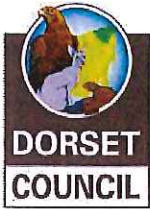


Vol. 6, Issue 2, July 2018



Introduction

The role of the Northern Tasmanian Waste Management Group (NTWMG) is to provide advice, funding and education on better managing waste and recycling within Northern Tasmanian communities, businesses and local governments. The NTWMG is able to provide these services through a \$5/tonne levy on waste disposed to landfill from Northern Tasmania.

The NTWMG was established in 2007 and its members include seven councils from Northern Tasmania: Break O'Day, Dorset, George Town, Launceston, Meander Valley, Northern Midlands and West Tamar.

DATA Project

NTWMG funded the development of the Northern Tasmania waste data network by engaging Tasmanian Scale Company to implement the Iweigh waste data capture database at each major transfer station in each municipality in the region.

WTC, Dorset, MVC, NMC, GTC & BODC received the hardware, software training and support to integrate into member councils IT and financial systems.

This allows each transfer station to use a mobile tablet to select waste type and amount, then do the fee transaction and give a receipt to the customer via a Bluetooth mini printer.

Waste and financial data is then uploaded to the council network and the NTWMG can congregate all the regional waste data into a central online server to use in analysis, reporting and more targeted investment in regional waste projects. Launceston and George Town utilise weigh bridge systems.

All councils have had training and most have commenced using the system this financial year.

The project took approximately 8 months to implement and cost \$105,000.

Plastic Free July

This July, let's try to rethink waste and say 'no thanks' to single use plastic.

Take the challenge at www.plasticfreejuly.org or make the change in whatever way you can.

Bring your own reusable shopping bags.... refill your drink bottle.... buy and store food in reusable containers.... and say 'no thanks' to plastic straws.

Because when we each do a little, together we can achieve a lot! Follow us on Facebook for inspiration and ideas throughout the month.

NTWMG Contact Details:

03 6323 3309/ 03 6323 3394

www.rethinkwaste.com.au

NTWMG@launceston.tas.gov.au



Vol. 6, Issue 2, July 2018



Recycle Coach

Never miss another collection day!

Recycle Coach app now available to everyone in Northern Tasmania.

If you keep forgetting to put your rubbish and recycling bins out on the correct days and live in the Dorset, Break O'Day, George Town, Launceston, Meander Valley, Northern Midlands and West Tamar council areas, we have a solution for you.

The FREE Recycle Coach app, brought to you by the NTWMG, can send you customisable reminders for your rubbish and recycling collections. It has a regularly updated searchable index of waste items to help you decide what goes in which bin and can even remind you of special collections. It also has information about the location and opening times of your nearest waste disposal site. Another useful tool is having the ability to log missed collections, illegal dumping, graffiti and overflowing public waste bins to the user's local council offices.

Download the free Recycle Coach app now at: www.recyclecoach.com



Soft Plastic Recycling

By the end of 2018 NTWMG plan to offer a regional solution to soft plastic recycling at our main transfer stations within the region. NTWMG is currently in talks with local and interstate stakeholders to determine the best model for our region.

Education Resources

Through the joint communications strategy which has now been signed by all three Tasmanian waste management groups, we have produced educational resources including informative videos on what is E-waste and how it is recycled. Check it out on rethink wastes YouTube channel:

<https://www.youtube.com/watch?v=vdAEnfgWjuk>



Waste NoT Awards

The annual Waste NoT awards are now open to individuals, schools, small, medium and large organisations in Northern Tasmania who have improved their waste management practices. Projects such as recycling, reinvention, upcycling and education initiatives are all edible for nomination and the Waste NoT Awards will recognise and reward their efforts.

Apply or nominate by the 10th August 2018 by visiting <http://rethinkwaste.com.au/northern-tasmania-waste-not-awards-2018/>



Vol. 6, Issue 2, July 2018



Resource Recovery and Waste Minimisation Grants 18/19

The annual grants program launches on 27 August and runs until 25 September 2018.

