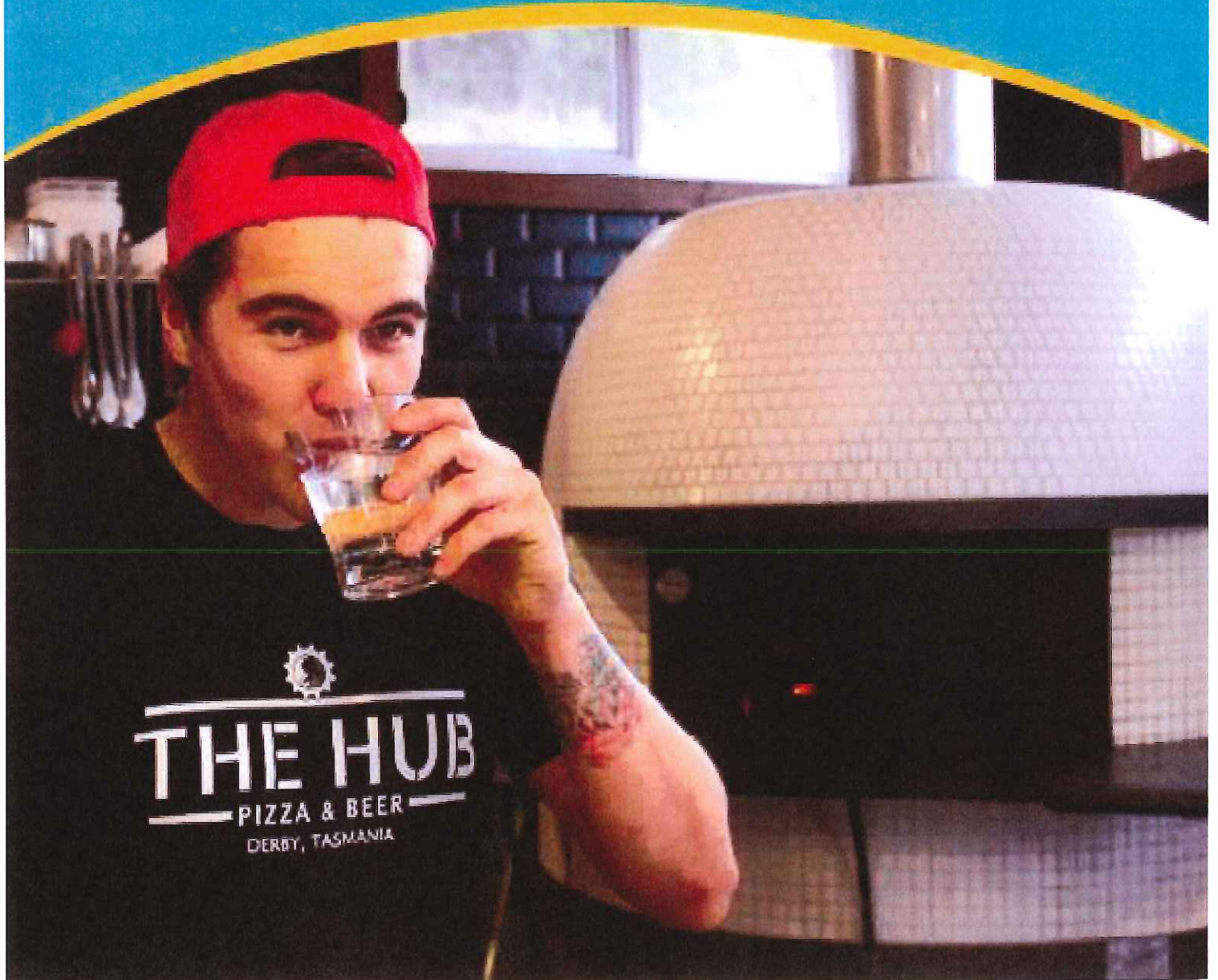




Quarterly Report to Owners' Representatives

Progress update to 30 September 2018





Document Approval and Issue Notice

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1. Introduction

We are pleased to present the first quarter (Q1) 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 September 2018. 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 FY2018–19 Budget.

2. Key Matters for Noting

2.1 Removal of Public Health Alerts

All permanent Public Health Alert notices were lifted by August 2018.

2.2 Further Water System Assurance Upgrades

TasWater has established a program to address water supply issues at 17 high risk systems around the state. Known as Stage 4 of the Regional Towns Water Supply Program the systems have been selected for high priority upgrades or replacement based on the level of risk they present to public health.

2.3 Price and Service Plan 3

Price and Service Plan 3 (PSP3) commenced on 1 July 2018. There have been no significant issues or complaints across pricing, policy, contract, customer service and external communication areas.

2.4 Productivity Program

The Productivity Improvement Program (PIP) for FY2018–19 to further reduce operating expenses consists of 17 active initiatives.

The sustainable cost savings realised year to date is \$0.7M consistent with our year to date target and we are forecasting to achieve our FY2018-19 target of \$4.0M.

Initiatives to reduce revenue leakage have resulted in an additional \$0.1M YTD in revenue against a FY2018–19 target of \$1.0M.

2.5 Capital Delivery Review

In order that we can deliver the planned increase in the capital program we have determined to revise the approach and establish a Capital Delivery Office (CDO).

The CDO will be established through a Program Management Alliance (PMA) agreement with one or more external partners.

At its heart, the PMA is a collaborative agreement with TasWater and an external partner contributing resources on a best for program basis. The objective of establishing a CDO is to improve the time, cost, quality and safety performance of the planning, development and delivery of our capital works program.

UGL Engineering Pty Ltd and CPB Contractors Pty Ltd have been selected as the principal partner and we are in detailed negotiations with them that are expected to be concluded by December 2018 with the signing of a Program Alliance Agreement.

The CDO is expected to be fully operational by July 2019.



2.6 Enterprise Agreements

Our employees have voted in favour of the three TasWater General Enterprise Agreements (North, North West and South) and the Senior Enterprise Agreement.

The Commissioner has reviewed the Agreements and requested feedback from TasWater on a small number of concerns. The concerns relate primarily to the ramifications of recent decisions that have been made in the Fair Work Commission that will require undertakings to be made by TasWater.

2.7 MOU with State Government

At the Special General Meeting on 27 September 2018, Owner Councils approved three resolutions that enable a change in TasWater's ownership structure with the State Government to inject \$200M of equity into TasWater with a corresponding acceleration of the capital program and cap on regulated prices through FY2024-25.

