Asset Management Plan				3.2.2 Implement single Geographic Information System (GIS) platform consolidation
	5.2 Procure critical fit for purpose asset management tools and systems				3.2.3 Investigate benefits of centralised modelling and analysis capability
	5.3 Develop annual statewide preventative maintenance program				4.1.1 Investigate options for enhanced customer relationship management system
6 Enhance our emergency and incident management capability	6.1 Build emergency and incident management process and practises suited to our operational state				4.1.2 Evaluate suitability of trade waste customer management system
					5.1.1 Development of detailed Asset Management Plan
					5.1.2 Undertake comprehensive asset condition assessments of key assets
					5.1.3 Develop and implement an asset criticality framework
					5.2.1 Specification and procurement of an Asset Management Information System and Field Service Management System
					5.3.1 Develop asset data quality and management strategy
					5.3.2 Develop preventative maintenance strategy
					6.1.1 Implement disaster recovery system improvements
					6.1.2 Further refine process and undertake training
					6.1.3 Investigate business case for an Incident/emergency management information technology platform.

Quality of Product and Service

Goals and Strategic Initiatives

Meet waste water compliance targets

We still have considerable waste water compliance challenges that will require significant capital investment and operational change over a number of years.

Our Draft Wastewater Management Plan, submitted to the Environment Protection Authority (EPA) on 6 February 2015, outlines our plans to begin to address these challenges and incorporates management of risks, targets, improvement opportunities and delivery and review mechanisms relating to wastewater management.

To inform the setting of contemporary discharge limits, the EPA require TasWater to conduct numerous environmental studies. The effect of these is that many sites will have more stringent discharge requirements necessitating plant upgrades; others may prove feasible for beneficial irrigation.

It is anticipated that these environmental studies will largely be concluded over the Corporate Plan period and will provide greater clarity to support effective investment in fit-for-purpose, innovative solutions that provide optimal environmental outcomes.

To improve the performance of larger plants, which have a greater proportional effect on the volume of sewage compliance, we will be progressing key wastewater strategies for major urban centres including Hobart and Launceston. These long term projects may involve rationalisation of smaller plants and upgrades to improve effluent quality.

At a smaller, more local level, TasWater also operates over 30 small 'Level 1' sewage treatment plants. While not regulated by the EPA, many of these will still require attention and upgrading. A number of these sites will also be upgraded across the Corporate Plan period.

Over the Corporate Plan period we intend to progress the following strategic initiatives as the primary means by which we will meet the regulator's waste water compliance targets:

- Implement waste water quality management plan
- Implement trade waste management plan
- Implement sludge management program
- Implement digester cleaning program
- Implement waste water treatment process audits and condition assessments

Meet water quality compliance targets

The Draft Drinking Water Management Plan submitted to the Department of Health and Human Services on 6 February 2015 details our plans for managing the microbiological, chemical and aesthetic properties of the water we provide. The document outlines how we manage risks, targets, improvement opportunities and delivery and review mechanisms relating to water quality.

Tasmania's drinking water is sourced from over 50 water catchments across the state that range from near pristine to highly impacted. Impacted catchments are affected by a variety of human activities including forestry, agriculture (cropping), farming (grazing, dairy and animal husbandry)

and human settlement. To manage any risks that these types of interaction with our catchments may have requires advanced water treatment processes.

A large proportion of our 76 drinking water systems are ageing and no longer meet the demands or requirements of a modern society. An array of geographic challenges and the sheer volume of assets further complicate asset base management.

Of these 76 systems, 26 are considered non-potable due to non-compliance with Australian Drinking Water Guidelines, 2011. These 26 systems supply water to approximately 1.5 per cent of our customers and are subject to health alerts. Of these, 22 are on a Boil Water Alert (BWA) due to microbial factors, while the other systems are affected by elevated concentrations of metals and are therefore subject to a Public Health Alert.

The many non-compliant small systems with low populations present a challenge as the cost per customer required to rectify drinking water quality is typically much higher than that for larger urban centres. We will be progressing with a range of projects over the Corporate Plan period to address critical drinking water quality non-compliances and it is anticipated that the number of towns where the water is not potable will be substantially decreased over the next three years. Consultation will also continue with a number of very small communities aimed at removing the requirement for permanent boil water notices.

Improvements to fluoridation and chlorination will be undertaken through the plan period to meet the requirements of the new Fluoride Code of Practice and to improve dosing reliability and control.

Reduce the number of non-compliant dams

TasWater has in the order of 309 water and wastewater dams, lagoons and weirs which fall under the definition of a dam under the *Water Management Act 1999*.

These services are essential for the maintenance of the lifestyle, economy and public health of Tasmania. We are committed to ensuring business continuity through any unforeseen event as it is recognised that that disruption to these services could have major long term consequences.

We have identified 32 water supply dams where dam failure could cause loss of life. 27 of these dams have an Australian National Committee on Large Dams (ANCOLD) consequence category of 'significant' or higher.

In terms of the consequence category, TasWater has four Extreme, four High A, four High B, eight High C and seven Significant consequence category dams. All the Extreme consequence category dams are in the south region. Fifteen of the dams in the portfolio plot above the ANCOLD limit of tolerability for societal risk. Consistent with ANCOLD guidelines, dams that plot above the ANCOLD limit of tolerability have interim safety measures applied to reduce the risk level to As Low as Reasonably Practicable. The effectiveness of these interim safety measures are reviewed by the Board on a monthly basis.

Our goal for the Corporate Plan period is to reduce the number of non-compliant dams. This will result in a number of dams being upgraded or decommissioned where no longer required. Where decommissioning is under consideration and public amenity may be an issue, we explore if there is any interest from the government, councils or private enterprise in taking over responsibility for the dams.

Reduce number of sewage spills and impact on industry

We have seen the number of dry weather spills reduced by over 50% in the last 12 months. While this is pleasing, the reality is that significant work remains if we are to create an environment where our impact on sensitive receiving waters e.g. beaches, recreational waterways and bays being used for shellfish production is reduced to a level more closely aligned with what is acceptable when the issue of affordability and long term impact are taken into account.

The focus needs to be on tackling the root cause of sewage spills and discharges that are inconsistent with the primary intended use of the affected receiving waters.

Many of the Sewage Pump Stations (SPS) located adjacent to sensitive receiving waters are not capable of containing waste water in wet weather events for our target of no spills for rainfall events of less than 1 in 5 year recurrence interval. Some of this is due to the amount of inflow and infiltration that occurs in our mains when it rains. This in turn is often the result of the poor condition of much of our sewer mains, the need for improved sealing of manholes and cross connections between stormwater and sewer pipes.