NTWMG will allocate grants to eligible organisations in Northern Tasmania that are working towards decreasing the amount of waste sent to landfill through innovative core activities and/or increasing the recovery of resources from waste that would otherwise be lost to landfill.

Financial support will be provided for eligible project costs associated with procuring innovative recycling infrastructure or educational materials necessary to improve waste management practices in the Northern Tasmanian area.

A portion of \$70,000 is available under the 2018/19 Resource Recovery and Waste Minimisation Grants program which is to be distributed between successful applicants.

CD/DVD Recycling

The group is seeking a new collection service at regional waste transfer stations to deal with a growing waste stream of CD's and DVD's. The group hopes to initiate a 12 month trial within the coming months.

Triple J (One Night Stand)

St Helens is hosting Triple J's One Night Stand on 1 September which will be held at the St Helens Football Ground. NTWMG is helping assist to make it a zero waste event by providing support and advice to the Council. FOGO bins will also be provided to capture the organic waste stream.

Newsletter subscription

If you would like to subscribe to/or unsubscribe from our newsletters, please email us at NTWMG@launceston.tas.gov.au.



Quarterly Report to Owners' Representatives

Progress update to 30 June 2018





Document Approval and Issue Notice

This is a managed document. For identification of amendments each page contains a release number and a page number.

Changes will only be issued as a complete replacement document. Recipients should remove superseded versions from circulation. This document is authorised for release once all signatures have been obtained.

PREPARED:

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Date: 25 July 18

ENDORSED:

(For release) Dean Page, Chief Financial Officer

Date: 25 July 18

APPROVED:

(For acceptance) Michael Brewster, Chief Executive Officer

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1. Introduction

We are pleased to present our fourth quarter (Q4) FY2017–18 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 our performance for the year ended 30 June 2018. These are followed by scorecards reflecting the status of our performance against key performance indicators outlined in our FY2018–20 Corporate Plan and our financial performance compared to FY2017–18 Budget.

2. Key Matters for Noting

2.1 Removal of Public Health Alerts

We are on track to fulfil our promise to remove Public Health Alerts (PHAs)¹ in all Tasmanian regional towns by the end of August 2018.

PHAs in Cornwall, Gladstone and Wayatinah were removed in Q4. Removal of the PHA in Epping Forest and Colebrook took place in early July, and we have also received conditional approval for service replacement in Gormanston from the Tasmanian Economic Regulator (TER).

2.2 Price and Service Plan 3

The TER has now approved our Price and Service Plan 3 (PSP3) for the period 1 July 2018 to 30 June 2021. PSP3 is our three-year blueprint to maintain the delivery of clean and safe drinking water, improve environmental outcomes and secure enhanced customer service results while keeping bills as affordable as possible.

Although the TER's determination allowed for a 4.6 per cent rise in FY2018-19, the Board has determined to apply a 4.1 per cent price rise in FY2018-19.

2.3 Productivity Program

The Productivity Improvement Program (PIP) consisted of 22 initiatives across twelve programs. Four of these initiatives have been completed. All other initiatives, except Procurement and Meter Replacement, are tracking as per schedule.

The sustainable cost savings realised for the full year was \$10.6M against a target of \$7.8M. These savings have been achieved predominantly from the Service Delivery Value Creation Program (\$6.9M) and the Retail Value Creation Program (\$1.6M).

Initiatives to reduce revenue leakage have resulted in additional revenue of \$5.3M against a target of \$3.8M.

2.4 Capital Delivery Review

To ensure that we can deliver the planned increase in our capital program we have identified a need to augment our resource capacity and ensure we have adequate systems and processes.

With this in mind, in April this year, the Board approved the establishment of a Capital Delivery Office (CDO) supported by a Program Management Alliance. The CDO will see TasWater staff working alongside personnel provided by one or more external partners as part of an overall collaborative team.

The alliance partner will be selected in late 2018 and the CDO will be operational in 2019.

¹ Public Health Alerts includes Boil Water Alerts (BWA) and Do Not Consume Notices (DNC)



2.5 Enterprise Agreements

Our employees have voted in favour of the TasWater General Enterprise Agreements (3) and the Senior Enterprise Agreement.