The resolutions included adoption of a new Constitution, a new Shareholders' Letter of Expectations and approval to enter into a Share Subscription and Implementation Agreement with the State Government. Enabling legislation in the form of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Bill 2018* was introduced in the House of Assembly in October 2018 and was passed with unanimous support. The Legislative Council considered and unanimously passed the legislation on 1 November 2018.

To prepare for implementation of the new arrangement, we have updated our process and timeline for approval of the Corporate Plan to align with the requirements set out in the new Shareholders' Letter of Expectations.

2.8 Update on significant projects

Funding Arrangements with the State Government

After preliminary discussion with the Chairman and CEO, the Treasurer wrote to us on 18 September to seek formal dialogue with respect to relocation of the Macquarie Point Sewage Treatment Plant (STP), upgrade of the Launceston Combined System (LCS) and introduction of a sewerage system for the Freycinet/Coles Bay precinct.

We have modelled scenarios and key parameters of a potential funding agreement to inform the negotiations with the State Government. Discussions with the Department of Treasury and Finance on this matter are ongoing. The focus is on ensuring any funding agreement firstly does not materially impact on our long term financial sustainability and secondly that any TasWater contribution is proportional to the benefit our customers receive.

MONA

Investigations are progressing on the suitability of the treatment technology proposed by MONA's consultants, with costs related to a formal pilot being sought from its consultant. A brief is under preparation for investigation of alternative on-site augmentation, and off-site rationalisation options for the STP.

Launceston Sewerage System Upgrades and the Combined Sewage and Stormwater System

A scoping document is to be prepared, to manage both combined sewer overflows and STP performance, for delivery as a single program.



3. Performance update

3.1 Commercial and economic outcomes

Net Profit After Tax for the quarter ended 30 September 2018 was \$7.7M, \$0.2M unfavourable to budget. The reported result was driven by an unfavourable depreciation variance of \$1.8M, an unfavourable operating expenditure variance of \$1.7M, which was partially offset by a favourable revenue variance of \$3.3M.

Revenue was favourable to budget primarily due to above budget recognition of assets transferred by developers. The number of developments recognised this quarter was higher than budgeted with 17 developments being recognised in September.

Expenditure is higher than budget primarily due to depreciation expense. Administration expenses were \$0.8M unfavourable to budget largely due to engagement of external specialist support for improvement projects.

Net operating cash flow is unfavourable to budget by \$6.8M primarily due to increased payments to suppliers and a decrease in receipts from customers.

Capital expenditure is \$34.3M being \$4.8M favourable to budget. This is driven by capital works flowing from the Kingborough Sewerage Upgrade and the Regional Towns Water Supply Program (RTWSP).

Debtor levels against turnover are at 3.9 per cent, 0.1 per cent favourable to target and a reduction of 0.3 per cent from the previous quarter. A targeted customer campaign to address long standing debt from change of ownership accounts has contributed to this result.

Continued initiatives in place to reduce the overdue debt are:

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

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)	7.7	36.1
			Capital Expenditure (\$ Million)	34.3	145.1
			Interest cover ratio (times)	2.7	3.0
			Gearing ratio	33.1%	35.6%
			Net Cash from Operating Activities (\$ Million)	7.3	90.3
2	Improve business productivity and reduce costs to achieve our financial plans	Productivity improvement	Sustainable cost savings identified in FY2018-19 (\$ Million)	0.7	4.0
			Increase income from revenue initiatives (\$ Million)	1.4	4.5
			% of Growth & Capacity Plans completed	36%	50%
			Total overdue debtors as a percentage of the revenue at the end of the financial year	3.9%	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	99.9%	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 places² 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 September 2018	Opening Position at 1 July 18	Year to Date Movement	FY2019 Corporate Plan
	\$ '000	\$ '000	\$ '000	\$ '000
ASSETS				
Cash & Cash Equivalents	2,767	2,262	505	2,500
Receivables	44,917	39,906	5,011	55,633
Inventories	6,007	5,881	126	6,770
Property, Plant & Equipment & Intangibles	2,182,761	2,166,202	16,559	2,190,754
Tax Assets	32,791	32,791	0	51,979
Other	6,784	1,955	4,829	5,990
TOTAL ASSETS	2,276,027	2,248,997	27,030	2,313,626
LIABILITIES				
Borrowings	(566,710)	(539,218)	(27,492)	(583,907)
Employee Benefits	(25,871)	(25,065)	(806)	(32,007)
Payables	(23,981)	(34,731)	10,750	(23,801)
Unearned Income	(31,409)	(31,700)	291	(32,786)
Tax Liability	(74)	(1,725)	1,651	(845)
Other	(11,395)	(10,943)	(452)	(5,128)
TOTAL LIABILITIES	(659,440)	(643,382)	(16,058)	(678,474)
NET ASSETS	1,616,591	1,605,614	10,973	1,635,152
EQUITY				
Retained Earnings	64,663	53,690	10,973	83,224
Revaluation Reserve	24,110	24,111	(1)	24,114
Contributed Equity	1,527,814	1,527,814	0	1,527,814
TOTAL EQUITY	1,616,587	1,605,614	10,973	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
	\$ '000	\$ '000	\$ '000	\$ '000
Revenue				
Fixed Charges	61,655	61,429	226	245,727
Volumetric Charges	14,085	13,908	177	68,103
Services & consulting revenue	1,248	1,139	109	5,516
Contributed assets	7,166	4,530	2,636	19,935
Other Revenue	1,186	1,082	104	1,478
Total Revenue	85,340	82,088	3,252	340,759
Expenses				
Chemicals, Power & Royalties	5,834	5,774	60	25,828
Materials & Services	8,907	8,693	214	34,502
Salaries & Related Personnel Expenditure	23,945	23,312	633	90,565
Administration Costs	9,494	8,718	776	39,849
Total Expenses	48,180	46,494	1,686	190,744
Earnings before Interest & Depreciation	37,159	35,594	1,565	150,016
Depreciation	21,238	19,410	1,829	77,638
Interest expense	4,254	4,319	(64)	18,057
Loan guarantee fee (LGF)	694	659	35	2,685
Net Operating Profit before Tax	10,973	11,206	(233)	51,636
Tax	3,292	3,363	(70)	15,491
Net Profit after Tax	7,681	7,844	(163)	36,145

