

*Trusted, respected and making a positive difference in Tasmania*

Long Term Strategic Plan 2021-2030



*TasWater proudly  
acknowledges the  
traditional and original  
owners of this land  
lutruwita, the Tasmanian  
Aboriginal people, and  
pays respect to those who  
acknowledge today's  
Tasmanian Aboriginal  
people, who are the  
custodians of this land*



## Contents

- Message from our Chairman and CEO
- About us
- Long Term Strategic Plan 2018-2037
- Strategic challenges and opportunities
- Long Term Strategic Plan 2022-2030
- Customer promises
- Customer and Community
- Water and Environment
- People and Culture
- Commercial and Economic
- Key enablers
- Capital expenditure
- Financial projections

## Message from our Chairman and CEO

TasWater's strategic vision *"To be trusted, respected and making a positive difference in Tasmania"* reflects the strong desire of our Board, management and employees to focus on what really matters for our customers and the communities who depend on us for our services.

In 2017, we published our inaugural Long Term Strategic Plan (LTSP 2018-2037) in consultation with TasWater's customers, regulators and stakeholders. The LTSP 2018-2037 outlined the outcomes we committed to deliver to our customers over the 20-year period and the associated trade-offs between prices, service standards and the time required to reach full compliance. Since that time, it has provided the foundation for our strategic decision-making and also guided prioritisation of our capital program.

However, in today's world, the environment in which businesses operate is evolving faster than ever before. The needs and expectations of customers are changing, technological developments continue at pace and there is a growing focus on the changing climate and environmental sustainability. While TasWater's strategic vision remains as relevant today as it was back in 2017, it is important that we continue to review our strategy to remain focused on the things that matter.

For this reason, we have undertaken a refresh of the LTSP 2018-2037 to reflect the progress we have made since 2017, changes in our operating environment and the broadening in our strategic focus that has occurred during this time. As the customer promises and outcomes established in the LTSP 2018-2037 have been embedded elsewhere in our strategic hierarchy, we have also taken the opportunity to streamline the strategic focus and timeframe of our LTSP. The Long Term Strategic Plan 2021-2030 (LTSP 2021-2030) outlines the progress we expect to make by 2030 to deliver to our strategic vision. The LTSP 2021-2030 will be updated in July 2022 to incorporate our final Price and Service Plan 4, including any changes to financial projections. It will then be refreshed periodically to reflect our progress and any changes in our operating environment.

Alongside the LTSP 2021-2030, work has continued on our Vision 2050 project to consider what it might mean for TasWater to be trusted, respected and making a positive difference in Tasmania by 2050. We will engage with our key stakeholders on this important project during FY2021-22 and, where necessary, the outcomes of the project will be incorporated in the LTSP 2021-2030 once the project is finalised.

In summary, we are excited about TasWater's future and confident that the LTSP 2021-2030 will provide the 'guiding light' for the business to continue to make a positive difference in Tasmania over the next decade and beyond.



Dr Stephen Gumley AO  
Chairman



Michael Brewster  
Chief Executive Officer

## About us

TasWater is Tasmania's supplier of water and sewerage services to residential and business customers. We commenced operations on 1 July 2013 and are owned by the 29 Tasmanian councils and the Tasmanian Government.

As a result of the major reforms to the water and sewerage industry that preceded TasWater's commencement, we inherited a large, dispersed and ageing asset base, including significantly more infrastructure per customer than other Australian water utility. A large proportion of our inherited infrastructure was also in poor condition, with customer service and historical compliance levels that were well behind the levels delivered by other major Australian water utilities.

In 2017, we commenced delivery of a 10-year, \$1.7 billion infrastructure investment plan (with a best endeavour aim to deliver \$1.8 billion) as part of the arrangements under which the Tasmanian Government became a shareholder of TasWater

We established a TasWater Capital Delivery Office in 2019 to lead the delivery of this important program.

## Key assumptions

The LTSP 2021-2030 is built on the following assumptions:

- No material change in our ownership structure
- No material change in the structure of Tasmania's water and sewerage industry
- Our core purpose will continue to be the delivery of essential water and sewerage services to Tasmanian customers.

A change to any of these assumptions would trigger a review of the LTSP 2021-2030.



## Our vision

To be trusted, respected and making a positive difference in Tasmania

## Our purpose

We source, treat and deliver reliable, quality drinking water to our customers  
We collect, transport and treat sewerage and safely return it to the environment

## Our values

Honest and Straight Forward  
Getting it Right  
Long Term Thinking  
Working Together  
Taking Ownership

# Long Term Strategic Plan 2018-2037

TasWater's inaugural LTSP 2018-2037 was published in August 2017. Its purpose was to identify the customer outcomes we would deliver over the 20-year period and the resulting balance between prices, service standards and the time to reach full compliance.