The negotiations whilst robust, were conducted without any disputes being taken to the Fair Work Commission (FWC).

2.6 Update on significant projects

Macquarie Point Sewage Treatment Plant (STP)

A collaboration agreement with Macquarie Point Development Corporation (MPDC) has been drafted regarding the proposed scope and timing for completion of design and procurement of improved odour management for Macquarie Point STP to reduce the required attenuation distance.

This is expected to facilitate development on part of the MPDC site following implementation of planning or legislative changes. The enabling legislation is scheduled to be introduced to the lower house in the spring session.

MONA

The actions agreed in the Memorandum of Understanding (MOU) with MONA are currently being progressed. MONA has engaged a consultant to develop a concept design for a new STP to replace the Cameron Bay STP. Given the innovative approach taken to the design, a trial has been proposed, subject to resolution of design and funding arrangements.

TasWater in parallel is assessing alternative strategies to address long term compliance and growth requirements.

Launceston Combined Sewage and Stormwater

Following the Tamar Estuary River Health Action Plan (TERHAP) funding announcement by the Federal and State Government in February 2018 we have reviewed the proposed actions and met with Launceston City Council and Infrastructure Tasmania.

The TERHAP has been presented to our Board and we have commenced planning activities, noting the requirement for external funding for portions of the program. It is anticipated that the Launceston Sewerage Improvement Program (LSIP) will be combined with elements of the TERHAP to form a single project in order to maximise possible efficiencies. In the immediate term we will continue to confirm the governance and funding arrangements with the Tamar Estuary Management Taskforce.

2.7 TasWater response to Heavy Rainfall Incident

Many parts of Southern and Eastern Tasmania experienced record rainfalls on 10 and 11 May 2018 due to an Easterly weather pattern with embedded thunderstorms. A pre-incident was declared in preparation based on the weather forecasts and warnings. Resources were mobilised to minimise the impacts of the rain event on sewer and water systems. As the rain event worsened, TasWater escalated to a Level 2 Incident and a Regional Emergency was declared by the State Emergency Services and Tasmanian Police.

Water supplies were affected in some regional areas as a result of storm damage. Water systems in the greater Hobart area were closely managed due to high turbidity in catchments affecting the treatment capacity at Bryn Estyn.



There were significant sewer spills as a result of inflow and infiltration into the sewer system exacerbated by widespread power outages and high tides. No sewer spills impacted the Shell Fish Industry.

There was some damage to our assets and an Insurance claim is being progressed. A review of the incident has been undertaken by the Incident team and learnings will be shared across the business and with relevant external stakeholders.

2.8 National recognition

TasWater's Manager Treatment and Pumping Asset Performance Paul Davis and Senior Engineer Treatment Asset Performance Mark Rippon won the Best Paper award at the Asset Management Council's (AMC) AMPEAK conference in Hobart, for their paper titled 'Unlocking Asset Risk for Better Customer Outcomes.'

AMPEAK is the annual showcase event for the AMC, the peak industry body for asset management in Australia, drawing almost 300 experts and practitioners from across Australia and the world together for three days of networking, knowledge exchange and providing opportunities to learn from each other's experiences in all elements of asset management.

In addition to this award, another TasWater paper was also presented by Anthony O'Flaherty, Manager Asset Information Quality and Systems, on 'Driving Customer Value through Asset Insights and Analytics'.

2.9 Graffiti Pilot Program

TasWater's graffiti pilot program commenced with the main aim of combatting offensive and unsightly graffiti on our infrastructure. This helps reduce expenses for us and the partner councils as cleaning and sandblasting is very expensive. The program also benefits council youth service departments, emerging artists and the local communities.

The program is well underway with local artists spraying their designs onto otherwise plain or tired looking water infrastructure. In collaboration with the Clarence City Council, we have commissioned some of the eastern shore's graffiti artists and taggers to decorate the Mornington, Rokeby and Bellerive reservoirs.

A water pump station in Huon Road, South Hobart will be next in line for an artistic make-over. This project, in collaboration with Hobart City Youth ARC, is planned to be undertaken in July 2018. Based on the results of the pilot program this may be expanded to include other sites state-wide.