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	67,871	70,811	(2,940)	329,433
Receipts from Other Sources	4,086	4,341	(255)	0
Payments to Suppliers & Employees	(63,819)	(57,391)	(6,428)	(227,740)
Interest Paid	(4,501)	(5,654)	1,152	(21,666)
Loan Guarantee Fees Paid	(1,366)	(1,578)	212	(2,826)
Income Tax Equivalents Paid	(1,651)	(2,488)	837	(9,952)
Refund GST	6,697	6,084	613	23,048
Net Cash from Operating Activities	7,317	14,125	(6,808)	90,296
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(34,366)	(29,579)	(4,787)	(145,349)
Sales - Property Plant and Equipment	62	62	0	248
Net Cash Flows from Investing Activities	(34,304)	(29,519)	(4,787)	(145,101)
Cash Flows from Financing Activities				
Proceeds from Borrowings	27,492	15,392	12,100	62,026
Dividends Paid	-	-	-	(7,221)
Net Cash Flows from Financing Activities	27,492	15,392	12,100	54,805
Net Movement in Cash for the Year				
Net (Decrease) Increase in Cash Held	505	-	505	0
Opening Cash Balance	2,262	2,500	(238)	2,500
Closing Cash Balance	2,767	2,500	267	2,500

3.2 Customer and community outcomes

During FY2017–18 we received over 1,500 water quality complaints and our focus this year is to put in place initiatives that will see a reduction in water quality complaints to below 600 by 30 June 2023.

Programs being implemented throughout FY2018–19 to address water complaints include:

- Implementation of a communications framework to ensure customers are well informed about maintenance activities utilising all possible media platforms, SMS and frequently asked questions information about water main cleaning techniques
- Development of a standard operating procedure for the cleaning of water mains to assist all parties that may utilise our water networks
- Scheduled cleaning programs utilising different techniques to determine the most effective method and use data collection pre and post cleaning to determine success
- Installation of automated flushing valves to manage known water quality issues at the extremities of network systems
- A revised water renewal strategy for problematic pipeline materials (e.g. galvanised iron), and
- Upskilling of first response Service Delivery employees to enable triaging of water quality complaints.

There were two spills causing shellfish lease shutdowns in the quarter. A deficiency in system storage, capacity and configuration contributed to each incident after rainfalls at Dover and Woodbridge. Short term control measures have been implemented whilst longer term solutions are being determined in both incidents.

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	94%	90%
		Customer effort score	1.3	<1.5
		Calls answered in the first 30 seconds	90%	85%
		Complaints (per 1,000 properties)	3.2	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	21	60
		Time to attend sewage breaks, chokes and spills (minutes) ³	45	60
		Sewer breaks and chokes (per 100km of main)	10.2	43.0
		Oyster farm shutdowns caused by sewage spills ⁴	2	1

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

Water

Fluoride performance was below target. The Swansea fluoridation system was brought back online in October.

Environment

TasWater's target for Trade Waste Commercial Customer compliance is currently on track. The trade waste team has engaged with customers that are required to meet compliance standards within an 18 month period to provide guidance on requirements and proposed solutions.

The State Government is currently analysing its options to supplement the existing support program for small trade waste customers. We have had several discussions with Department of Treasury and Finance (DTF) on this matter in Q1 FY2018-19.

Similarly, we are also in discussion with the Department of State Growth regarding possible State Government support for large trade waste customers. Potential support for large trade waste customers remains exploratory at this stage, but is focused on mutually beneficial outcomes that could improve environmental performance and bolster the state's economic performance.

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 ³	275	1,000
		Number of <i>E. coli</i> detections	0	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	89.5%	97%
		Percentage of microbiological compliant potable systems	100%	100%
	Water Supply Reliability	Number of dams that plot above the ANCOLD LOT for societal risk	9	5
2. Lift sewerage system performance to align with modern day environmental standards	Environmental compliance and impact	Trade Waste Commercial Customers – Compliance Improvement	435	775
		Volume of compliant effluent	88%	87%
		Number of environmental non-compliances rated serious	0	5

KPI Footnotes

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

² Full year FY2017-18 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

While we have made significant progress in terms of improved safety performance since the commencement of TasWater, it is clear that our safety performance has plateaued. This is reflected in the safety lag indicators in Table 7 below. The Board and management team remain committed to our Zero Harm program and safety being our number one priority. We have put in place a number of short term and medium term initiatives to regain momentum in this space.

Two notifiable safety incidents occurred in the quarter. One was an LTI to a contractor who required stitches for a crush injury after the tailgate of his truck fell onto his hand. The second incident occurred at the Strahan WTP when there was an uncontrolled release of chlorine gas from a 70kg cylinder.

Full Time Equivalent (FTE) employee numbers of 859 are over the target by 17 due to increased engagement of contractors to assist with the progression of capital projects prior to the implementation of the CDO.

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)	7.6	3
		Total recordable injury frequency rate (TRIFR)	15.1	11
		Notifiable safety incidents	2	3
		Safety Interactions	397	1500
2 Invest in leadership development, skills training programs and innovation	Organisation capability	Innovations under trial or implemented	47	50
		Number of leaders completing LSI reassessment	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	859	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

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 \$34.4M which is \$1.1M above budget and is trending towards our profiled \$145.1M full year budget.

Major projects that were completed in the quarter include:

- Conglomerate Creek Dam Upgrade
- Fonterra – STP By Pass Line (Wynyard)
- Huonville Main Road SPS Replacement
- Regional Towns Water Supply Program, Stages 2 and 3, and
- Rosebery WTP.

Significant work will be progressed on the below projects throughout the year:

- Davis Street Smithton Sewerage Pump Station
- King Island Treated Water
- Kingborough Sewerage Strategy
- Lake Mikany Dam Replacement
- Longford STP Upgrade, and
- Port Sorell Reservoir Project.