Stormwater inflow and infiltration can also overwhelm the capacity of a STP resulting in influent bypassing much of the treatment process.

The cost of addressing these issues is not insignificant and investment will need to occur over a number of years, hence the aim for this Corporate Plan period is to prioritise the highest risk areas first.

The key strategic initiatives chosen for this Corporate Plan period reflect the decision to focus on reducing the frequency and impact of sewage spills and discharges to sensitive receiving waters. Those strategic initiatives include:

- Implement our storm water inflow and infiltration strategy
- Implement our sewer spill abatement strategy
- Remote alarming of at risk SPS
- Implement our shellfish risk mitigation plan

The implementation of these strategic initiatives will require significant capital investment in SPS and sewage mains upgrades, reductions in inflow and infiltration into our sewage systems and detailed hydraulic models being built for many of our at risk sewerage systems.

Review recycled water compliance

In the first year of the Corporate Plan period will be reviewing the operating models used for unregulated activities including beneficial re-use of biosolids and recycled water. The outcomes of this review will be used as inputs to develop future management programs.

Review biosolids quality and reduce volume going to landfill

In the first year of the Corporate Plan period we will review our biosolids strategy and develop a statewide management plan which is aimed at ensuring we can meet our compliance targets over the long term and reducing the amount of biosolids going to landfill.

Reduce water taste and odour complaints

In the recent summer period we saw a significant increase in drinking water taste and odour complaints, the most widespread being that experienced in greater Hobart. During the Corporate

Plan period we will focus on the following strategic initiatives as a means of reducing the number of water taste and odour complaints:

- Implement a taste and odour reduction strategy
- Implement an algal sampling program

Recently commissioned and future WTPs which receive raw water from at risk sources are being fitted with technology to further reduce the likelihood of such events. In addition some existing plants (e.g. Bryn Estyn WTP) will be retrofitted with new equipment to further reduce the possibility of taste and odour issues, while those plants with low taste and odour occurrence probability can be managed through the portable taste and odour treatment equipment.

Develop infrastructure technical standards

The development of consistent statewide technical standards has been an ongoing exercise in the last Corporate Plan period. In this planning period we intend to finalise these standards.

Delivery Framework

The following table sets out the key elements of the delivery framework for the Quality of Product and Service value driver and the linkage between each element of the framework.

Table 4: Quality of Product and Service: Planning Period Delivery Framework

Goal	KPI	Targets			Strategic Initiatives	FY 16 Priority strategic projects*
		FY2015-16	FY2016-17	FY2017-18		
1	Meet waste water compliance targets	Percentage of treated volume fully compliant with EPA requirements (NWI E4)*	52%	56%	60%	1.1 Implement waste water quality management plan
		Number of environmental non-compliances rated serious	0	0	0	1.2 Trade waste management plan
		Trade waste customers with current consents/contracts	80%	90%	100%	1.3 Sludge management program
2	Meet water quality compliance targets	Percentage of potable systems compliant with ADWG microbiological guidelines* %	97%	98%	98%	1.4 Digester cleaning program
		Percentage of systems compliant with average fluoride concentration within target range 0.8 – 0.2 mg/L* %	96%	99%	99%	1.5 Waste water treatment process auditing and condition assessments
		Towns on long term boil water notices or public health alerts	11	9	8	2.4 Delivery of STP capital projects from PSP2
		Towns with regular summer water restrictions	1	1	0	2.1 Implement drinking water quality management plan
		Number of public health non-compliances rated serious	0	0	0	2.2 Implement drinking water treatment plant process audits and condition assessments
						2.3 Implementation of small towns water strategy
3	Reduce the number of non-compliant dams	Number of dams that plot above ANCOLD limit of tolerability for societal risk	13	10	5	2.4 Delivery of drinking water capital projects from PSP2
		Number of dam safety non-compliances rated serious	0	0	0	3.1 Implement operational elements of dam safety management plan
						3.2 Delivery of dam safety capital projects from PSP2

Goal		KPI	Targets			Strategic Initiatives		FY 16 Priority strategic projects*	
			FY2015-16	FY2016-17	FY2017-18				
4	Reduce number of sewage spills and impact on industry	Dry weather sewage spills per annum	110	100	90	4.1	Implement storm water inflow and infiltration strategy	4.1.1	Develop inflow and infiltration management plan
		Spills to sensitive receiving waters for rainfall events of less than 1 in 5 year recurrence interval	35	30	25	4.2	Implement sewer spill abatement strategy	4.1.2	Hydraulic model development for sewerage systems
		Oyster farm shutdowns arising from rainfall events of less than 1 in 5 year recurrence interval	5	3	3	4.3	Remote alarming of at risk sewage pump stations	4.2.1	Develop sewerage mains performance and management plans
						4.4	Shellfish risk mitigation plan	4.2.2	Develop Discharge Management Plans (DMP) and Emergency DMP Development
						4.5	Delivery of sewerage system capital projects from PSP2	4.2.3	Develop sewer pump station management plan
								4.3.1	Sewage pump station telemetry upgrades and alarm remediation
								4.3.2	Establish SCADA historian
								5.1.1	Review effectiveness of current recycled water compliance and management plan and develop long term sustainable targets
5	Review recycled water compliance	Compliance targets met	Under review	Under review	Under review	5.1	Implement findings of recycled strategic model review from <i>Finance and Commercial Performance strategic initiative 2.3</i>)	5.1.3	Review groundwater monitoring program and soil monitoring program
6	Review biosolids quality and reduce volume going to landfill	Percentage of biosolids taken to landfill	10%	7%	5%	6.1	Implement findings of biosolids strategic model review from <i>Finance and Commercial Performance strategic initiative 2.3</i>)	6.1.1	Review effectiveness of current biosolids compliance and management plan
7	Reduce water taste and odour complaints	Number of systems from which we receive greater than 20 complaints per annum	5	3	2	7.1	Implement taste and odour reduction strategy	7.1.1	Deliver planned capital projects that reduce taste and odour risks
						7.2	Implement an algal sampling program	7.2.1	Develop algal sampling program
8	Develop infrastructure technical standards	Standards in place	Underway	Underway	Complete	8.1	Finalise development of consistent statewide infrastructure technical standards	8.1.1	Develop statewide design and purchasing standards for civil, electrical and mechanical assets.