3. Performance update

3.1 Commercial and economic outcomes

Net Profit after Tax for the year ended 30 June 2018 was \$38.5M, 10.8 per cent above budget. The reported result was driven by a favourable revenue variance of \$16.6M (5.2 per cent), which was partially offset by an unfavourable operating expenditure variance of \$6.6M (3.7 per cent) and an unfavourable depreciation variance of \$5.1M (7.2 per cent).

Revenue was higher than budget primarily due to increased recognition of assets transferred by developers, in addition to customer billing audits conducted by the Revenue Assurance Department that have resulted in higher fixed revenue.

Expenditure is higher than budget primarily due to Salaries & Related Personnel Expenditure. This consists of three main components, two of which are under budget. Salary capitalisation is the only component over budget as minor capital works have been contracted externally following the review of the Service Delivery model. Chemicals, Power & Royalties are over budget primarily because of the cost of electricity being higher than budget.

Net operating cash flow is favourable to budget by \$4.7M due to additional GST refunds and lower interest and income tax payments.

Capital expenditure is \$150.7M being \$15.4M (11.4 per cent) above budget. This is driven by the additional capital works flowing from the Kingborough Sewerage Upgrade and the Regional Towns Water Supply Program.

Debtor levels against turnover are at 4.2 per cent, a reduction of 0.4 per cent from the previous quarter. We have undertaken a targeted customer campaign to address long standing outstanding debt for finalised accounts.

New initiatives in place to reduce the overdue debt are:

- New credit cycles being implemented in our billing system
- Use of SMS and automated calls early collections activity to remind customers of overdue accounts
- New finalised debt processes.

New payment arrangement options are being considered as part of the review of our hardship program.


Table 1: Commercial and economic performance to date

Strategy	KRA	KPI	FY2017-18	
			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)	38.5	34.7
		Capital Expenditure (\$ Million)	150.7	135.3
		Interest cover ratio (times)	3.8	3.5
		Gearing ratio	33.1%	34.4%
		Net Cash from Operating Activities (\$ Million)	103.0	98.6
2 Improve business productivity and reduce costs to achieve our financial plans	Productivity improvement	Sustainable cost savings (\$ Million) ³	10.6	7.8
		Increase income from revenue leakage initiatives (\$ Million) ⁴	5.3	3.8
		% of Growth & Capacity Plans completed ²	33%	30%
		Total overdue debtors as a percentage of the revenue at the end of the financial year ⁵	4.2%	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	98.2%	98.0%
		Percentage of customers on target tariff for Sewage (1ET)	98.0%	98.0%
		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 target for FY2017-18

³ Budget for Productivity Savings in FY2017-18 is \$5 Million; subsequent to the budget being finalised the Board and management have agreed to increase the target to \$7.8 Million

⁴ Target includes benefits from the Meter Replacement Program

⁵ New KPI included for FY2017-18 in line with priorities for FY2017-18

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 2018	Opening Position at 1 July 17	Year to Date Movement	FY2018 Corporate Plan
	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS				
Cash & Cash Equivalents	2,262	2,852	(590)	2,500
Trade Receivables	39,073	43,252	(4,179)	48,358
Inventories	5,881	6,147	(266)	5,984
Property, Plant & Equipment & Intangibles	2,166,206	2,052,574	113,632	2,113,285
Tax Assets	47,820	42,151	5,669	57,583
Other	2,783	7,061	(4,278)	2,012
TOTAL ASSETS	2,264,026	2,154,037	109,989	2,229,722
LIABILITIES				
Borrowings	(539,506)	(474,902)	(64,604)	(534,569)
Employee Benefits	(25,929)	(31,814)	5,885	(26,044)
Payables	(33,843)	(21,432)	(12,411)	(24,657)
Unearned Income	(31,700)	(33,037)	1,337	(34,152)
Tax Liability	0	(737)	737	(886)
Other	(11,543)	(7,072)	(4,471)	(5,642)
TOTAL LIABILITIES	(642,522)	(568,994)	(73,528)	(625,950)
NET ASSETS	1,621,504	1,585,043	36,461	1,603,772
MEMBERS FUNDS				
Retained Earnings	69,580	33,115	36,465	51,844
Revaluation Reserve	24,110	24,114	(4)	24,114
Contributed Equity	1,527,814	1,527,814	0	1,527,814
TOTAL MEMBERS FUNDS	1,621,504	1,585,043	36,461	1,603,772