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	Public Health Alerts have been removed for the 16 towns that formed Stages 2 and 3, and all alerts were lifted by August 2018.
2	Kingborough Sewerage Strategy	Construction	FBC Apr-19	\$51,625 \$51,778	Extension required due to delays in land acquisition and transfer of assets from existing treatment plant to new treatment plant.
3	Longford STP Upgrade – Northern Midlands Sewerage Improvement Plan (NSMIP)	Tender	Jun-21	\$25,100	On track
4	King Island Treated Water	Construction	Nov-18 Oct-19	\$17,635 \$17,312	Delay due to redesign associated with floor trenches in concrete for underslab and redesign of certain aspects to address concerns of local residents.
5	Ti Tree Bend STP Biosolids De-watering Facility and Digester	Commissioning	Dec-18	\$12,374	On track.
6	Rosebery WTP and Reticulation	Completed	Sep-18	\$11,416	Plant commissioned, performance testing complete and now online.
7	Margate Water Main Upgrade	Construction	Nov-18 Apr-19	\$8,224	Delayed to allow the Kingborough Sewage strategy pipeline to be constructed in parallel to reduce the impact on customers.
8	Lake Mikany Dam Replacement	Tender	Jun-20	\$7,320	On track.
9	Conglomerate Creek Dam Upgrade	Completed	May-18	\$5,676	Completed dam now complies with safety requirements.
10	Swansea Meredith Dam Rectification and Improvement (Stages 1 and 2)	Construction	Nov-18	\$4,200 \$6,603	Budget uplift due to dam wall conditions being significantly worse and requiring relining combined with difficulty of sourcing adequate material.
11	Gretna/Bushy Park/Glenora Water Supply Upgrade	Construction	Sep-18 Apr-19	\$5,260 \$5,660	Contractor delays encountered due to scope increases and approval of development application..

No.	Project Title	Current Project Stage	Completion Date	Project Budget ('000)	Project Status Comments
12	Davis Street, Smithton SPS Upgrade	Tender	Dec-18	\$5,392	On track
13	Main Road Huonville SPS Replacement	Completed	Aug-18	\$5,367	SPS and rising main completed with demand growth, environmental and community considerations all taken into account
14	Prince of Wales STP Digester Roof Replacement	Tender	7BD Nov-19	\$3,500	Updated tenders have been received and are under evaluation
15	Burnie-Cam Pipeline Construction	Construction	Dec-18	\$2,837 \$3,106	Budget uplift due to modifications to Cam WTP chlorination and land acquisition costs.
16	Fonterra - STP By Pass Line (Wynyard)	Completed	Oct-18	\$2,843	
17	Girdlestone Reservoir Rectification	Construction	Oct-18	\$2,843	On track
18	St Helens STP Inlet Works and Esplanade SPS	Construction	Oct-18 Dec-18	\$2,099	Extension in completion date due to unfavourable ground conditions and the contractor being committed to regional towns project which has been prioritised.
19	Port Sorell Reservoir	Construction	Apr-19	\$2,009	On track
20	Glen Dhu Stormwater Management Improvements	Tender	Sep-19	\$1,963	On track
21	Kangaroo Bay Rising Main	Construction	Mar-19	\$1,575	On track
22	Whitemark raw water storage upgrade – Hendersons Dam	Construction	Aug-19	\$1,305	On track
23	Latrobe Sewerage System – Network Upgrade and Augmentation	Tender	Feb-19	\$950	On track
24	Tasman Highway, Orford – Trunk main	Design	Dec-18	\$795	On track
25	Sewer Pipeline Upgrade – Cox Avenue, New Norfolk	Design	Apr-19	\$639	On track

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: Top 10 capital programs by FY2018-19 spend

Title	Program Budget ('000) FY2018-19	Actual ('000) FY2018-19	Program Status
Meters	\$5,035	\$1,544	In progress
Water Main Renewals	\$3,305	\$1,347	In progress
Non Network Other	\$4,016	\$1,171	In progress
Sewer Main Renewals	\$4,010	\$1,080	In progress
STP Renewals	\$2,810	\$1,016	In progress
Non Network IT	\$2,458	\$418	In progress
Dam Compliance	\$2,864	\$393	In progress
System Optimisation (Sewer)	\$8,500	\$295	In progress
SCADA	\$3,254	\$278	In progress
System Optimisation (Water)	\$5,000	\$255	In progress

Key

Bold text indicates change in budget or timeline since last report

5. Responses to queries from prior updates

Date	Region	Issue	Raised by	Response
7/08/2018	South	<p>Can we have a heat map re complaints - is there any relationship between weather events, capital works, maintenance programs etc?</p> <p>Should the community have a role in TasWater's aesthetics taskforce?</p> <p>Should TasWater have a separate KPI for contractor safety?</p> <p>Do the KPIs consider events or circumstances outside TasWater's reasonable control appropriately, especially where the targets are absolutes (e.g. 0 or 100%)?</p>	<p>Eva Ruzicka, HCC</p> <p>Eva Ruzicka, HCC</p> <p>Eva Ruzicka, HCC</p> <p>Eva Ruzicka, HCC</p>	<p>A separate report will be provided in the Quarter 2 FY2018-19 update.</p> <p>The Aesthetic Task Force is considering ways to devise a way(s) to solicit community participation (possibly focus group meetings)</p> <p>It is industry practice to include contractor performance in organisational safety KPIs as we are responsible for managing the safety of contractors on our worksites. We do however track contractor LTI performance as a separate KPI for internal purposes only</p> <p>Yes, KPIs such as spills to oyster leases are subject to rainfall intensity and other relevant factors.</p>
8/08/2018	North West	<p>In due course - can information about the prioritisation of projects as part of Stage 4 of RTWSP be provided?</p>	<p>Dirk Dowling, West Coast</p>	<p>Two packages of work are being managed as part of Stage 4.</p> <p>Package A being the provision of ultra violet (UV) disinfection as an add on to the existing WTP process before chlorination and storage is currently proceeding at Bracknell, Bridport, Deloraine, Glen Huon, Longford, St Helens, Scottsdale, Strahan, Westbury and Yolla WTPs.</p> <p>Package B consists of significant or full plant upgrades and is currently undergoing yield analysis for Adventure Bay, Bothwell, Coles Bay, Dover, Ellendale, Oatlands and St Marys WTPs.</p>
9/08/2018	North	<p>Total number of connections rectified in RTWSP?</p>	<p>Gerald Monson, Latrobe and Kentish</p>	<p>6,272 connections have been rectified in the Regional Town Water Supply Program.</p>