People and Culture

Goals and Strategic Initiatives

Reduce workplace injuries and the risk of fatalities

TasWater is committed to protecting the health, safety and wellbeing of our employees and contractors. While significant progress has been made in reducing the frequency of injuries much more is needed if we are to realise our aim of zero harm. We must expand our efforts to eliminate the root cause of potential injuries for our employees and ensure that a similar standard is being applied by contractors and suppliers.

Achieving this will require the provision of balanced and structured health and safety systems, programs and processes that empower all workers and leaders to effectively manage safety and health. The key strategic initiatives chosen for this Corporate Plan period include:

- Continued implementation of the Health and Safety Program
- Implementation of the fatality risk profile reduction project
- Ongoing roll out of our health and wellbeing program to support our focus on zero harm
- Implementation of the next stage of our behavioural safety improvement program

Increase the capability and productivity of the workforce

To continue our development towards a high performance organisational culture, further targeted and customised training will be implemented to achieve enhanced performance levels, improved workplace culture and increased efficiency.

While we currently run an employee personal development program aimed at increasing the skills and capabilities of our people, we also need to set up programs that ensure that they see a future career development pathway. This will be particularly important if we are going to attract and retain the talent we need for the coming years, hence our key strategic initiative for the Corporate Plan period is the development of succession, talent management and career path planning and development programs.

Develop a values based culture that supports delivery of our strategic plan

It is essential to develop a culture that is aligned with the aims of our strategy. Over the Corporate Plan period we will be investing in developing such a culture and supporting work practices through a series of workplace culture programs.

During the coming year we will be developing baseline culture measures to better understand the impact of the changes being implemented, how best to invest and improve on results and the corresponding impact on our customer service and productivity levels.

Delivery Framework

The following table sets out the key elements of the delivery framework for the People and Culture value driver and the linkage between each element of the framework.

Table 5: People and Culture: Planning Period Delivery Framework

Goal		KPI	Targets			Strategic Initiatives		FY 16 Priority strategic projects*	
			FY2015-16	FY2016-17	FY2017-18				
1	Reduce workplace injuries and the risk of fatalities	Lost time injury frequency rate (LTIFR)	5.5	4	3	1.1 Continued implementation of the Health and Safety Program 1.2 Fatality risk profile reduction project 1.3 Health and wellbeing program to continue to support our focus on zero harm 1.4 Behavioural safety improvement program	1.1.1 Behavioural safety improvement strategy continuation 1.1.2 Implement Alcohol and other drugs program 1.2.1 Set up redundant infrastructure demolition and disposal program 1.2.2 Electrical safety improvement program 1.2.3 Switchboard renewals 1.2.4 Chemical management review 1.3.1 Continuation of our health and wellbeing program 1.4.1 Develop statewide contractor management systems and processes to enhance safety management.		
		Safety interactions	250	250	250				
		Notifiable incidents	10	5	3				
2	Increase the capability and productivity of the workforce	Under development	Framework defined	Baseline measures established	*TBD	2.1 Succession, talent management and career path planning and development	2.1.1 Develop succession, talent management and career path planning program 2.1.2 Identify appropriate KPIs for measuring progress		
3	Develop a values based culture that supports delivery of our strategic plan	Under development	Framework defined	Baseline measures established	*TBD	3.1 Cultural development program	3.1.1 Statewide enterprise agreement 3.1.2 Commence 'The way we work' program 3.1.3 Identify appropriate KPIs for measuring progress 3.1.4 Implement change management program.		

*Targets to be established upon framework and baseline measure determination

Strategic Risks

Our updated strategic risk matrix can be found at [Appendix 4](#). The top strategic risks are:

- Drinking water treatment failure resulting in illness or fatalities
- Dam failure resulting in widespread infrastructure damage and/or fatalities
- Serious work place incident resulting in permanent injury or fatality
- Revenue impacts resulting in an inability to meet key financial commitments
- Critical structural or process failure resulting in significant environmental harm or serious threat to employees and public health.

We have built on the strategic risks indicated in the previous Corporate Plan and put in place a series of key controls. Particular initiatives to date have included our Dam Safety Management Plan, Sewerage Spills Abatement Program, Incident and Emergency Management framework, and major focus on 'zero harm' throughout the business.

These strategic risks have guided us in making our strategic choices and in particular the prioritisation of initiatives for this Corporate Plan.

The challenges ahead

We are conscious of the delicate balancing act between the capital program, stakeholder outcomes and keeping downward pressure on price increases.

In this context we are also subject to more oversight than ever before. The regulatory burden on our business is significant, and while we do not shy away from appropriate oversight, we should question the value of the current regulatory arrangements and whether they are delivering the best outcomes for the community.

It is important that we consider these matters through the eyes of our customers and stakeholders. Listening to our customers, communities and stakeholders will help us get it right. We must continue to question all we do and ensure that the customer and community are at the heart of our decision making.

We understand that we are operating in an environment where many in our community are doing it tough, and affordability is a significant issue. We are also conscious that state and Australian governments have less ability to assist with infrastructure projects.

We have a unique, once in a generation opportunity to develop infrastructure that will provide long term improved community environmental and public health outcomes and therefore strive to meet the challenges ahead.

Our capital and operating budgets

Forecast growth and demand

In December 2014 the Tasmanian Department of Treasury and Finance released its population projections for the state⁵. The key outcomes of the work, which replaces the projections Treasury prepared in 2008 for the Demographic Change Advisory Council and which were used as a basis for growth forecasts in the 2012 Price Determination, indicated that the medium population projection would result in an average growth rate of 0.3 per cent per annum.

In its 2015 Price Determination Investigation Draft Report, the Economic Regulator (OTTER) proposed adopting this annual growth rate to forecast growth in the number of customer connections and water and sewage volumes for the 2015–18 period.

Revenue and expense assumptions

Revenue Assumptions

Total revenue for financial years FY2016–18 is forecast to be \$282 million, \$298 million, and \$313 million respectively.

The revenue assumptions have been predominantly based on the underlying assumptions and financial projections reflected within TasWater's PSP2 submission as adjusted to reflect the revenue impact of OTTER's Final Price Determination.

Fixed water and sewerage income

The net fixed water and sewerage revenue forecast for FY2015-16 is 5.24 per cent lower than the FY2014-15 forecast. The revenue reduction is based on modelling using a tariff model prepared by an external consultancy agency and incorporates OTTER's required reduction to revenue as detailed within their pricing determination.

