



Quarterly Report to Owners' Representatives

Progress update to 30 June 2019





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PREPARED:

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APPROVED:

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Build Status:

Version	Date	Author	Reason	Sections
1.0	25 July 2019	M. McRobbie	Issue for Owners	All Sections

Amendments in this release:

Section Title	Section Number	Amendment Summary

Distribution:

Copy No	Version	Issue Date	Issued To



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1. Introduction

We are pleased to present the fourth quarter (Q4) FY2018–19 Quarterly Report to Owners' Representatives in accordance with the requirements of the Shareholders' Letter of Expectations.

Outlined below are reports on the key aspects of the performance for the quarter ended 30 June 2019. These are followed by scorecards reflecting the status of the performance against key performance indicators outlined in the FY2019–23 Corporate Plan and the financial performance compared to the FY2018–19 Budget.

2. Key Matters for Noting

2.1. Brand and media campaign launch

Our next Customer Satisfaction Survey results are due in September 2019, which will include the effects of the Brand Activation Campaign. Mid-campaign research was undertaken in May and the overall response to the campaign is positive, with 42 per cent of consumers reported feeling more positive towards TasWater as a result of the campaign, whereas 16 per cent reported that they did not feel more positive.

2.2. Water quality updates

Pioneer update

Our Roof Inspection Program at Pioneer has commenced with 13 residents having paint and water quality testing carried out for their properties. Those houses with roofing that shows evidence of lead-based paint will then be inspected by a structural engineer and a roofing contractor to determine the mode and cost of remediation.

Where water quality testing indicates that there are elevated levels of metals in a resident's drinking water, we will arrange for their tanks to be emptied and cleaned and refilled. We will continue to supply tankered water to these properties until the compensation process is complete.

2.3. Dam decommissioning

Waratah Dam ownership

We have completed a second Expression of Interest (EOI) that closed in April 2019, for the ownership of the dam. We undertook initial assessments and submissions throughout May and sought clarification of the submissions in June. The responses were received in early July and are being assessed by an internal panel.

Tolosa Dam

The decommissioning of this dam is currently on hold and is subject to completing negotiations with the Glenorchy City Council. It has been drained to its Maximum Drawdown Level and is now effectively empty; therefore, the dam plots below the Limit of Tolerability with these interim measures in place.

Grey Mountain Dams

Both Grey Mountain dams were breached within this quarter under a notice from the Dam Safety Regulator, reducing the risk posed by the dams to below the Limit of Tolerability. Planning for the decommissioning of the dams has commenced and is due to be completed in the first quarter of



FY2019–20. The final decommissioning and rehabilitation of the dams has been scheduled for the third quarter of FY2019–20.

2.4. Odour and Trade Waste Management

Longford Sewage Treatment Plant (STP) upgrade and abattoir trade waste

The Design and Construct Contract for the upgrade of the Longford STP has been awarded. We commenced consultation with stakeholders in June to gather information on the design requirements.

The EPA has confirmed that it will not require the project to be assessed under the *Environmental Management and Pollution Control Act 1994* (EMPCA), unless it is referred to them by the Northern Midlands Council (NMC). NMC has sought independent legal advice on whether they are required to refer our planning application to the EPA. A final planning application will be lodged with NMC once clarity is provided on this matter.

The project is expected to be completed by October 2021 with an estimated cost of \$33.7 million. There is some risk around this timeline if the project is referred to the EPA by NMC, however we would undertake a number of preparatory activities in parallel to the EPA process in an attempt to keep to this completion date.

North-west business community trade waste helpline

A number of businesses on the north-west coast have publicly raised concerns over the need for, and the cost to install grease traps. We have dedicated resources to engage directly with concerned customers and local business groups to better understand their concerns, where obstructions to compliance exist and how we can improve our service.

To support this on the ground engagement we have established a dedicated helpline that can direct customers to the subject matter experts within the business, with the aim of providing more timely results to the customers issue. This includes working with tenants, who require the pre-treatment infrastructure for their business, and landlords, who are our customer under the relevant legislation.

2.5. Water Restrictions

Stage 2 water restrictions in Currie came to an end on 30 June 2019. Several key activities were undertaken to raise awareness, and educate residents and visitors about the restrictions being removed including:

- A media release on 1 July 2019
- An SMS blast to Currie account holders
- Posts on our social media, Facebook and Twitter and
- Road signage removal at the town's entrance.