Date	Region	Issue	Raised by	Response
		Provide further detail on key initiatives in Productivity Improvement Program	Michael Stretton, LCC	<p>Key initiatives undertaken and/or in progress are as follows:</p> <p><u>Service Delivery operating cost reduction:</u> increasing utilisation rates amongst the workforce, eliminating/outsourcing non-core activities, introduction of a Management Operating System and increase in Preventative Maintenance Plans</p> <p><u>Retail customer value program:</u> elimination and/or automation of processes, a new telephony solution for the call centre, introduction of customer self-service options, optimisation of meter reading operations and review of customer installation data</p> <p><u>Centralised procurement:</u> Introduction of a centre-led procurement function, contracting of uncontracted spend, optimisation of procure to pay process</p> <p><u>Capital Delivery:</u> Establishment of a Program Management Alliance to ensure reliability in the delivery of our capital program</p> <p><u>Water System and Sewerage System Optimisation Programs:</u> Focusing on reducing the cost to operate our plants while increasing compliance</p>
		Provide further detail on the technology proposed by MONA at Cameron Bay STP	Mick Tucker, BODC	<p>As part of the planning work being carried out under our Memorandum of Understanding, MONA and their consultants have put forward the Continuous Backwash Oxidative Microfiltration (CBOM) treatment process for consideration as a technology to replace the existing activated sludge process at Cameron Bay STP.</p> <p>The CBOM technology is primarily based around a filtration technique that yields a recycled water stream as well as a solid waste stream that is suitable for energy generation through a pyrolysis energy recovery unit.</p> <p>Although, the technology has been piloted twice in the United States (5 – 10 years ago), there are currently no operating processes of this type world-wide despite the purported benefits of low footprint, low cost, high effluent quality (without biological treatment), low solids generation, and energy recovery.</p> <p>The ability for the process to remove appropriate levels of nutrients to allow for compliant discharge to the environment is under investigation by TasWater with assistance from the Australian supplier (Optimos).</p>



Date	Region	Issue	Raised by	Response
		<p>Is TasWater seeking to impose conditions under planning permits where property is being acquired to put in retention for stormwater, and if so, why?</p>	<p>Michael Stretton, LCC</p>	<p>TasWater is a stormwater service provider within the combined system area of Launceston but it cannot impose stormwater conditions as it is not the drainage authority.</p> <p>Therefore advice is provided to the assist the drainage authority (Launceston City Council (LCC)) in fulfilling its regulatory functions within the combined system area. As the system is at capacity, this advice typically includes the following: <i>"The combined system is at capacity in this area. TasWater cannot accept additional flows of stormwater into this area within the combined system over those currently discharged. The Drainage Authority will be required to either refuse or condition the development to ensure the current service standard of the combined system is not compromised."</i> A collaborative and pragmatic approach between LCC and TasWater has ensured a common-sense approach prevails. TasWater is happy to liaise more closely with LCC if there are any ongoing concern.</p>





Quarterly Progress Report to Council Members – September 2018

NTDC has been working hard to complete the Regional Economic Development Plan activities (and related actions around facilitating and supporting economic programs) as required by the City Deal Agreement by the end of 2018. The final report may be delayed due to ensuring we have all Council members sign off on the contents once the new Councils (councilors and alderman) are in place from the end of November.

1. Regional Economic Development Plan (REDP)

A major requirement of the City Deal (established in 2017) was for NTDC to produce a Regional Economic Development Plan in 2018 to ensure the benefits of the City Deal are leveraged for the whole region. This is on schedule, and due by the end of this year. The Draft REDP is in development using internal NTDC resources. (The first early draft was sent to key stakeholders including General Managers in the first week of October to commence consultation and feedback).

Other elements of the REDP Program are as follows:

a) Key Directions Report

To understand the size and scale of the challenge to make significant improvements to our economy, NTDC (with funding support from the State Government) commissioned the National Institute of Economic and Industry Research (NIEIR) to provide our economic history and model some future scenarios on how to grow the economy, including the following key initiatives;

- Population/Immigration
- UTas transformation
- Industry/Export Development

This report is still in draft and we are awaiting advice from the City Deal Board that they have accepted the report, so it can be officially released. The State Government have reviewed the report in detail and have advised they accept the report but advise caution that the future growth scenarios are not taken too literally – but as a guide for planning. This has been noted for the upcoming drafting of the strategy.

The Key Directions Report has informed us about the fine detail of our economy. Although, our economy has improved markedly over the past 18 months, evident through the level of business confidence and positive employment data, there is work to be done to ensure we leverage these opportunities in the face of upcoming challenges highlighted to us through the future modelling process.

Three key immediate challenges have been identified and work has now commenced on addressing these challenges. They are as follows:

1. Our Working Age Population
2. Investment Attraction, and
3. Industry Development and Exports

Other challenges and themes identified to be addressed in the REDP include:

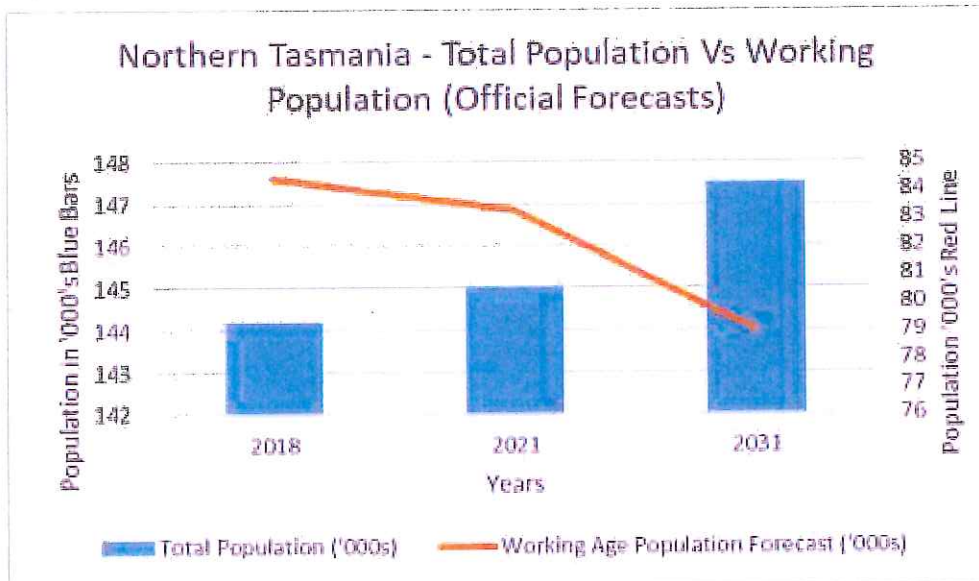
4. Innovation and Culture
5. Place-making
6. Health and Education (improving our productivity)

b) The Population Challenge

If we consider a ‘business as usual’ case for our economy based on the Tasmanian Government forecasts projected for the next decade or more to 2031, we will experience a big decline in our ‘working age population’ (18-64’s) from current levels.