Developer charges

Recent State Government policy changes relating to the headworks component of developer charges has resulted in headworks related revenue being replaced by a \$5 million State Government grant for FY2015-16.

Non-Interest Expense Assumptions

Cost expectations have been developed using a bottom up approach. The escalation of current year costs have predominantly been based on CPI increases of 1.50 per cent⁶.

The following assumptions underpin the expenses contained within the Corporate Plan:

- CPI is assumed to be 1.5 per cent in FY2015-16 and 2.5 per cent in FY2016-17 and FY2017-18.
- Power costs (including LPG) have been modelled by external consulting agencies

⁵ Department of Treasury and Finance, 2014 Population Projections Tasmania and its Local Government Areas, December 2014

⁶ CPI based on the average of the actual December 2014 'All Groups' CPI index and the forecast June 2015 'All Groups' CPI index, as derived from *Table 6.1: Output Growth and Inflation Forecasts* per the Reserve Bank of Australia website.

- Chemicals are assumed to increase by 4.25 per cent in FY2015-16 and 4 per cent in FY2016-17 and FY2017-18.

Interest Expense Assumptions

The average interest rate for the loan portfolio, including the Loan Guarantee Fee (LGF), is forecast at 4.50 per cent for the Corporate Plan period.

A credit rating equivalent to an S&P rating of 'A' has been assumed for the plan. Changes to this credit rating will impact the level of LGF that has to be applied to the loan portfolio.

Our financial projections

Income Statement

Income Statement (000's)	FY2015-16 (Forecast)	FY2016-17 (Forecast)	FY2017-18 (Forecast)
REVENUE			
Fixed Charges	205,588	224,499	235,622
Volumetric Charges	54,654	58,275	61,559
Services & Consulting Revenue	4,979	3,663	3,785
Headworks	-	-	-
Contributed Assets	8,760	8,979	9,203
Government Grants	6,453	1,378	1,379
Sundry Revenue	1,475	1,512	1,549
Total Revenue	281,909	298,307	313,098
EXPENSES			
Chemicals, Power & Royalties	21,933	22,810	23,722
Materials & Services	27,057	27,734	28,427
Water Sampling	2,810	2,880	2,952
Salaries & Related Personnel Expenditure	77,827	80,579	83,420
Regulatory Costs	2,413	2,474	2,536
Governance	1,186	1,216	1,246
Information Systems	4,845	4,966	5,090
Customer Collection Expenses	2,989	3,063	3,140
Contract services	1,657	1,698	1,741
Administration Other	4,082	4,184	4,288
Community Relations	263	270	277
Facility Management	6,436	6,596	6,761
Insurance	1,680	1,722	1,765
Motor Vehicle	3,922	4,020	4,120
Contingency & Strategic Projects	7,731	7,731	7,731
Productivity and Cost Savings	(963)	(1,963)	(3,463)
Total Expenses	165,868	169,980	173,754
Earnings before Interest & Depreciation	116,041	128,327	139,344
Loan Guarantee Fee (LGF)	2,481	2,582	2,859
Interest Expense	17,591	19,330	21,995
Depreciation	68,838	69,952	71,167
Net Operating Profit before Tax	27,131	36,462	43,322
Tax	8,140	10,939	12,997
Net Profit after Tax	18,991	25,524	30,326

Cash Flow Statement

Cash Flow Statement (000's)	FY2015-16 (Forecast)	FY2016-17 (Forecast)	FY2017-18 (Forecast)
Cash Flows from Operating Activities			
Receipts from Customers	256,768	274,832	289,577
Receipts from Government/Grants	8,623	9,150	9,638
Payments to Suppliers & Employees	(180,619)	(188,782)	(192,620)
Refund from ATO	19,850	19,986	20,080
Interest Received	69	69	69
Interest Paid	(17,660)	(19,399)	(22,063)
LGF Paid	(2,400)	(2,582)	(2,859)
Income Tax Equivalents Paid	(6,664)	(8,994)	(10,748)
Net Cash from Operating Activities	77,968	84,281	91,072
Cash Flows from Investing Activities			
Payments for Property, Plant & Equipment	(110,000)	(110,000)	(110,000)
Proceeds from Payments for Property, Plant & Equipment	5,000	-	-
Government Contributions	800	1,450	1,450
Net Cash Flows from Investing Activities	(104,200)	(108,550)	(108,550)
Cash Flows from Financing Activities			
Movement in Borrowings	47,209	42,693	33,870
Dividends Paid	(20,936)	(18,424)	(16,392)
Net Cash Flows from Financing Activities	26,273	24,269	17,478
Net Movement in Cash for the Year	40	0	0
Opening Cash Balance	2,466	2,506	2,506
Closing Cash Balance	2,506	2,505	2,506

Owner Distributions

Summary of Distribution to Owners (000's)	FY2015-16 (Forecast)	FY2016-17 (Forecast)	FY2017-18 (Forecast)
Loan Guarantee Fees	2,400	2,582	2,859
Tax Equivalents	6,664	8,994	10,748
Net Profit After Tax	18,991	25,524	30,326
Total Available for Distribution	28,055	37,100	43,933
Projected Distributions	30,000	30,000	30,000
Growth in Retained Earnings	(1,945)	7,100	13,933

Balance Sheet

Balance Sheet (000's)	FY2015-16 (Forecast)	FY2016-17 (Forecast)	FY2017-18 (Forecast)
Current Assets			
Cash and Cash Equivalents	2,506	2,506	2,506
Receivables	49,327	50,341	52,902
Inventories	5,737	5,880	6,027
Prepayments	2,285	2,332	2,451
Current Tax Assets	5	-	-
Total Current Assets	59,860	61,059	63,886
Non-Current Assets			
Property, Plant & Equipment	1,819,632	1,867,208	1,913,795
Deferred Tax Asset	85,592	87,376	85,128
Other	-	650	650
Total Non-Current Assets	1,905,224	1,955,235	1,999,572
Total Assets	1,965,084	2,016,294	2,063,458
Current Liabilities			
Borrowings	108,733	120,421	129,692
Employee Benefits	15,584	15,974	16,373
Payables	20,855	21,376	21,911
Unearned Income	1,398	1,317	1,237
Current Tax Liability	5,628	7,717	7,717
Other	1,294	1,326	1,359
Total Current Liabilities	153,492	168,131	178,289
Non-Current Liabilities			
Borrowings	288,468	319,474	344,072
Employee Benefits	10,598	10,863	11,135
Unearned Income	33,204	31,285	29,365
Other	4,785	4,905	5,028
Total Non-Current Liabilities	337,055	366,526	389,599
Total Liabilities	490,547	534,657	567,888
Net Assets	1,474,537	1,481,637	1,495,570
EQUITY			
Retained Earnings	(53,277)	(46,177)	(32,244)
Contributed Capital	1,527,814	1,527,814	1,527,814
Total Equity	1,474,537	1,481,637	1,495,570

Capital expenditure projections

Background

A large proportion of our inherited infrastructure is ageing and/or in poor condition. In a number of cases its performance is non-compliant, resulting in public health and environmental outcomes that do not meet the standards of a modern contemporary water and wastewater business.