2.6. Price and Service Plan 4

Following a draft submission of propositions and questions, the Tasmanian Economic Regulator has issued the guideline for our Price and Service Plan 4 (PSP4) which commences 1 July 2021. With the guideline finalised we have been able to finalise our Customer and Stakeholder Engagement Strategy for PSP4, which outlines how we will build the PSP to reflect what is important for customers.

Customer consultation will commence early in the first quarter of FY2019–20 on the review of our sewerage and trade waste charging approach. The review includes potential sewerage charging



models with a significant focus on understanding the costs incurred from our network and treatment processes.

The completion of the Strategic Workforce Plan gives the business a long term picture of the skills and capabilities needed to meet our long term objectives. Following the completion of the Strategic Asset Management Plan, the Asset Management Plan has been drafted to collate the specific asset management activities for the PSP4 period.

2.7. Capital Delivery Review

As of 1 July 2019, the mobilisation phase of the Capital Delivery Office (CDO) has been completed, with the Alliance now undertaking the planning and delivery of the Capital Works Program. Projects and programs to be delivered by the CDO have been identified and planning, investigation, development and delivery are underway, depending on the phase the project sits at. Scheduling of the workload across FY2019-20 and FY2020-21 has progressed well and will be presented at industry forums during late July.

2.8. Corporate Environment Licence

The Environment Protection Authority (EPA) received advice that it could not issue one licence to cover multiple sites until the existing legislation is amended. The EPA is committed to this change but anticipates that this will take considerable time. We have now gained in-principle support from the EPA to achieve a similar efficiency gain by capturing statewide standard conditions as an appendix to our MoU with the EPA, which is currently being revised and extended.

2.9. Possible changes to our legislative framework

We are keen to reinvigorate discussions with the State Government on a number of potential legislative changes that would allow us to increase the efficiency of the business and provide better service to customers.

A draft list of 11 potentially beneficial changes to the legislative framework has been provided to the Board with a detailed paper due to be prepared for further Board consideration in September 2019.

We have also commenced the process of engaging with the State Government on its appetite for such changes. If the State Government proves to be amenable to such changes, we would expect Parliament to be in a position to consider the changes around the middle of 2020.

2.10. Update on significant projects

Freycinet Peninsula Wastewater Feasibility Study update

We have made considerable progress on the Freycinet Peninsula Wastewater Feasibility Study. Information has been collected, consolidated and analysed to develop a short list of viable options to address sewage concerns on the Peninsula. The short-listed options broadly consider transferring sewage from Wineglass Bay to the existing Parks and Wildlife sewage lagoons, upgrading those lagoons, relocating the lagoons and providing sewerage infrastructure to Coles Bay.

These options have been presented to the Glamorgan-Spring Bay Council and Parks and Wildlife Services for their consideration and endorsement. Options will be developed in further detail for the study, which is due by the end of October to the State Government.

Macquarie Point Sewage Treatment Plant

The Department of Treasury and Finance has committed funding in forward estimates for the relocation of the STP. This follows the confirmed provision of \$1.2 million by the Macquarie Point



Development Corporation for planning and early works required to complete the preliminary design and obtain the approvals required for the project, as reported in the previous quarter.

We have endorsed the proposed planning scheme amendments that will facilitate the commencement of the master plan for the site.

Launceston Combined Sewage and Stormwater system

The presentation delivered at the Tamar Estuary Management Taskforce (TEMT) meeting in late June provided an overview of the Project Delivery Plan (PDP) we have prepared to facilitate the project. The State and Federal Governments will work with us and other stakeholders through the TEMT membership, to develop and confirm funding grant agreements.

Museum of Old and New Art (MONA)

We are currently progressing the key deliverables of the MONA MoU with a report to identify interim measures to mitigate odour at the Cameron Bay STP due by the end of September. Pending the outcome of this report, further detailed options may be considered to meet the requirements of the MoU, working to the completion date of June 2020 for the comprehensive report.