The graph below indicates that we already have a declining working age population and by 2031 we will have 5,000 less working age people than we have currently!

Although our population does modestly increase – this is primarily due to our current older demographic aging into retirement and new retirees attracted to the region over this period.



*Data by NIEIR 2018. These graphs should be considered as indicative only. This data should be used for general informational purposes only.

If we are to build our economy to our ‘best case scenario’ we will actually need an additional 10,000 workers (that reflects the 5,000 that we lose through our aging demographics, and 5,000 additional workers required for our growing economy).

The Population Taskforce

To start addressing this challenge NTDC have established a Population Taskforce, chaired by City of Launceston General Manager, Michael Stretton, and with representation from the State Government, and all our major regional stakeholders.

After reviewing all the data from many sources, the type of issues that need to be addressed include:

- Identify the jobs/skills we are having trouble filling
- Attract and retain more international students
- Attract and retain skilled migrants
- Support humanitarian refugees (to want to stay within our community through jobs and community connections).
- Attract new business people who have mobility and can use our high NBN connectivity
- Encourage our over 64's to continue contributing to our community (if they desire).

We all know we have a wonderful lifestyle and there are many benefits to living in Northern Tasmania, we need to combine this message with job availability, and outline the range of essential services required by families – such as good education and health services.

NTDC is now working with the LGA General Managers and the State Government on how to effectively resource this population challenge and to develop and facilitate meaningful programs to address our specific challenges. A resourcing boost is essential to ensure we have the people in the jobs required to make our regional economy hum.

c) **The Investment Challenge**

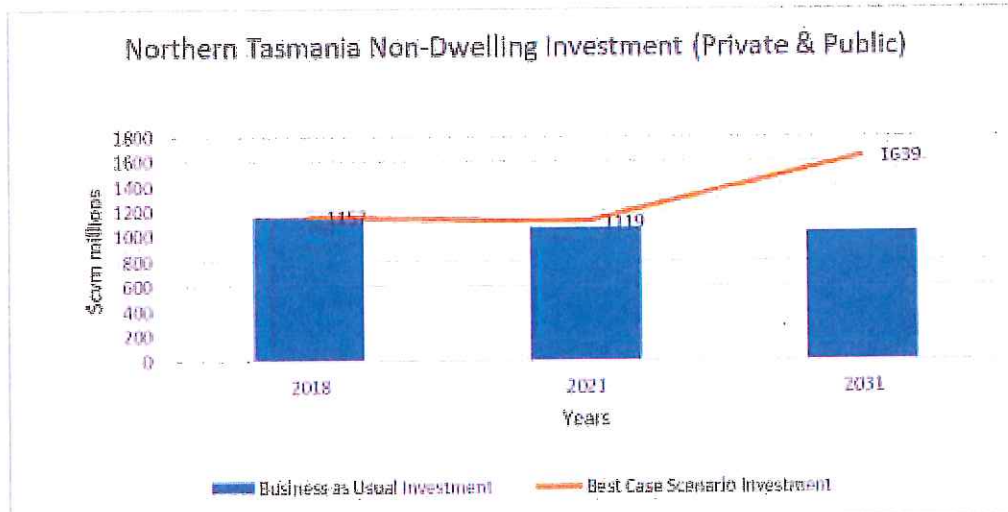
NTDC has met with more than 100 progressive businesses in our region over the past 6 months to get their views on what needs to be done to facilitate their expansion to employ more people, and potentially export more products and services out of the region.

The feedback provided by business was that gaining access to capital and operational finance is an ongoing challenge – especially for SME's. Traditional banks are very conservative with any commercial investment. If the owner of the SME doesn't have unencumbered property to leverage, it is very difficult to secure a commercial loan.

However, there are more funding mechanisms that have evolved over the past few years that could be viable options for SME's, like crowd-funding finance or peer-to-peer finance.

We also have potential investors in our community, but they don't know the businesses that might be looking for equity investors, and vice versa. There are some State and Commonwealth programs that may be able to assist SME's with low interest loans or provide services to help further develop their business case to be more attractive for traditional financing.

Our investment challenge is represented by the graph here:



*Data by NIEIR 2018. These graphs should be considered as indicative only. This data should be used for general informational purposes only.

The total level of investment is expected to stay at a similar level under the 'Business as Usual' case. To meet our 'best case' economy with increased exports – we will need to significantly increase our private and public investment by about 45% by 2031.

It is interesting to note it is not all about government handouts. Two thirds of this investment is required by the Private Sector (in buildings and equipment) to meet our targeted economy with a Gross Regional Product lifting to up to 3% per annum by 2031. The Public Investment required (State, Commonwealth and Local Government funding) will need to be well targeted to ensure it enables the required economic development.

An Investment Taskforce

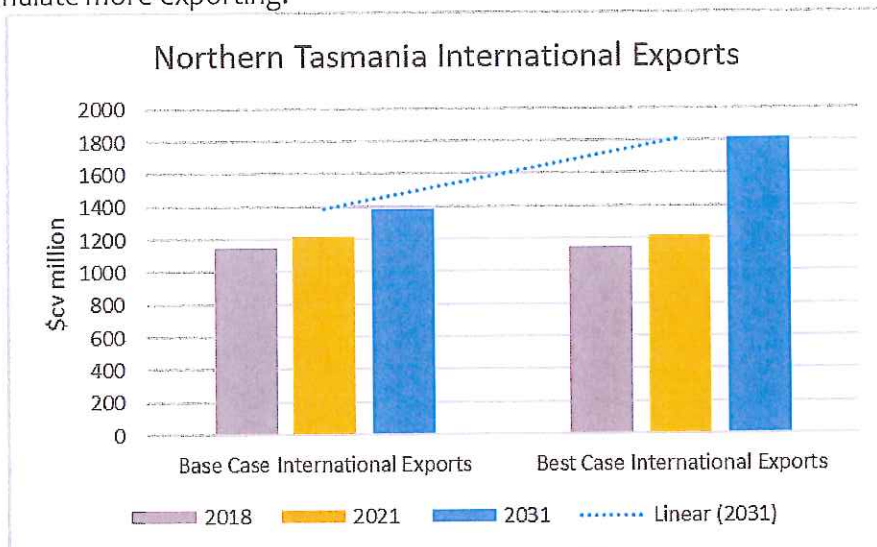
NTDC has established a volunteer Investment Taskforce chaired by Greg Bott, Deputy Chair NTDC and a previous banker, other members include: Regional Development Australia Tasmania; other bankers and finance experts; a venture capitalist; and the Office of the Coordinator General.