At the time the LTSP 2018-2037 was developed, we identified the following key challenges:

- 28 regional towns were on Public Health Alerts (PHA)
- 10 of our dams were above the level of tolerability prescribed by the Australian National Committee on Large Dams Incorporated (ANCOLD)
- The need to focus on improving compliance and reducing risks at our largest sewage treatment plants (STPs) while rationalising plants where feasible
- Unplanned water supply interruptions and sewer mains breaks and chokes were above the median for similar sized water utilities in Australia
- Critical sewer pump stations adjacent to sensitive receiving waters were undersized, prone to overflow and known to discharge onto beaches, recreational sites, schools and to shellfish leases.

We recognised that it was not feasible to address all of these challenges in the short-term, given the scale of expenditure required and the need to strike a balance with customer affordability. As part of developing the LTSP 2018-2037, we sought feedback from customers, regulators and stakeholders on the outcomes that were most important to them.

The feedback we received from customers, regulators and stakeholders as part of this process was consistent. They wanted us to prioritise safe drinking water, meeting environmental standards and structural dam safety. The LTSP 2018-2037 reflected these priorities, which have guided our focus areas and prioritisation of our capital program ever since.



*Since the LTSP 2018-2037 was published, we have made significant progress in delivering the outcomes that customers, regulators and stakeholders told us were most important to them*

- All 28 PHAs have been removed with no serviced towns in Tasmania now experiencing permanent PHAs
- The number of dams remaining above the ANCOLD Level of Tolerability has been reduced to four
- 90.8 per cent compliance with STP regulatory discharge limits (flow-weighted)
- Four underperforming STPs have been decommissioned and replaced by a single new modern facility servicing the greater Kingborough region
- Compliance with discharge to land limits for recycled water reached 96.8 per cent
- \$49.4M in additional funds have been invested in water and sewer mains renewals, with a focus on mains that fail most regularly or are most critical for customers
- \$24.9M in additional funds have been invested in upgrades and renewals of sewer pump stations with new technologies and operational practices to minimise the frequency and impacts of effluent discharges



# Strategic challenges and opportunities

Like many businesses, the pace of change in our operating environment continues to increase. As part of our regular market scanning, we have identified five key 'drivers of change' that we expect to impact TasWater and provide challenges and opportunities over the period of the LTSP 2021-2030 and beyond. Recognising the myriad of factors that are expected to have an impact, each driver includes a number of factors and it is recognised that there is considerable overlap and interdependency between the drivers we have identified.



A changing climate and greater competition for scarce water resources	Changing customer needs and expectations and a desire for digital	Balancing the need to invest, our financial sustainability and customer price outcomes	Remaining competitive in the future of work	Focus on environmental impact, stewardship and leadership
<ul style="list-style-type: none"> <li>• Increase in extreme weather events</li> <li>• Expected lower rainfall and higher average temperatures</li> <li>• Growing population and seasonal tourist booms</li> <li>• Growing risk to the resilience of our water supplies from external shocks</li> <li>• Pressure on water supplies from new, emerging and existing industries (for example, hydrogen)</li> </ul>	<ul style="list-style-type: none"> <li>• Digitisation is the 'new norm' driving an increasing desire for tailored and personalised experiences from customers</li> <li>• Desire for greater control over water consumption and bills</li> <li>• Progress in other industries (banking, mobile, energy) has outpaced the water industry</li> <li>• Greater focus on broader impacts and contributions, including the environment</li> <li>• Heightened focus on privacy issues and cyber security as technological adoption grows</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing requirement for investment, including both infrastructure and other strategic objectives (for example: customer experience, digital and the environment)</li> <li>• Maintenance of a sustainable debt position</li> <li>• Prices currently below cost reflective levels</li> <li>• Demonstrating value for money to customers and avoiding price shocks</li> <li>• Expectations from Owners for sustainable and predictable dividends</li> </ul>	<ul style="list-style-type: none"> <li>• Greater demands for workforce flexibility, including remote work and work-life balance</li> <li>• Heightened focus on safety, mental wellbeing, inclusion and diversity</li> <li>• Changing workforce demographic, including remote work</li> <li>• Growing importance of leaders with 'soft skills'</li> <li>• Constructive organisational culture and less hierarchical structures</li> <li>• Employees seeking greater alignment of corporate and personal values</li> </ul>	<ul style="list-style-type: none"> <li>• Greater scrutiny from stakeholders to demonstrate that we are responsible environmental custodians</li> <li>• Heightened external expectation that businesses have a positive impact on the environment, including through decarbonisation and collaboration with other players</li> <li>• Increasing importance of catchment health and management to provide reliable and safe drinking water</li> <li>• Increased scrutiny of decisions we make and our actions in enhancing and restoring natural, urban and social environments</li> </ul>



## Long Term Strategic Plan 2021-2030

Our inaugural LTSP 2018-2037 outlined the outcomes we committed to deliver to our customers over the 20-year period from 2018 to 2037.