Table 3: Financial statements – Income Statement

Income Statement	Year to Date Actual	Year to Date Budget	Year to Date Variance
	\$ '000	\$ '000	\$ '000
Revenue			
Fixed Charges	233,831	231,100	2,731
Volumetric Charges	67,441	64,864	2,577
Services & consulting revenue	6,007	6,344	(337)
Contributed Assets	25,527	15,960	9,567
Other Revenue	3,461	1,426	2,035
Total Revenue	336,267	319,693	16,573
Expenses			
Chemicals, Power & Royalties	24,042	21,934	2,108
Materials & Services	34,268	32,646	1,622
Salaries & Related Personnel Expenditure	89,668	86,206	3,462
Administration Costs	37,367	37,940	(573)
Total Expenses	185,345	178,726	6,619
Earnings before Interest & Depreciation	150,922	140,967	9,955
Depreciation	76,651	71,514	5,137
Interest expense	16,567	17,058	(491)
Loan guarantee fee (LGF)	2,741	2,787	(47)
Net Operating Profit before Tax	54,963	49,608	5,356
Tax	(16,489)	(14,882)	(1,607)
Net Profit after Tax	38,474	34,725	3,749



Table 4: Financial statements – Cash Flow Statement

Cash Flow Statement	Year to Date Actual	Year to Date Budget	Year to Date Variance
	\$ '000	\$ '000	\$ '000
Cash Flows from Operating Activities			
Receipts from Customers	324,505	307,801	16,704
Payments to Suppliers & Employees	(216,644)	(200,450)	(16,194)
GST Refund	22,920	21,726	1,194
Interest Paid	(16,009)	(17,326)	1,317
Loan Guarantee Fees Paid	(2,646)	(2,665)	19
Income Tax Equivalents Paid	(8,855)	(10,493)	1,638
Net Cash from Operating Activities	103,271	98,593	4,678
Cash Flows from Investing Activities			
Payments for Property, Plant & Equipment	(150,748)	(135,324)	(15,424)
Sales - Property Plant and Equipment	1,073	200	873
Net Cash Flows from Investing Activities	(149,675)	(135,124)	(14,551)
Cash Flows from Financing Activities			
Proceeds from Borrowings	64,316	53,374	10,942
Dividends Paid	(18,499)	(16,842)	(1,657)
Net Cash Flows from Financing Activities	45,817	36,532	9,285
Net Movement in Cash for the Year			
Net (Decrease) Increase in Cash Held	-	-	-
Opening Cash Balance	2,852	2,500	352
Closing Cash Balance	2,264	2,500	(236)



3.2 Customer and community outcomes

Performance this year has been largely positive with the majority of our targets achieved.

The number of complaints (per 1,000 properties) is unfavourable to target. Water quality complaints represent the largest category of complaints at 48% of all complaints. Discoloured water and taste and odour are the largest sub-categories of water quality complaints. The Aesthetic Task Force that was established early in the year has been improving our response and mitigation of such complaints.

Some of the key learnings from projects initiated by the task force were:

- The internal taste panel provides an early warning detection of taste and odour compounds that enable the mobilisation of carbon dosing to mitigate customer impact
- Programmed cleaning of water mains improves water quality by ensuring aesthetically pleasing water and increased chlorine residuals
- Communication to the customer using multiple media platforms about maintenance activities and their impacts is important to reduce customer complaints, and
- Development of the complaints heat map against pipe types and existing flushing programs has allowed us to create strategies to reduce or mitigate water quality complaints.

Our focus in FY2018-19 will be to build on this year's learnings with further initiatives looking to achieve the strategic aim of reducing water quality complaints.