The key objective of the Investment Taskforce is to link SME's to their next step in their business funding journey – either to recommend how they fine-tune their business plan (and gain the expertise they need), introduce them to other finance providers, or recommend funding and financing options they may not have considered previously. So far, the taskforce has met twice to consider proposals and make recommendations. One project in Meander Valley has been connected to a venture Capitalist to investigate that avenue of funding.

NTDC is considering how to effectively resource the Investment taskforce and to develop and facilitate meaningful programs to address our specific challenges that are linked to State and Commonwealth programs.

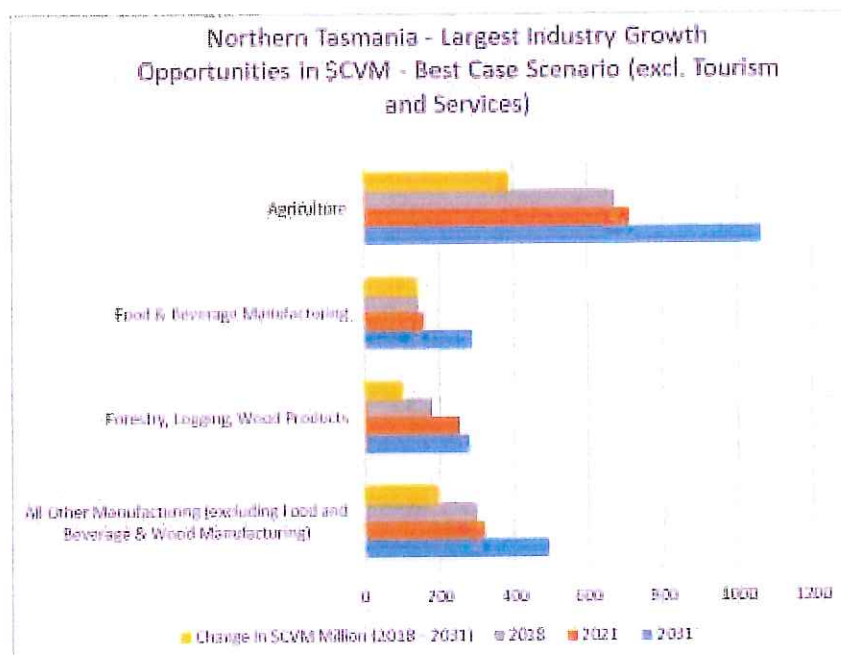
Industry Exports Development Challenge

In addition to more skilled workers and investment dollars, we need to support our industries to increase exports of goods and services (including Tourism) by 25% over the next decade. The graph below considers what our ‘business as usual’ exports in our economy (base case) and our best-case scenario of exports if we are able to stimulate more exporting.



*Data by NIEIR 2018. These graphs should be considered as indicative only. This data should be used for general informational purposes only

Of our established industries – the best performing sectors that would or could deliver the most wealth to our economy to 2031 are as follows:



*Data by NIEIR 2018. These graphs should be considered as indicative only. This data should be used for general informational purposes only.

These sectors will drive other service industries and retailing and will be a key focus area for the Investment Taskforce.

With the implementation of new technologies and productivity improvements, these industries will grow in value to the benefit of our economy, but not necessarily provide the same proportion of new jobs.

The good news is that those areas that see the implementation of new technologies will also require higher skilled workers, and therefore generally offer better paid jobs.

In regard to jobs growth the key opportunities will be in the following sectors in order of importance (volume and growth of jobs available):

- Education (particularly preschool and school education sectors)
- Health and community services (particularly medical and health services, hospitals, social assistance and residential care)
- Food and beverage service
- Professional, scientific and technical services
- Public administration

The jobs and growth required for these sectors will be a key focus area for the Population Taskforce.

What our forecasting doesn't include are what specific roles will be available in each sector, and more work needs to be undertaken to better understand resourcing needs. However, we do know from feedback from our progressive employers is that job-seekers need to know how to use, apply and drive technology.

The other aspect that is not forecast is what new industries may develop in the future. Some areas that we know have commenced but are in the early stages of development include: more social enterprise start-ups, technology start-ups, potential health-related manufacturing, defence related manufacturing, alternative and renewable energies, and others that we don't yet know about.

If we consider that many of the businesses in Tasmania are Small to Medium Enterprises (SME's) – the question is how can we encourage more businesses to expand and export out of the region?

Collaborative Business Models (Clusters)

NTDC is recommending the development of 'Collaborative Business Networks'. This concept, used extensively internationally, supports business and industry networks to build relationships and trust, that can evolve into the sharing of knowledge, skills, contacts, equipment, freight arrangements, etc.

Many Tasmanian products and services are in high demand – and in fact many exporters have trouble finding the right 'niche' market areas to match the smaller quantities that we can supply. It is important therefore that our businesses work together to maximise the value of their products and services. New Zealand do a great job at this and we could learn from their approach!

There are already networks that have established in Northern Tasmania, such as the Tamar Wine Route, the Bell Bay Industry Group, and other informal networks.

NTDC in cooperation with Regional Development Australia Tasmania has established a Food Network. Launceston Chamber of Commerce with the support of NTDC has established the Community and Health Industry Committee. These networks are considering their skills needs for the future, new technology applications and business opportunities to expand and export.

NTDC has provided written support of the State Government's Agri Food Export Hub submission to the Commonwealth's Export Hub Program. NTDC has some funds to target some additional cluster activity to further extend the work the State Government will organize (if they are successful), to ensure our food and agriculture enterprises are supported with additional regional skills and focus.

d) Regional Visioning Workshop

A workshop was held in August, with a group of regional leaders, and some not so usual younger faces. The objective of the workshop was to consider the REDP key themes and review some of the underlying principles and the proposed vision.