Kingborough Sewerage Improvement Project

The Blackmans Bay STP upgrade, which is our largest project to date, achieved a major milestone when the flows from the old system were switched over to the new plant. The plant upgrade includes many updated technologies, improved odour management and the new Intermittent Decant Extended Aeration (IDEA) treatment process. The upgrade has enabled us to decommission STPs at Margate, Electrona and Howden, and pump sewage through the new Blackmans Bay facility. The scheme is expected to reach practical completion in July 2019.

Dunalley STP improvements

The construction of new wastewater disposal trenches at the Dunalley STP has replaced the old absorption pit which was inadequate. The upgrade has reduced the risk of effluent contaminating the nearby waterways, thereby providing better security to the oyster growers in Dunalley.

St Helens Sewage Pump Station (SPS) completion

The new St Helens Esplanade SPS is now fully operational. This newly commissioned pump station provides four times the capacity of the previous pump station, and is one of many upgrades made in St Helens to prevent wastewater overflowing from sewerage infrastructure after rain events into Georges Bay.

2.11. Innovation and Productivity programs

We achieved \$4.5 million in savings under the Productivity Improvement Program, exceeding our target by \$0.5 million. An example of a recent productivity gain is improved efficiency with meter reading on King Island. The Meter Reading team was able to read approximately 600 meters on King Island within six hours, whereas previously, using our traditional approach, the team had to stay overnight on the island to achieve the same outcome.

Our productivity revenue initiatives resulted in \$6.0 million against a target of \$4.5 million, which is primarily due to the continuing work of reviewing the accuracy of our billing data for customers.

Among innovations recognised this quarter were:



- a prototype corer which eliminates the need for our staff to enter confined spaces or shut down a WTP to sample filter media such as sand or filter coal and
- an innovative solution to release gas from the Covered Anaerobic Lagoon (CAL) in Longford which removes the need for an operator to mobilise and utilise a crane.

2.12. Community Support and Awards

National recognition of our achievements

The 24 Glasses - Regional Towns Water Supply Program won the Operator & Service Provider Excellence Award at the Infrastructure Partnerships Australia presentation held in Melbourne during May 2019, following the program's successful removal of all remaining public health alerts from drinking water systems.

Facilities Officer Rachaelle Downey presented a poster pitch at the Ozwater'19 Conference held in Melbourne in May. The presentation, *Managing Graffiti with Street Art*, highlighted the benefits realised to date by us and the community as a result of the SmART program.

At Ozwater'19, the award for Best Water e-Journal Paper 2018 was received by Matthew Robertson and Stephen Westgate for their paper "*A New approach to Assessing Water Quality Risk*". It documents the methodology that was developed for the Water Systems Optimisation Program to assess the infrastructure and operational capability to manage catchment-to-tap risks.

The Asset Management Council's 2019 International Conference, also known as AMPEAK 2019, was held in Perth, Western Australia in April. Paul Davis and Mark Rippon's submission of the paper "*Getting Strategies and Plans off the Shelf*" was accepted for the conference where they presented our innovative method of delivering asset class strategies and management plans as single page, simplified documents.

Education at community events

We hosted an Agfest stall in May 2019 encouraging visitors to fill up their water bottles for free. It also provided an opportunity for visitors to ask questions and have conversations face-to-face.

Richard James, Peter Sowter and Peter Sebbage joined engineers from other organisations to mentor high school students for the City of Launceston's Engineering Young Minds Challenge held in early April.

The Service Delivery Capital Program team hosted a safety forum at Technopark in April, with 57 contractor representatives from across the state. The forum was held in a bid to improve our safety performance by strengthening the communication between us and the service providers.

Environmental safety and sustainability

In May 2019, The Mercury published an article about recycled water that was supplied to customers by us for irrigation. Many of the properties we supply recycled water to are farms with grazing livestock or farms growing fodder.

Alongside recycled water, biosolids are also sought after as they are nutrient-rich and are an excellent fertiliser. The article went on to emphasize the importance of testing the quality of these reuse products, guided by strict EPA standards, to ensure environmental sustainability and public health and safety.