To date TasWater and the former corporations have principally targeted projects that address critical drinking water non-compliance; that is, those projects that provide the greatest benefit to the community, though a number of significant wastewater projects have been undertaken or commenced. The positive impact of the spend on water quality issues is expected to be realised in the near future, with a substantial reduction in the number of drinking water systems that are subject to boil water notices and public health alerts advising customers that the water is not to be consumed.

Capital expenditure program budget

We are proposing a total capital expenditure of \$330 million for the next regulatory period between FY2015–18.

Wastewater infrastructure issues are expected to remain a challenge into the foreseeable future and we are continuing to build upon and improve the quality of our data to support targeted investment that delivers the greatest benefit.

The proposed expenditure will allow us to address a significant proportion of our highest priority compliance requirements as well as necessary renewal and growth driven works. As we progress through 2015–18 our capital works programs will become more heavily weighted towards wastewater.

It is expected that the proposed level of expenditure will allow TasWater to continue reducing the number of towns on BWAs and Do Not Consume notices. TasWater will be progressing key wastewater strategies for major urban centres through the next regulatory period in order to improve the performance of larger sewage treatment plants which have a greater proportional impact on sewage compliance.

Prioritisation basis

The capital expenditure program for the Corporate Plan period has been derived from the following key plans which are subject to the approval of the technical regulators:

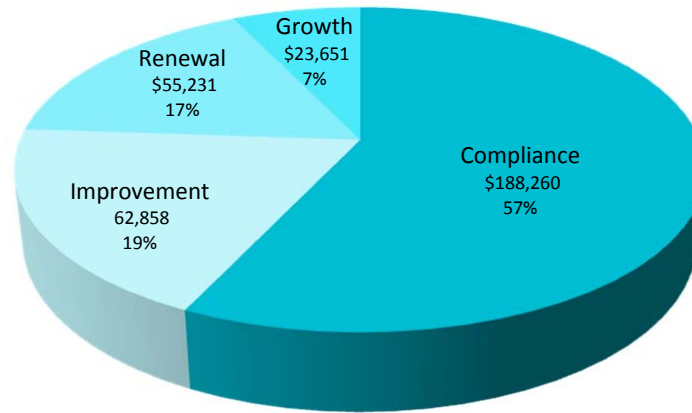
- Drinking Water Management Plan (DHHS)
- Wastewater Management Plan (EPA)
- Dam Safety Management Plan (DPIPWE)

Project prioritisation generally reflects the priority rating assigned to infrastructure assets set out in each of these plans.

Key drivers of capital expenditure

The following table sets out the projected capital expenditure for the period by driver.

Figure 3: Projected capital expenditure (\$000) by key driver over the FY2016-18 period



As was the case during the FY2012–15 regulatory period, given the inherited compliance challenges, our capital works program for the next three years will be geared towards addressing compliance objectives. It will be important to see the renewals spend increase in subsequent periods.

Breakdown of key projects planned for the period

The following tables outline the most significant projects within our \$330 million capital program which are aimed at addressing our most pressing service provision challenges over the Corporate Plan period.

Table 6: FY2016-18 Capital Program- major projects and programs*

Project Title	Driver	Region	FY 2015/16	FY 2016/17	FY 2017/18	Total Budget
Ringarooma Valley Treated Water Supply	Compliance	North	\$8,248	\$4,363		\$13,987
Tolosa Dam Replacement Infrastructure	Compliance	South	\$7,067	\$14,135	\$2,244	\$23,946
King Island Treated Water Supply	Compliance	North-West	\$7,000	\$8,405		\$15,805
Flinders Island Water Supply	Compliance	North	\$5,094	\$5,865		\$10,979
Rosebery WTP - Construction	Compliance	North-West	\$4,959	\$600		\$6,010
Avoca Full Treated Water Supply	Compliance	North	\$3,865			\$4,730
Margate Water Main Upgrade Stage 2	Growth	South	\$2,035	\$1,660	\$487	\$4,662
Lake Mikany - Dam Safety Upgrade	Compliance	North-West	\$538	\$6,060	\$722	\$7,320
Ridgeway Dam - Dam Safety Upgrade	Compliance	South	\$100	\$1,800	\$8,100	\$22,000
Scottsdale to Bridport Pipeline	Growth	North		\$500	\$9,100	\$11,600
Statewide Meter Budget	Improvement	State Wide	\$3,500	\$4,000	\$4,000	\$11,500
Statewide Water Main Renewals Program	Renewal	State Wide	\$3,200	\$4,000	\$3,500	\$10,700
Pet - Dam Safety Upgrade	Compliance	North-West	\$250	\$3,797	\$1,603	\$5,650
Flagstaff Gully - Dam Safety Upgrade	Compliance	South	\$110	\$200	\$4,800	\$5,110
Project Title	Driver	Region	FY 2015/16	FY 2016/17	FY 2017/18	Total Budget
Kingborough Sewerage Strategy - Treatment	Growth	South	\$4,000	\$13,100	\$8,150	\$30,000
Kingborough Sewerage Strategy - Network	Growth	South	\$4,000	\$5,050	\$4,200	\$14,000
Rosebery STP - New Plant	Compliance	North-West	\$2,872			\$10,225
Ti Tree Bend STP Biosolids Dewatering Facility	Compliance	North	\$2,000	\$5,985	\$400	\$8,385
Major Plant Upgrade Wynyard STP	Compliance	North-West	\$500	\$7,000	\$10,000	\$21,553
Brighton STP Rationalisation	Compliance	South	\$210	\$6,810	\$850	\$8,870
Legana STP Upgrade	Compliance	North			\$3,000	\$8,665
Northern Midlands Sewerage Improvement Plan (NMSIP)	Compliance	North	\$200	\$2,800	\$10,000	\$55,000
Statewide Sewer Main Renewals Program	Renewal	State Wide	\$4,000	\$4,000	\$4,000	\$12,000
Statewide SPS Renewal Program	Renewal	State Wide	\$5,600	\$4,000	\$4,000	\$13,600
LSIP (Stage 1) - New Northern STP	Compliance	North		\$3,380	\$3,900	\$47,280
Statewide STP Renewal Program	Renewal	State Wide	\$2,250	\$2,000	\$2,000	\$6,250
Old Beach No 1 (Green Point Strategy)	Compliance	South	\$100	\$4,599	\$1,000	\$5,799
Bridport STP Improvement Program	Compliance	North	\$4,680	\$620		\$5,970
Project Title	Driver	Region	FY 2015/16	FY 2016/17	FY 2017/18	Total Budget
Fleet (Vehicles and Plant) Replacement Program	Renewal	State Wide	\$4,800	\$4,000	\$4,000	\$12,800
Asset Management Information System (AMIS) - Stage 2	Improvement	State Wide	\$2,500	\$3,500	\$3,000	\$12,000
Statewide Miscellaneous Minor Works	Renewal	State Wide	\$1,500	\$1,500	\$1,500	\$4,500
Minor Plant and Equipment	Renewal	State Wide	\$1,400	\$1,800	\$1,800	\$5,000
Statewide Asset Safety Rectification Program - Unplanned	Improvement	State Wide	\$1,000	\$1,500	\$1,500	\$4,000
Statewide SCADA Program	Improvement	State Wide	\$7,500	\$5,000	\$4,000	\$16,500
Minor Projects Program	Various	State Wide	\$4,000	\$4,500	\$4,500	\$13,000
Statewide Electrical Program	Compliance	State Wide	\$5,000	\$4,500	\$3,105	\$12,605
Business Systems BAU	Improvement	State Wide	\$4,000	\$4,200	\$4,200	\$12,400
		Total	\$108,078	\$145,229	\$113,661	