The major points from the workshop were as follows:

A United Region

- An agreed regional vision
- Regional brand and narrative including our stories
- Festivals and events reinforcing regional strengths
- Working together, collaborating and sharing ideas
- Networks with usual and unusual voices and perspectives

Enterprise and Innovation

- Outward looking export focus
- Business diversification
- Social enterprises
- Value adding
- Agile and flexible responses to opportunities
- Sustainable industries through strengths and collaborations

Capacity Building

- Educated and skilled people
- Variety in education
- Mentoring culture
- Collaborative approaches
- Strong education, training and work pathways

Investment

- Growth
- Strong financial backing
- Flexible financing options
- Competitive financial performance

Healthy population

- High productivity
- Less chronic disease

Attitudes

- Learn from past
- Move toward and respond to change and disruption
- Be early adopters

Preferred economic scenario

The group considered all the proposed economic scenarios recommended by National Institute of Economic and Industry Research (NIEIR) in the Key Directions Report (KDR) and chose the 'best case' scenario for our preferred regional outcome for planning key initiatives. The 'best case' scenario includes;

- Population/Immigration (aligned with job availability - and a focus on targeting working-age population)
- UTas transformation (ensuring the region maximizes the educational outcomes, as well as the students and staff this project can offer), and
- Industry/Export Development (including social enterprises)

2. Regional Prioritisation of Projects

One of NTDC's objectives is to advocate for priority projects that will impact positively for the regional economy. NTDC has developed a structured process for identifying and prioritising suitable regional and subregional projects that will facilitate high levels of regional economic growth. Prioritised projects must offer the following attributes;

- Strategic, research-based and market driven
- Socially and environmentally considerate
- Engaged with the business sector and the broader community
- Aligned with Local, State and Federal priorities
- Promote private sector investment

NTDC have appointed Georgie Brown as Project Manager for Regional Priority Projects. Georgie will work with our 7-member councils to better define our regional priority projects (Tier 1) and also ensure we have clear priority sub-regional projects on our Tier 2 list.

Marketing and Communications

NTDC have recently appointed S. Group as a Marketing and Communication consultant to assist in communicating a selection of key messages comprising of data and evidence from the Key Directions Report (by NIEIR) and assist NTDC to socialize some of the issues and opportunities raised in the REDP to our broader regional community.

NTDC has commenced the socializing the issues by producing a three-part opinion piece (over three weeks) featured in The Examiner during September and early October.

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Please note new email addresses;

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Georgina Brown	Projects Manager (Mon/Tues/Wed)	0418 172 606	georgie@ntdc.org.au
Rikki-lee Ross	Executive Support and Communications Officer	Office number	rikki-lee@ntdc.org.au
John Pitt	NTDC Chair	0417 310 490	jpitt@uhuru.com.au



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.



Waste NoT Awards 2018

The annual Waste NoT Awards ceremony was held on the 18 September 2018 at Drysdale campus in Launceston with 11 projects selected across several categories for their innovative waste management initiatives in Northern Tasmania. Over 100 people attended the ceremony which included a delicious morning tea put together by the students at Drysdale.

Preparations are underway for the 2019 program which includes seeking an artist to design new trophies which must be made from salvaged or recycled materials.

Full list of winners and projects can be viewed here:

<http://rethinkwaste.com.au/congratulations-2018-waste-not-award-winners/>

Resource Recovery and Waste Minimisation Grants 18/19

The 18/19 annual grants program concluded on 25 September 2018.

NTWMG has allocated 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 has been 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.

\$70,000 has been distributed between 11 successful projects.

Visit <http://rethinkwaste.com.au/northern-tasmanian-waste-management-group-grant-recipients/> to view full list of successful applicants.





Annual Report 2017/2018 and Annual Plan 2018/2019

The NTWVG Annual Report 2017/2018 and the Annual Plan 2018/2019 are now available to view here: <http://rethinkwaste.com.au/download/ntwmg-201718-annual-report-201819-annual-plan/>

The report addresses the 2017-2022 strategy projects that were achieved in 2017/2018 and also describes planning towards implementing 2018/2019 projects outlined in the 2017-2022 Regional Waste Management Strategy which can be viewed here: <http://rethinkwaste.com.au/download/northern-tasmanian-regional-waste-management-strategy-2017-2022/>



Garage Sale Trail 2018

The National Garage Sale Trail weekend was held on the 20 and 21 October 2018. Funded by the NTWVG the program seeks to educate Northern Tasmania on the importance of reuse, and the need to take individual responsibility for the waste we generate, whilst also building stronger, more connected and more resilient communities. Garage Sale Trail is powered by over 140 councils nationally.

This year the region had 74 Garage sales and stalls with 54,082 Items listed with a total of \$6,300 raised from items that would have otherwise been destined for landfill. It is estimated that the volume of items reused totals 765Kg per sale.

NTWVG has committed ongoing funding for this project in the 2017-2022 Regional Waste Management Strategy.

FOGO Update

In March 2018 City of Launceston began processing kerbside food and garden organics (FOGO) at their purpose built facility at the Launceston Waste Centre. The award winning kerbside service is a voluntary fortnightly collection service. Launceston now has close to 7000 households registered for FOGO and West Tamar Council who launched their kerbside FOGO service in September now have almost 1000 of their residents signed up. The facility produces a batch of Australian Standard compost every fortnight which is currently being used in local parks and gardens. In October the City of Launceston won the Environmental Entrepreneur Award at the 2018 business excellence awards for their FOGO service.

City of Launceston invites any interested parties to visit the Launceston Organics Processing Facility to learn more about FOGO (by appointment only) by contacting Jess Nesbit Jess.Nesbit@launceston.tas.gov.au or Michael Attard Michael.Attard@launceston.tas.gov.au to arrange a time.

NTWVG Contact Details:

Jess Nesbit - 03 6323 3309 Michael Attard - 03 6323 3394 (Group Coordinators)

www.rethinkwaste.com.au

NTWVG@launceston.tas.gov.au



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



SAVE THE DATE - NTWMG Regional Waste Forum 2019

NTWMG will host the second annual regional waste forum on the 11th April 2019 at the Country Club Casino. Local and Interstate guest speakers will talk about waste issues affecting our region and how the NTWMG is working though these issues. Attendees will also have the chance to quiz our industry experts during our Q&A panel discussion.

Invites will be sent out in February, register your interest by emailing NTWMG@launceston.tas.gov.au



Newsletter subscription

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

NTWMG wishes all their subscribers a Merry Christmas and Happy new year