3. Performance update

3.1 Commercial and economic outcomes

Net Profit after Tax year to date is \$43.1 million, \$6.9 million (19.1 per cent) favourable to budget. The reported result was driven by a favourable revenue variance of \$17.7 million (5.2 per cent) which was offset by an unfavourable operating expenditure variance of \$12.8 million (6.7 per cent) and unfavourable depreciation variance of \$7.9 million (10.2 per cent). The ceasing of loan guarantee fee and income tax equivalents had a favourable impact of \$1.3 million and \$8.1 million respectively on the year to date result.

Revenue was favourable to budget, primarily due to above budget recognition of assets transferred by developers and the water usage that was higher than budgeted during the conditions that were drier than normal.

Operating expenditure was higher than budgeted, primarily due to reclassification of some capital costs to operational costs as part of a capital backlog review project, and the decommissioning of assets from the regional town capitalisation project. Additionally, the cost of new connections and recoverable works also exceeded budget.

Net operating cash flow was favourable to budget by \$2.9 million (3.2 per cent). The balance is due to decreased interest payments as a result of lower than budgeted capital expenditure in FY2018-19 and increase in customer payments.

Capital expenditure was unfavourable to budget by \$14.3 million (9.8 per cent) as a result of some deferrals of projects and preparation for the introduction of the Capital Delivery Office. The shortfall in the current year is expected to be recovered in the final two years of PSP3.

Year-end Statutory Results

The draft net profit after tax of \$43.1M (operating profit) does not currently reflect a number of material year-end adjustments which are yet to be finalised. When finalised, the anticipated adjustments are expected to result in our statutory net profit after tax being reported as a net loss for the 2018/19 financial year.

The two primary drivers of the projected net loss in the statutory accounts are the write-off of deferred tax assets and the revaluation of our infrastructure consistent with the requirements of Australian accounting standards.

The write-off of our remaining deferred tax assets is required following our removal from the National Tax Equivalents Regime. This has resulted in a positive outcome in which we are no longer liable for income tax, however it also means that we are unable to benefit from the use of existing deferred tax assets. As such, we will be required to take a one off write-off of the carrying value of the carried forward tax losses.

The revaluation of our infrastructure assets will result in an overall increase in value of the corporation's net assets. This increase has largely been driven by a reduction in long term government bond yields, which in turn have reduced our long term cost of debt.

Whilst there has been an overall net increase in the value of our assets, the sewerage assets have been revised upwards with a partially offsetting decrease to the water assets. The Australian Accounting Standards require the increases to the value of the sewerage assets to be held in an asset revaluation reserve account in the balance sheet which does not impact the profit and loss statement. The reduction in the value of the water assets, however, directly reduces the profit as they are required to be brought to account as expenses. Importantly, the net increase in value of



TasWater's assets will be taken up by owners in proportion to their ownership interest in TasWater, rather than the reported profit outcome.

The details of this analysis are yet to be considered in full by the Board. Once the Board has considered each of the matters raised above we will be in a position to share the final statutory account results with owners.

Table 1: Commercial and economic performance to date

Strategy	KRA	KPI	FY2018-19		
			YTD Result ¹	Target ²	
1	Ensure we have the necessary funding sources to deliver our desired long term outcomes	Financial performance	Net Profit After Tax (\$ Million)	43.1	36.1
			Capital Expenditure (\$ Million)	131.0	145.3
			Interest cover ratio (times)	3.2	3.0
			Gearing ratio	34.3%	35.6%
			Net Cash from Operating Activities (\$ Million)	93.2	90.3
2	Improve business productivity and reduce costs to achieve our financial plans	Productivity improvement	Sustainable cost savings identified in FY2018-19 (\$ Million)	4.5	4.0
			Increase income from revenue initiatives (\$ Million)	6.0	4.5
			% of Growth & Capacity Plans completed	51%	50%
			Total overdue debtors as a percentage of the revenue at the end of the financial year	3.7%	4.0%
3	Operate the business in a manner that is consistent with our risk appetite	Compliance	Percentage of customers on target tariff – Water 20mm	99.8%	99.0%
			Percentage of customers on target tariff for Sewage (1ET)	98.9%	99.0%
			Non-compliances rated serious	0	0

KPI Footnotes

¹ KPI actual figure rounded to nearest whole number where target has no decimal places

² Full year FY2018-19 target

Colour Key:

GREEN = on or better than target

AMBER = within 10% of target

RED = greater than 10% outside target



Table 2: Financial statements – Balance Sheet

Balance Sheet	Closing Position at 30 June 2019	Opening Position at 1 July 18	Year to Date Movement	FY2019 Corporate Plan
	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS				
Cash & Cash Equivalents	4,770	2,262	2,508	2,500
Receivables	44,273	39,906	4,367	55,633
Inventories	6,684	5,881	803	6,770
Property, Plant & Equipment & Intangibles	2,228,472	2,158,383	70,089	2,190,754
Tax Assets	37,876	35,137	2,739	51,979
Other	2,718	1,955	763	5,990
TOTAL ASSETS	2,324,793	2,243,523	81,270	2,313,626
LIABILITIES				
Borrowings	(569,385)	(539,218)	(30,167)	(583,907)
Employee Benefits	(39,732)	(25,065)	(14,667)	(32,007)
Payables	(16,578)	(34,731)	18,153	(23,801)
Unearned Income	(30,573)	(31,700)	1,127	(32,786)
Tax Liability	-	(1,725)	1,725	(845)
Other	(10,914)	(10,943)	29	(5,128)
TOTAL LIABILITIES	(667,182)	(643,382)	(23,800)	(678,474)
NET ASSETS	1,657,611	1,600,141	57,470	1,635,152
EQUITY				
Retained Earnings	85,787	48,217	37,570	83,224
Revaluation Reserve	24,010	24,110	(100)	24,114
Contributed Equity	1,547,814	1,527,814	20,000	1,527,814
TOTAL EQUITY	1,657,611	1,600,141	57,470	1,635,152



Table 3: Financial statements – Income Statement

Income Statement	Year to Date Actual	Year to Date Budget	Year to Date Variance	FY2019 Corporate Plan	Ref
	\$ '000	\$ '000	\$ '000	\$ '000	
Revenue					
Fixed Charges	246,188	245,727	461	245,727	
Volumetric Charges	71,730	68,103	3,627	68,103	1
Services & consulting revenue	7,292	5,516	1,776	5,516	
Contributed assets	30,615	19,935	10,679	19,935	2
Other Revenue	2,674	1,478	1,195	1,478	
Total Revenue	358,498	340,759	17,738	340,759	
Expenses					
Chemicals, Power & Royalties	26,752	25,824	928	25,828	
Materials & Services	37,521	34,709	2,812	34,502	3
Salaries & Related Personnel Expenditure	94,227	92,476	1,751	90,565	4
Administration Costs	45,033	37,734	7,299	39,849	5
Total Expenses	203,533	190,743	12,790	190,744	
Earnings before Interest & Depreciation	154,965	150,017	4,948	150,015	
Depreciation	85,494	77,638	7,855	77,638	6
Interest expense	17,730	18,057	(327)	18,057	
Loan guarantee fee (LGF)	1,335	2,685	(1,350)	2,685	
Net Operating Profit before Tax	50,406	51,637	(1,231)	51,635	
Tax	7,352	15,491	(8,139)	15,491	7
Net Profit after Tax	43,054	36,146	6,908	36,145	

Notes:

- Volumetric Charges:** volumetric water was higher than budget due to higher consumption attributable to the drier than normal conditions experienced during the year.
- Contributed assets:** higher than budget due to an increase in development activity.
- Materials & Services:** increased expenditure relating to new development connections, this has been due to higher than expected activity, this has been partially been offset by increase in Services and consulting revenue.
- Salaries & Related Personnel Expenditure:** the productivity savings generated within the business were offset by unbudgeted redundancies.
- Administration Costs:** includes unbudgeted costs for the capital delivery office establishment (\$2.0M) that were not known at the time of establishing the budget, decommissioning of assets relating to the Regional Town Water Supply Project (\$1.0M) and reallocation of capital costs to operational costs that were not deemed capital in nature on the backlog of CAPWIP processed in the current year (\$4.3M).
- Depreciation:** higher than budget due to the increase in the number of assets being capitalised during the year with useful lives that were generally shorter than expected.
- Tax:** as part of the MOU agreement with the State Government from the 1 January 2019 we are subject to the National Tax Equivalents Regime (NTER).