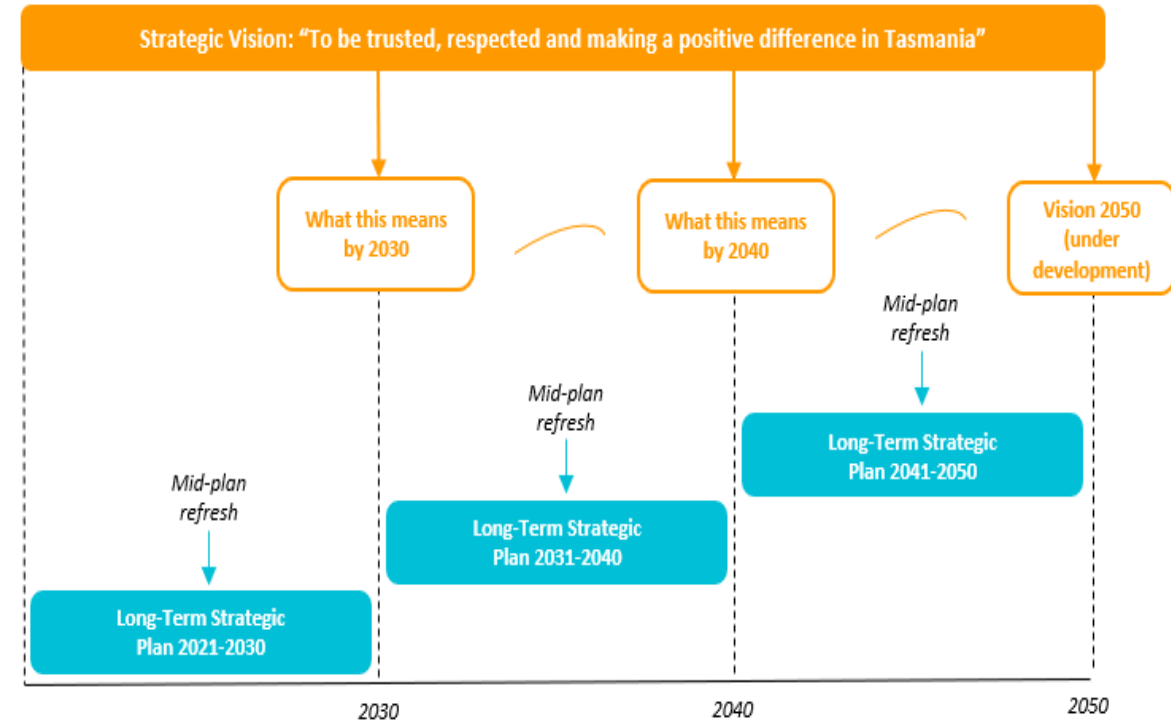
However, in recent years it has become evident how quickly the pace of change in our operating environment can make such a long-term plan obsolete, or at the very least necessitate frequent updates.

Since the inaugural LTSP 2018-2037 was developed, our strategic framework has also matured considerably and the customer promises and outcomes that it established have been embedded in other documents in our strategic hierarchy, including primary and enabling strategies.

As a result of these factors, we have taken the opportunity to streamline the strategic focus and timeframe of our long-term strategic planning. Moving forwards, our long-term strategic plans will be published as a series of 10-year plans that outline the progress we expect to make over that period towards delivering our strategic vision.

This LTSP 2021-2030 is the first of these plans and outlines the progress we expect to make by 2030. Our intention is to refresh the LTSP 2021-2030 in July 2022 to take into account our final Price and Service Plan 4. The LTSP 2021-2030 will then be refreshed periodically to reflect our progress and any changes in our operating environment.

In conjunction with the refresh of the LTSP 2021-2030, work has also continued to progress TasWater's Vision 2050 project, which is considering what it might mean for TasWater to be trusted, respected and making a positive difference in Tasmania in 2050. We will engage with our key stakeholders on this important work during FY2021-22 and incorporate the outcomes of this project into the LTSP 2021-2030 once it is completed.



*The LTSP 2021-2030 is the first in a series of 10-year plans that outlines the progress we expect to make by 2030 to deliver towards our strategic vision*





# Our focus to 2030

To guide our progress over the period of the LTSP 2021-2030, we have considered what it might mean for TasWater to be trusted, respected and making a positive difference in Tasmania in 2030 against each of our four strategic themes.

Based on this work, our key focus areas over the next 10 years will be to:

- Build upon our increasing collaboration and partnerships with customers, communities, regulators and stakeholders
- Continue to build confidence, trust and respect by delivering our accelerated capital program and addressing outstanding legacy and compliance issues
- Improve the resilience of our water supplies to external shocks such as climate change whilst beginning to reduce our impact on the environment
- Enhance the experience of our employees through improved health and safety outcomes and embedding a constructive organisational culture
- Strengthen our long-term financial sustainability, including commencing the transition to full-cost recovery.