There was one spill into an oyster lease in Q4. A failure on the treated effluent line adjacent to the Tasman Highway resulted in flow of treated effluent into Pittwater reserve in April 2018.

As stated in the Q2 report, a program has been implemented to minimize the instances of spills into oyster leases, which is a combination of:

- Preventative actions
- Better operational controls, and
- Responsiveness and communication in the event of a spill.



Table 5: Customer and community performance to date

Strategy	KRA	KPI	FY2017-18	
			YTD Result ¹	Target ²
Invest in programs that enhance customer experiences.	Customer experience	Customer satisfaction	94.8%	80%
		First point resolution	97.3%	90%
		Customer effort score	1.4	<1.5
		Calls answered in the first 30 seconds	87.9%	85%
		Complaints (per 1,000 properties)	15.5	<9
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	36	60
		Time to attend sewage breaks, chokes and spills (minutes) ³	52	60
		Sewer breaks and chokes (per 100km of main)	44.7	93
		Oyster farm shutdowns caused by sewage spills ⁴	4	0
		Reportable dry weather sewage spills per annum	55	80

KPI Footnotes

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

² Full year target for FY2017-18

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

Water

Fluoride performance was below target as the Swansea fluoride dosing system was turned off in August 2017 due to an operator safety issue. The system is being replaced and is expected to be operational in October 2018.

There was an *E.coli* detection in the Hobart system in April 2018. This occurred due to unchlorinated water entering the reticulation network. This resulted in a temporary BWA being issued for the South Hobart area. We are working to implement the recommendations from an external investigation of this incident.

In FY2017-18 all of our potable systems met microbiological compliance; this means that greater than 98% of samples in all systems were free of *E. coli*.

E.coli detections have reduced further this year due to a greater awareness of water quality, increased focus on reservoir cleaning and integrity, and chlorine improvements in some key areas.

A major upgrade to the Conglomerate Creek Dam was completed in May 2018 and the dam now complies with safety requirements.

Environment

Compliance for FY2017-18 was 85 per cent against a target of 87 per cent; however we achieved target compliance of 88 per cent in Q3 and 87 per cent in Q4.



Centralised operational control point (OCP) reporting is now in place for 15 sewerage systems. As a result of implementing OCPs and operator commitment, Cameron Bay STP has achieved 48 weeks compliance in 2018 compared to 25 weeks in 2017.

Key focus areas for coming months include:

- Development of a list of initiatives to deliver compliance improvements in FY2018-19, and
- Progressing the visibility of process data including OCPs using PI Historian.

Our target for Trade Waste Commercial Customers – Compliance Improvement has not been met. Our trade waste team have engaged with customers that are required to meet compliance standards within an 18 month period to provide guidance on requirements and proposed solutions. We are currently working with a further 118 customers whose notice period has expired to bring them to compliance.

There were no environmental non-compliances in Q4.

Table 6: Water and environmental performance to date

Strategy	KRA	KPI	FY2017-18	
			YTD Result ¹	Target ²
1 Invest in robust drinking water systems to ensure water is safe for consumption	Drinking water quality	Water Quality Complaints ³	1,503	1,000
		Number of <i>E. coli</i> detections	6	20
		Short term Boil Water Alerts put in place by DHHS	1	0
		Towns on long term Boil Water Alerts or Do Not Consume Notices	14	17
		Percentage of compliant fluoride systems	97.4%	98%
		Percentage of microbiological compliant potable systems	100%	98%
	Water Supply Reliability	Number of dams that plot above the ANCOLD LOT for societal risk	9	9
2 Lift sewerage system performance to align with modern day environmental standards	Environmental compliance and impact	Trade Waste Commercial Customers – Compliance Improvement ³	315	410
		Volume of compliant effluent ⁴	85%	87%
		Number of environmental non-compliances rated serious ⁴	1	0

KPI Footnotes

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

² Full year target for FY2017-18

³ New KPI included for FY2017-18 in line with priorities for FY2017-18

⁴ As of Q3 FY2017-18 this has been aligned with the measure used by the EPA which is quoted in the State of the Industry Report