Table 4: Financial statements – Cash Flow Statement

Cash Flow Statement	Year to Date Actual	Year to Date Budget	Year to Date Variance	FY2019 Corporate Plan
	\$ '000	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities				
Receipts from Customers	315,662	320,707	(5,045)	320,707
Receipts from Other Sources	8,228	8,682	(454)	8,682
Payments to Suppliers & Employees	(226,477)	(227,740)	1,263	(227,740)
Interest Paid	(17,533)	(21,621)	4,088	(21,621)
Loan Guarantee Fees Paid	(2,702)	(2,826)	124	(2,826)
Income Tax Equivalents Paid	(6,810)	(9,952)	3,142	(9,952)
Refund GST	22,786	23,046	(260)	23,046
Net Cash from Operating Activities	93,154	90,296	2,858	90,296
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(130,957)	(145,349)	14,392	(145,349)
Sales - Property Plant and Equipment	633	248	385	248
Net Cash Flows from Investing Activities	(130,324)	(145,101)	14,777	(145,101)
Cash Flows from Financing Activities				
Proceeds from Borrowings	30,167	62,026	(31,859)	62,026
Equity Injection	20,000	-	20,000	
Dividends Paid	(10,489)	(7,221)	(3,268)	(7,221)
Net Cash Flows from Financing Activities	39,678	54,805	(15,127)	54,805
Net Movement in Cash for the Year				
Net (Decrease) Increase in Cash Held	2,508	-	2,508	-
Opening Cash Balance	2,262	2,500	(238)	2,500
Closing Cash Balance	4,770	2,500	2,270	2,500



3.2 Customer and community outcomes

Complaints were higher than target, however there has been a 17 per cent reduction in complaints this year as compared to FY2017-18. The improvement is primarily due to the increased resolution focus in our customer services team as well as proactive escalation of complex situations with the intention of preventing multiple contacts and complaints that follow.

Customer calls to our call centre have reduced by about 20,700 calls or 12 per cent compared to FY2017/18 as a result of proactive communication, additional questioning to fully understand call and reduce call backs and staff empowerment to resolve issue at first point of contact. We have confidence in the sustainability of these improvements in FY2019-20.

There were no further sewage spills resulting in oyster lease closures during the quarter.

Reportable dry weather sewage spills are higher than target, primarily as a result of a change in reporting methodology after consultation with the Environment Protection Authority (EPA) in August 2018.

Table 5: Customer and community performance to date

Strategy	KRA	KPI	FY2018-19	
			YTD Result ¹	Target ^{1,2}
Invest in programs that enhance customer experiences	Customer experience	Customer satisfaction	97%	80%
		First point resolution	93%	90%
		Customer effort score	1.1	<1.5
		Calls answered in the first 30 seconds	87%	85%
		Complaints (per 1,000 properties)	12.6	11.0
Minimise service interruptions and impacts from sewage spills and water interruptions	Service standards	Time taken to attend Priority 1 water bursts and leaks (minutes) ³	20	60
		Time to attend sewage breaks, chokes and spills (minutes) ³	53	60
		Sewer breaks and chokes (per 100km of main)	36.6	43.0
		Number of spills to oyster leases ⁴	2	1
		Reportable dry weather sewage spills	121	110

KPI Footnotes

¹ KPI actual figure rounded to nearest whole number where target has no decimal places

² Full year FY2018-19 target

³ To be achieved at least 90% of time per Customer Service Code

⁴ For rainfall events of less than 1 in 5 recurrence interval

Colour Key:

GREEN = on or better than target

AMBER = within 10% of target

RED = greater than 10% outside target



3.3 Water and environmental outcomes

In March and April 2019, we piloted our improved approach for recording and tracking of water quality complaints. The objective of the pilot was to improve first point resolution of customer complaints and reduce the overall number of complaints received. The pilot was successful and resulted in 60 per cent of all water quality faults being resolved within 24 hours. We have also upgraded the quality and layout of information for water quality on our website providing customers easier access to information and helping to prevent complaints.

The percentage of compliant fluoride systems was below target because we failed to meet an annual mean dose within the target range at the Whitehills and Rocky Creek systems.

As stated in the previous quarterly report, we expected that the Waratah Dam's non-compliance would not be resolved by the end of this financial year, with the EOI process progressing. Works have commenced at Upper Reservoir but were not completed by the end of the financial year. The works are anticipated to be completed and the dam bought within the societal risk limit at the end of August 2019.