*Only includes Projects and Programs greater than \$5M over three year plan period

Table 7: Top 10 highest individual capital value projects for water during FY2016-18

Project	Driver	Estimated value	Description
Tolosa Dam Decommissioning	Compliance	\$24M	Decommissioning of the dam and construction of two reservoirs and connecting pipework to replace the Tolosa Dam.
King Island Water Supply Upgrade	Compliance	\$16M	Construction of a new water treatment plant and a connecting pipeline between Grassy and Currie.
Ridgeway Dam – Upgrade Post Tensioned Anchors	Compliance	\$15M	Replace the existing post tensioned anchors to ensure the stability of the abutment blocks in the long term.
Scottsdale – Bridport Pipeline	Growth	\$12M	Construction of a new pipeline between Scottsdale and Bridport. Pipeline will allow for decommissioning of existing poorly performing Bridport WTP and make use of surplus capacity at Scottsdale WTP.
Flinders Island Water Supply	Compliance	\$11M	Construction of water treatment infrastructure for the towns of Whitemark and Lady Barron to remove permanent Boil Water Alerts.
Ringarooma Valley Treated Water Supply	Compliance	\$10M	Project to provide treated water supply in accordance with ADWG for the towns of Ringarooma, Legerwood, Branxholm and Derby. The project may also incorporate construction of a pipeline to the town of Winnaleah. Note: Approximately \$7.5M funded in first PSP.
Rosebery Water Treatment Plant	Compliance	\$6M	Construction of a new WTP for the town of Rosebery to improve compliance with ADWG.
Margate Water Main	Growth	\$6M	Installation of pipeline to serve fast growing areas in Kingborough.
Avoca Treated Water Supply	Compliance	\$5M	Capital improvement works (WTP or pipeline from Fingal) to remove the Do Not Consume notice in place at Avoca.
Lake Mikany – Filter Buttress	Compliance	\$5M	Upgrade to the existing Lake Mikany Dam to lower operating risk associated with the dam.

Table 8: Top 10 highest individual capital value projects for sewerage during FY2016-18

Project	Driver	Estimated value	Description
Kingborough Sewerage Strategy - Treatment	Compliance	\$30M	Rationalisation of existing STPs at Margate, Electrona and Blackmans Bay. The existing plants are all high on the EPA priority list.
Wynyard STP – Major Plant Upgrade	Compliance	\$17M	Major upgrade at Wynyard STP to achieve compliance with AMT limits and rationalisation with Somerset STP. Note: \$5M to be funded during third pricing period.
Kingborough Sewerage Strategy - Network	Compliance	\$14M	Construction of pipelines to allow rationalisation of existing STPs at Margate, Electrona and Blackmans Bay.
SPS Electrical Switchboard Renewal	Renewal	\$12M	A number of switchboards have been identified as exceeding their useful life and are failing. Project will replace a number of switchboards at SPS across the southern region. Note: Approximately \$3.5M funded in first PSP.
Rosebery STP – Construction of new plant	Compliance	\$10M	Construction of a new treatment plant for Rosebery to replace the existing arrangement with discharge into a tailings dam. Note: Approximately \$4M funded in first PSP.
Ti Tree Bend Centrifuge – Biosolids Reduction	Compliance	\$8M	Construction of a centrifuge and sludge drying facilities to improve sludge handling at the STP.
Brighton STP Rationalisation	Compliance	\$12M	High priority plant on EPA list, flows exceed treatment capacity.
Legana STP Upgrade	Compliance	\$9M	The existing plant is hydraulically overloaded due to continued growth in the system. High volumetric loading causes discharge into the Tamar River. Note: \$6M to be funded during fourth pricing period.
Evandale – Western Junction Major STP Upgrades	Compliance	\$8M	The existing plants are both poorly performed and could be rationalised into a single new STP at the Evandale STP site.
Longford STP Process Improvements	Compliance	\$7M	Upgrade to treatment process to handle high trade waste content from Swift abattoirs and relocate/upgrade existing outfall location.