⁵ Measures a threat of a fine from EPA or receiving a fine from the EPA

Colour Key:

GREEN = on or better than target

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RED = greater than 10% outside target



3.4 Our people and culture

There have been three Lost Time Injuries (LTIs) in Q4 FY2017-18, involving two employees and one contractor. This has resulted in a decrease in LTIFR to 8.8 from 9.0 as at the end of Q3. The Total Recordable Injury Frequency Rate (TRIFR) is above our end of year target of 11.0 and remains relatively stable at 12.0. A key driver of LTIs over the last 12 months is related to contractor incidents. As we increase the scale of the program and engage a broader spectrum of contractors exposure to incidents is increasing. As part of the development of our Capital Delivery Office we are putting in place steps to reduce the frequency and potential severity of contract related safety incidents.

Our commitment to Innovation has been further strengthened with the development of the IDEA (Innovation Driving Everyday Action) framework which will launch in FY2018-19. Innovative ideas have continued to be captured with several new concepts being progressed and validated including:

- Isle Utilities - a holistic solution to a drinking water system, preventing the potential issuing of a Do Not Consume (DNC) in the Coles Bay system due to disinfection by products
- UTAS PhD scholarship – discussions have progressed with University of Tasmania in the design of a PhD study into taste and odour issues in the Derwent.
- Aquaculture in our wastewater lagoons – the use of fish to aid in desludging treatment processes.
- Smart cities grant – a collaborative project with Hobart City Council accessing federal support.

Employee numbers are above our end of year target primarily due to the need to appropriately resource our improvement programs and the growth in the scale of our capital program.

Table 7: People and culture performance to date

Strategy	KRA	KPI	FY2017-18	
			YTD Result ¹	Target ²
1 Invest in programs that create a safe working environment	Safety performance	Lost time injury frequency rate (LTIFR)	8.8	3
		Total recordable injury frequency rate (TRIFR)	12	11
		Notifiable safety incidents	4	3
2 Invest in leadership development, skills training programs and innovation	Organisation capability	Innovations under trial or implemented	10	5
		Number of leaders completing LSI ³	35	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 ³	849	835

KPI Footnotes

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

² Full year target for FY2017-18

³ New KPI included for FY2017-18 in line with priorities for FY2017-18

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

Our capital expenditure at the end of FY2017-18 was \$150.7M, which is \$15.4M (11.4%) above the budget of \$135.3M.

Major projects which were completed in the year include:

- Torrens Street Richmond Sewer Pump Station Upgrade
- Winnaleah Treated Water Supply
- Ringarooma Valley Treated Water Supply, and
- Flinders Island Water Supply

Significant work has been completed on the below projects which will achieve completion early next financial year:

- Regional Towns Water Supply Program
- Kingborough Sewerage Strategy
- TI Tree Bend STP Biosolids De-watering Facility and Digester
- Huonville Main Road SPS Replacement
- Fonterra STP By Pass Line (Wynyard), and
- Conglomerate Creek Dam.

Table 8: Status updates Top 25 priority capital projects

Sr. No.	Project Title	Current Project Stage	Completion Date	Project Budget ('000)	Project Status Comments
1	Longford STP Upgrade - Northern Midlands Sewerage Improvement Plan (NSMIP)	Design	Dec-20 Jun-21	\$25,100	Completion date has been refined, the earlier date was a preliminary estimate at early stages of project. The project commitment date as per PSP3 will still be met.
2	Kingborough Sewerage Strategy	Construction	Aug-18 TBC	\$51,625	The contractor has sought an extension of time from August to January 2019, due to delays associated with land acquisition. This extension has not been granted at this stage.
3	Regional Towns Water Supply Program	Construction	Aug-18	\$40,798 \$65,147	On track.
4	King Island Treated Water	Construction	Aug-18 Nov-18	\$17,635	Possible delay due to accommodating community feedback on WTP design.
5	System Optimisation - Water	Design	Jun-19	\$10,000	
6	System Optimisation - Sewerage	Design	Jun-19	\$10,000	
7	TI Tree Bend STP Biosolids De-watering Facility and Digester	Construction	Dec-18	\$12,374	On track.
8	Margate Water Main Upgrade	Construction	May-18 Nov-18	\$8,224	Change in completion date as Project is now aligned with the Kingborough Sewerage Strategy.
9	Gretna/Bushy Park/Glenora Water Supply Upgrade	Construction	Mar-18 Sept-18	\$5,260	On track.
10	Conglomerate Creek Dam	Completed	Mar-18 May-18	\$5,676	Significant upgrade completed and the dam now complies with safety requirements.
11	Cambridge STP Wet Weather Overflow	Design	On hold	N/A	This project was initiated to address wet weather overflow and treatment performance issues. During early 2018 a process audit indicated the upgrades