Table 6: Water and environmental performance to date

Strategy	KRA	KPI	FY2018–19	
			YTD Result ¹	Target ^{1,2}
1 Invest in robust drinking water systems to ensure water is safe for consumption	Drinking water quality	Water Quality Complaints	1,420	1,000
		Number of <i>E. coli</i> detections	2	5
		Short term Boil Water Alerts put in place by DHHS	1	2
		Towns on long term Boil Water Alerts or Do Not Consume Notices	0	0
		Percentage of compliant fluoride systems	95%	97%
		Percentage of microbiological compliant potable systems	100%	100%
	Water Supply Reliability	Number of dams that plot above the ANCOLD LOT for societal risk	7	5
2 Lift sewerage system performance to align with modern day environmental standards	Environmental compliance and impact	Trade Waste Commercial Customers – Compliance Improvement	978	775
		Volume of compliant effluent	88%	87%
		Number of environmental non-compliances rated serious	3	5

KPI Footnotes

¹ KPI actual figure rounded to nearest whole number where target has no decimal places

² Full year FY2018-19 target

Colour Key:

GREEN = on or better than target

AMBER = within 10% of target

RED = greater than 10% outside target



3.4 Our people and culture

Three Restricted Work Injuries (RWI) occurred during May 2019 resulting in an increase in our TRIFR which also impacted on our ability to achieve the target for this financial year. The number of low severity injuries being experienced across the business continues to impact on our TRIFR performance. The end of year result represented an increase of 37 per cent from the previous year's result of 12.0. On a positive note, our LTIFR is at a record low of 2.4 which indicates the majority of our incidents continue to be low severity in nature e.g. soft tissue strains and sprains.

A notifiable safety incident occurred on 30 April 2019 and involved a reticulation crew inadvertently damaging a live, low-voltage electricity conduit while removing a tree root to undertake maintenance. There were no injuries sustained during this incident however the potential for injury was significant. This carried the YTD figure above the year's target of three notifiable incidents.

The innovation process consists of four stages: the capture, the assessment, the proposal and the trial. While achieving nine completed projects out of the targeted 12, we saw a further 13 ideas entering the trial phase and not fully completed. These trials will be completed in the coming months.

Full time equivalent numbers are above target, primarily due to the engagement of 16 fixed term electrical/SCADA contractors required to support the CDO's projects, the commissioning of the Kingborough STP and the electrical/SCADA planned maintenance program.

Table 7: People and culture performance to date

Strategy	KRA	KPI	FY2018–19	
			YTD Result ¹	Target ^{1,2}
1 Invest in programs that create a safe working environment	Safety performance	Lost time injury frequency rate (LTIFR)	2.4	3
		Total recordable injury frequency rate (TRIFR)	16.5	11
		Notifiable safety incidents	4	3
		Safety Interactions	1,654	1,500
2 Invest in leadership development, skills training programs and innovation	Organisation capability	Number of ideas implemented ³	9	12
		Number of leaders completing LSI reassessment	45	35
3 Ensure we have the necessary resources to deliver our desired long-term outcomes whilst remaining lean and cost effective	Workforce Planning	Number of FTE	860	842

KPI Footnotes

¹ KPI actual figure rounded to nearest whole number where target has no decimal places.

² Full year target for FY2018–19.

³ Indicator updated from Q2 FY2018–19 to better reflect performance. Previously reported number of ideas progressed beyond an initial screening.

Colour Key:

GREEN = on or better than target

AMBER = within 10% of target

RED = greater than 10% outside target



4. Capital expenditure projects and programs

Total capital expenditure year to date is \$131.0 million which is \$14.3 million (9.8 per cent) lower than budget. This deficit is attributed to two reasons:

- A large portion of our larger expenditure projects at the start of the financial year not being advanced far enough to award projects for construction, and
- The implementation of the CDO where many of the larger projects were delayed to allow the CDO to deliver them.

We expect the implementation of the CDO to streamline the processes, and deliver on the projects and programs scheduled for this PSP period.

No major projects were completed in the last quarter of the FY2018-19. Significant construction work was completed on the Kingborough Sewerage Strategy, which is forecast to be completed in Quarter 1 FY2019-20.