Table 9: Top five highest individual capital value projects for non-network assets during FY2016–18

Project	Driver	Estimated value	Description
Asset Management Information System (AMIS)	Improvement	\$12M	Installation of commercial off the shelf, fit-for-purpose AMIS that integrates to all major corporate functions and interfaces. Note: \$2.4M to be funded during third pricing period.
Fleet (Vehicles and Plant) Replacement Program	Renewal	\$9M	\$3M annual ongoing renewal program for vehicles and fleet to maintain field services capability.
Statewide Asset Safety Rectification Program	Improvement	\$6M	\$2M annual ongoing program to address safety risks identified throughout the business.
Minor Plant and Equipment Program	Renewal	\$5.4M	\$1.8M annual ongoing renewal program for minor plant and equipment to maintain field services capability.
Statewide Miscellaneous Minor Works Program	Renewal	\$4.5M	\$1.5M annual ongoing renewal program for unplanned minor asset renewals.



APPENDIX 1:

PROGRESS AGAINST FY2014-15 KPIS

KPIs	FY2013-14 Actual	FY2015–17 Corporate Plan		
		Target FY2014-15 outcomes	Estimated FY2014-15 outcomes	Comments
1. Customer Service				
Percentage of calls answered by an operator within 30 seconds	92.5	90	<div></div>	88.4% at end Mar 2015
New connections – percentage connected within 10 business days	N/A	95	<div></div>	97.9 at end Mar 2015
Total water and sewerage complaints per 1,000 customers per annum	6.5	8	<div></div>	8.66 at end Mar 2015
Water and sewerage complaints to Ombudsman per 1,000 customers per annum	0.31	0.5	<div></div>	0.004 at end Mar 2015
Unplanned water supply interruptions per 100km	75	65	<div></div>	54.1 at end Mar 2015
Average minutes taken to attend Priority 1 bursts and leaks (minutes)	31	50	<div></div>	37 at end Mar 2015
Average unplanned customer minutes off water supply (minutes)	18	30	<div></div>	13.2 at end Mar 2015
Average frequency of unplanned water supply interruptions (number per customer)	0.14	.25	<div></div>	0.09 at end Mar 2015
Unplanned interruptions restored within 5 hours (%)	98	85	<div></div>	97.8% at end Mar 2015 (to confirm)
Sewerage breaks and chokes per 100km	75	59	<div></div>	34.7 at end Mar 2015
Average time to attend sewage spills, breaks and chokes (minutes)	61	60	<div></div>	50 at end Mar 2015
Average sewerage service interruption (minutes)	118	180	<div></div>	93.4 at end Mar 2015
Sewage spills contained within 5 hours (%)	99	92	<div></div>	100% at end Mar 2015
2. People & Culture				
Average sick leave days per employee	5.35	<4	<div></div>	4.42 at end Mar 2015
Lost time injury frequency rate (LTIFR)	12.9	9	<div></div>	6.1 at end Mar 2015
Safety interactions	262	200	<div></div>	266 at end Mar 2015
Accredited qualification completion	60%	60%	<div></div>	
3. Quality of Product & Service				
Percentage of potable systems compliant with ADWG microbiological guidelines %	90%	95%	<div></div>	92% at end Mar 2015
Number of towns on long term boil water alerts or public health alerts	26	20	<div></div>	27 at end Mar 2015
Percentage of systems compliant with average fluoride concentration within target range 0.8 – 1.2 mg/L %	91.9%	95%	<div></div>	12 month rolling average of 97.4% as at end Mar 2015
% of treated volume fully compliant with EPA requirements (NWI E4)	42%	58%	<div></div>	48% at end Mar 2015
4. Business systems and processes				
No KPIs were prepared for the FY2015-17 Corporate Plan				
5. Financial & Commercial Performance				
Return on Assets	2.95%	3.0%	<div></div>	3.5% at end Mar 2015
Return on Equity	3.76%	3.9%	<div></div>	4.5% at end Mar 2015
Debt to Equity Ratio	21.29%	22.3%	<div></div>	21.3% at end Mar 2015





APPENDIX 1:





PROGRESS AGAINST FY2014-15 KPIS

KPIs	FY2013-14 Actual	FY2015-17 Corporate Plan		
		Target FY2014-15 outcomes	Estimated FY2014-15 outcomes	Comments
Interest cover ratio	3.38%	3.30%		3.69% at end Mar 2015
Working capital ratio	0.52	0.45		0.54 at end Mar 2015
Merger efficiency	\$2.7M	\$5M	✓	On track for \$6.05M

✓ Target met

On track to
meet targetAt risk of not meeting
targetNot expecting
to meet target

Strategic Initiatives	Progress	Comments
1. Customer Service		
Customer Survey Q1 FY2014-15		Monthly pulse data being collected. Survey moved into Q1 of FY2015-16
Introduction of new Headworks methodology Q1 FY2015-16		Under consideration by Economic Regulator
Customer service process reviews		
Set up capacity for calls from all regions to be answered from any call centre location Under development	✓	
Consolidation and review of all customer data bases		Partially complete
Major periodic maintenance plans		
Development of team led maintenance programmes		Programs currently being established
Consolidated Asset Management Plan		Asset Management System and Plan under development
SCADA and Network Alarms Program (critical assets)		Program under way
2. People & Culture		
Safety Leadership Development program	✓	
Behavioural Safety Improvement Strategy	✓	
Health & Safety Plan	✓	
Statewide Enterprise Agreement		Scope order under way by unions
Project & Contract Management development programs		Under way but may not be completed by end of financial year
Performance Management Framework		Under way
TasWater Succession Plan		Overview provided to Board
3. Quality of Product and Service		
Sewage Spill Abatement Project		Under way
Sewerage Treatment Plant Process & Asset Audit Program		Under way
Trade Waste Customer Consent/Contract Program		Under way
4. Business Systems and Processes		
Parcel up minor capital projects to reduce costs	✓	Minor capital works program developed
Standardisation of processes and systems		Under way
Instigate procurement panels for capital projects		EOIs received
Develop Field Service Mobility Solution (FSMS)		Trials under way
Create consistent statewide capital delivery system		End-to-end process mapping under way
Develop statewide IT strategies		Under way
Purchase Asset Management Information System (AMIS)		First stage business case approved
5. Finance & Commercial Performance		
Leverage scale to drive increased value in procurement arrangements	✓	Where practical, projects have been bundled
Develop dynamic whole-of-business financial model		Rudimentary two-part model developed
Revenue leakage program		Under way
Operational efficiency program		Under way as part of savings program
Organisation restructure	✓	

✓ Completed
  To be completed beyond financial year
  Desired outcome may not be completed by end of financial year
  Not expected to be completed by end of financial year
  Discontinued