Sr. No.	Project Title	Current Project Stage	Completion Date	Project Budget ('000)	Project Status Comments
					are unlikely to deliver the required outcomes. As such, the business case is being reviewed.
12	Longford to MacKinnons Hill Reservoir Rising Main	Construction	Aug-17 Jul-18	\$4,057	Some rock was encountered in the first section of pipeline, however pipeline construction is now complete with final cutovers yet to be completed.
13	Huonville Main Road SPS Replacement	Construction	Mar-18 Aug-18	\$2,928 \$5,367	Minor delay due to latent conditions
14	Lake Mikany Dam Replacement	Design	Jun-20	\$7,320	On track.
15	Girdlestone Reservoir Rectification	Construction	Dec-17 Oct-18	\$2,843	Delay due to the requirement to obtain a planning permit. Construction started in February 2018.
16	Prince of Wales Digester Roof Replacement	Deferred	Jun-19 TBD	\$3,500	Project will be reassessed once true condition of the asset has been determined
17	Wynyard STP – Electrical and Control System Renewal Upgrade	Construction	Oct-17 Aug-18	\$1,800	Commissioning to occur during Fonterra shutdown
18	Swansea Meredith Dam Rectification and Improvement (Stage 1 & Stage 2)	Design	Sep-18 Nov-18	\$4,200	Minor delay due to late award of clay permit.
19	St Helens STP Inlet Works and Esplanade SPS	Construction	Nov-17 Oct-18	\$1,668 \$2,099	Extension in completion date due to unfavourable ground conditions and the contractor being committed to regional towns project which has been prioritised.
20	Davis St Smithton SPS Upgrade	Design	May-18 Dec-18	\$5,392	Date change due to increase in scope
21	Burnie Cam Pipeline Construction	Tender	Mar-18 Dec-18	\$2,837	Project schedule reviewed. Extended due to approvals required.
22	Flinders Island Water Supply	Construction	Jan-17 Jul-17	\$10,979	Completed
23	Fonterra - STP By Pass Line (Wynyard)	Tender	Nov-17 Aug-18	\$2,300 \$3,000	Date extension to allow commissioning to align with Fonterra's shutdown.
24	Pet Dam Safety Upgrade	Business Case	Jun-19 Dec-19	\$7,710	The preferred option has been scoped, and the business case should progress to design phase in the first half of FY2018-19.
25	Port Sorell Reservoir	Tender	Jul-18 Apr-19	\$2,009	Commitment date still achievable.

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



Table 9: FY2017-18 Top 10 capital programs

Title	Program Budget	Actual	Program Status
	('000) FY2017-18	('000) FY2017-18	
Metering Program	\$7,140	\$8,014	Complete
Non-Network Other	\$5,440	\$4,490	Complete
Minor Projects Program	\$4,100	\$4,327	Complete
Electrical Program	\$3,770	\$2,547	Complete
Water Main Renewals	\$3,400	\$2,416	Complete
STP Renewals	\$3,330	\$1,834	Complete
Dam Compliance	\$2,800	\$1,496	Complete
WTP Renewals	\$2,260	\$1,327	Complete
Sewer Main Renewals	\$2,000	\$1,289	Complete
SCADA	\$1,890	\$1,266	Complete

Key

Bold text indicates change in budget or timeline since last report