Significant construction work will be progressed on the following projects in the first quarter of FY2019-20:

- King Island Treated Water
- Port Sorell Reservoir Project
- Margate Water Main Upgrade
- Burnie-Cam Pipeline Construction.

There will also be major contracts awarded under the newly formed CDO including:

- Lake Mikany Dam Replacement
- Davis Street, Smithton SPS Upgrade
- Whitemark raw water storage upgrade – Henderson's Dam

Table 8: Status updates Top 25 by FY2018-19 spend

No.	Project Title	Current Project Stage	Completion Date	Project Budget ('000)	Project Status Comments
1	Regional Towns Water Supply Program Stages 2 and 3	Completed	Aug-18	\$65,147	Completed
2	Kingborough Sewerage Strategy	Construction	Apr-19 July-19	\$51,778	Expect increase in overall costs. Currently being investigated
3	Longford STP Upgrade – Northern Midlands Sewerage Improvement Plan (NSMIP)	Construction	Oct-21	\$25,400 \$33,672	Project has been awarded, an increase in price was realised once the detailed design was completed and tenders received
4	King Island Treated Water	Construction	Oct-19	\$21,689	On track
5	Ti Tree Bend STP Biosolids De-watering Facility and Digester	Completed	Dec-18	\$12,374	Completed
6	Rosebery WTP and Reticulation	Completed	Sep-18	\$11,416	Completed
7	Margate Water Main Upgrade	Construction	Apr-19 Sep-19	\$13,770	Project delayed due to time to obtain council approvals. Scope increased to include reticulation connections
8	Lake Mikany Dam Replacement	Tender	Jun-20	\$17,597	On track
9	Conglomerate Creek Dam Upgrade	Completed	May-18	\$5,676	Completed
10	Swansea Meredith Dam	Completed	Nov-18	\$6,603	Completed



No.	Project Title	Current Project Stage	Completion Date	Project Budget ('000)	Project Status Comments
	Rectification and Improvement (Stages 1 and 2)				
11	Gretna/Bushy Park/Glenora Water Supply Upgrade	Construction	Apr-19 Mar-20	\$7,650	Project delayed as the preferred option is not viable
12	Davis Street, Smithton SPS Upgrade	Tender	Mar-20 Aug-20	\$5,392	Project delayed to allow a change in the location for the SPS due to land contamination issues
13	Main Road Huonville SPS Replacement	Completed	Aug-18	\$5,367	Completed
14	Prince of Wales STP Digester Roof Replacement	Construction	Jun 20	\$4,340	On track
15	Burnie-Cam Pipeline Construction	Construction	Aug 19	\$3,106	On track
16	Fonterra - STP By Pass Line (Wynyard)	Completed	Oct-18	\$2,843	Completed
17	Girdlestone Reservoir Rectification	Construction	Aug 19	\$2,843	On track
18	St Helens STP Inlet Works and Esplanade SPS	Completed	Mar-19	\$3,223	Completed
19	Port Sorell Reservoir	Construction	Apr-19 Dec-19	\$2,009	Pipeline completed, however there have been delays in the design of the chlorination system due to other projects competing with a higher level of priority
20	Glen Dhu Stormwater Management Improvements	Tender	Sep-19	\$2,429	On track
21	Kangaroo Bay Rising Main	Completed	Mar-19	\$1,575	Completed
22	Whitemark raw water storage upgrade – Hendersons Dam	Tender	Aug-19 Jul-20	\$6,800	Delay in contract award due to negotiations of terms and conditions with preferred tenderer
23	Latrobe Sewerage System – Network Upgrade and Augmentation	Tender Design	Jan-20	\$497	On track
24	Tasman Highway, Orford – Trunk main	Design	Aug-19 Jan-20	\$795	Delayed as the project is not as high a priority and the expected benefits of delivering with council to share trenches will not be achieved.
25	Sewer Pipeline Upgrade – Cox Avenue, New Norfolk	Design	Jun-19 Sep-19	\$639 \$945	Budget uplift required due to delay in award and market adjustment.

Note – Projects that are yet to receive Business Case approval via the gating process are not included in the table above.

Key

Bold text indicates change in budget or timeline since last report