Goals	Progress
Provision of fully treated water to Westbury, Hagley and Exton	Complete
Provision of fully treated water to Lilydale	Complete
Provision of fully treated water to Paloona, Melrose and Kelcey Tier	Complete
Provision of fully treated water to Bracknell	Complete
Provision of fully treated water to Fingal	Complete
Provide service replacement to Mountain River	Complete
New \$9M water treatment plant being developed in Rosebery (north west)	Under way
New \$15.6M water treatment plant and pipeline being developed for Grassy and Currie on King Island (north west)	Under way
\$4.2M Upgrade to Conglomerate Dam in Queenstown (north west)	Under way
New \$2.8M water treatment plant being developed at Mole Creek (north west)	Under way
New \$10.5M water treatment plant, pipelines and reservoirs being developed to supply Ringarooma Valley Water Scheme (incl. Ringarooma, Legerwood, Branxholm and Derby) (north)	Under way
New \$11M water treatment plants being developed at Whitemark and Lady Barron on Flinders Island (north)	Under way
New \$4.7M water pipeline being installed to Avoca from Fingal (north)	Under way
Margate Water Supply Stage 2 – additional water for Blackmans Bay, Margate and Snug, \$5.2M (south)	Under way
Tunbridge – water treatment plant underway, \$1.7M (south)	Under way
Ouse and Hamilton – water treatment plant & pipeline underway, \$3.7M (south)	Under way
Tolosa Dam – construction of water tanks, \$24M (south)	Under way
Ridgeway Dam (Hobart) – upgrade to dam walls, \$15M (south)	Under way
Triabunna, new water reservoir approved, \$4M (south)	Under way
Decommissioning of substandard Taroona Sewage Treatment Plant & re-routing to Sandy Bay	Complete
Construction of Lauderdale Pressure Sewer System	Complete
Addressed odour issues at Rosny Treatment Plant	Complete
Progressed Kingborough Sewerage Project – engagement and design (DPEMP for Blackmans Bay Sewage Treatment Plant due mid 2015)	Complete
Deloraine sewage treatment upgrades	Complete
Launceston Sewerage Improvement Project – finalised options and undertook community engagement and research	Stage 1 complete
Rosebery sewage treatment plants, \$6M	Under way
Ti Tree Bend sewage treatment plant digester upgrade, \$4M	Under way
Burnie sewage treatment plant upgrades, \$7.3M	Under way
Bridport sewage treatment plant upgrade, \$4.9M	Under way
\$44M Kingborough Sewerage Project in development (DPEMP for Blackmans Bay Sewage Treatment Plant due mid-year) (south)	Under way
Hobart Sewerage Improvement Project initial options review & engagement underway (south)	Under way
Sewerage system upgrades and new rising main at Orford approved (south)	Under way

Inherent strategic risk	Consequence	Key controls	Risk oversight responsibility & report frequency
Drinking water treatment failure	<ul style="list-style-type: none"> Widespread illness and/or multiple fatalities 	<ul style="list-style-type: none"> Drinking Water Quality Management Plan Protocol for provision of non-potable supplies Catchment management plans Internal & external testing regimes Operations and maintenance manuals Automated critical control point management Senior management and Board Committee oversight 	EPH Committee (Quarterly)
Dam failure	<ul style="list-style-type: none"> Major downstream infrastructure damage and/ or multiple fatalities Extended loss of water supply for customers 	<ul style="list-style-type: none"> Dam Safety Management Plan Independent audits on controls and mitigations Dam Emergency Management Plan Inspection regimes Dam Safety Improvement Plan Senior management and Board Committee oversight 	Board (Six monthly reports and monthly report on controls)
Serious Workplace incident	<ul style="list-style-type: none"> Permanent injury or fatality 	<ul style="list-style-type: none"> Safety Committees Health and Safety Management system Inductions and ongoing training Central Health and Safety Committee Senior management and Board oversight Insurance policy 	Board (Monthly)
Loss of revenue	<ul style="list-style-type: none"> Inability to meet key financial commitments 	<ul style="list-style-type: none"> Extensive modelling and analysis leading into Pricing and Services Plan submission External expert advice Economic regulatory framework Annual borrowing approvals through Treasury and Treasury management policies Long-term Capex and Opex plans Senior management and Board oversight 	Board (Monthly)
Critical structural or process failure	<ul style="list-style-type: none"> Significant environmental harm or serious threats to employee and/or public health and safety 	<ul style="list-style-type: none"> Internal and external inspection regimes Operations and maintenance oversight Insurance policy Environmental management system Renewals program Contingencies and redundancy for critical infrastructure Senior management and Board Committee oversight 	Board (Monthly)
Natural disaster eg bushfire, earthquake	<ul style="list-style-type: none"> Extended loss of water supply for customers Inability to treat sewage Major financial losses 	<ul style="list-style-type: none"> Emergency Management Framework Business Continuity Plan IT Disaster Recovery Plan Decentralised business model Strong external emergency services relationships 	AAR Committee (Annual)
Major sewer spill in public area	<ul style="list-style-type: none"> Exposure of the public to contaminants and major public health alert 	<ul style="list-style-type: none"> Inflow and infiltration reduction programs Renewals and relining programs Contingencies and redundancy for critical infrastructure Trade waste source control Emergency response protocols Operations and maintenance manuals Automated monitoring and control systems Senior management and Board Committee oversight 	EPH Committee (Quarterly)

Inherent strategic risk	Consequence	Key controls	Risk oversight responsibility & report frequency
Inability to manage competing priorities of key stakeholders	<ul style="list-style-type: none"> Widespread dissatisfaction and loss of confidence in the corporation 	<ul style="list-style-type: none"> Key Stakeholder engagement – customer groups, Regulators, industry groups, Owners' Representatives and members of State Government Policies, legislation and guidelines, strategic planning and PSP2 development Economic regulatory oversight Board oversight 	Board (Monthly)
Major legislative and regulatory compliance failures	<ul style="list-style-type: none"> Prosecution, significant financial penalties or loss of Operating Licence 	<ul style="list-style-type: none"> Compliance management framework Working relationships with Regulators Senior management and Board oversight Ongoing system optimisation Customer Service Excellence Framework Regulatory oversight and public reporting 	Board (Monthly)
Extended Industrial disputes	<ul style="list-style-type: none"> Major financial loss and/or service disruption 	<ul style="list-style-type: none"> EA Strategy Contingency Plan Senior Management and Board oversight 	Board (monthly during EA negotiation period)