Strategic theme	Trusted, respected and making a positive difference in Tasmania in 2030
 <p><b>Customer and Community</b></p>	<ul style="list-style-type: none"> <li>• We are meeting the expectations of our customers for a personalised experience that is underpinned by digital technologies</li> <li>• The Tasmanian community increasingly associate TasWater with environmental management and stewardship</li> <li>• We have largely delivered our commitments to the Tasmanian community to address outstanding legacy and compliance issues</li> <li>• We are recognised as a leader in proactively engaging and partnering across the Tasmanian community</li> </ul>
 <p><b>Water and Environment</b></p>	<ul style="list-style-type: none"> <li>• We are engaging and collaborating with other players to drive a common commitment and approach to addressing environmental issues</li> <li>• Investment in reducing our environmental impact is becoming a greater proportion of our capital program and we are delivering tangible results</li> <li>• We have improved the resilience of our water supplies to external shocks and reduced the need for water restrictions to be imposed</li> </ul>
 <p><b>People and Culture</b></p>	<ul style="list-style-type: none"> <li>• We have embedded health and safety as “how we do business” and achieved our objective to be a Zero Harm company</li> <li>• Our employees and contractors are proud to work for us and we are emerging as a leading Tasmanian employer on the basis of the experience we provide</li> <li>• We have embedded our target constructive culture and are seeing the benefits of growing leadership capability at every level of our business</li> <li>• We have an agile, diverse and future-proof workforce that understands how their work aligns to our strategic objectives and the prosperity of Tasmania</li> </ul>
 <p><b>Commercial and Economic</b></p>	<ul style="list-style-type: none"> <li>• We have a strong balance sheet and have established a clear path to transition to full-cost recovery in consultation with regulators</li> <li>• We have successfully delivered our accelerated capital program and have a clear plan for the next stage of required investment</li> <li>• We have played a positive role in supporting new, emerging and existing industries while maintaining water security and protecting the environment</li> </ul>



# Customer promises

As part of the LTSP 2018-2037, we developed a set of customer promises and outcomes that reflected the feedback from customers, regulators and stakeholders on the priorities that were most important to them.





These promises and outcomes have since been embedded in our strategic framework, including our primary and enabling strategies, and have provided clear guidance for our strategic decision making over recent years.

As part of the development of the LTSP 2021-2030, we have tested the customer promises and outcomes to ensure that they remain appropriate. The promises and outcomes remain as relevant today as they were in 2017 and have not changed materially from the LTSP 2018-2037.

However, we have taken the opportunity to simplify the promises and outcomes where possible, and have also established a new outcome relating to environmental stewardship.

*The promises we made to our customers in 2017 have stood the test of time and will continue to guide our strategic decision-making over the next 10 years*



Strategic theme	We promise to:	The outcomes you'll see
 <b>Customer and Community</b>	Deliver a positive customer experience to you	We care for our customers It is easy to do business with us We engage proactively with customers and stakeholders
 <b>Water and Environment</b>	Provide you with safe drinking water and manage your sewage in an environmentally-responsible way	Your drinking water is reliable, clean and safe to drink Your sewage is collected, transported, treated and disposed of efficiently We are responsible stewards of the environment
 <b>People and Culture</b>	Build culture and skills for the long-term benefit of Tasmania	Our work is conducted safely to protect our people, contractors and the communities we serve Our culture and capabilities enable us to make a positive difference to Tasmania
 <b>Commercial and Economic</b>	Give you value for money	Our pricing is sustainable We contribute to Tasmania's prosperity by supporting new, emerging and existing industries



### We promise to:

Deliver a positive customer experience to you

### The outcomes you will see:

- We care for customers
- It is easy to do business with us
- We engage proactively with customers and stakeholders

### Key strategies and enablers

- Customer Experience Strategy
- Community and Stakeholder Strategy
- Brand Strategy
- Digital Strategy
- Environment Strategy
- Delivery of our capital program

### Where we want to be by 2030

- We are meeting the expectations of our customers for a personalised experience that is underpinned by digital technologies
- The Tasmanian community increasingly associate TasWater with environmental management and stewardship
- We have largely delivered our commitments to the Tasmanian community address outstanding legacy and compliance issues
- We are recognised as a leader in proactively engaging and partnering across the Tasmanian community

### What success will look like by 2025

- Customer experience percentage of **70%**
- Overall customer satisfaction of **74%**
- Brand perception score of **66%**
- Positive community and stakeholder feedback of **75%**

## We promise to:

Provide you with safe drinking water and manage your sewage in an environmentally-responsible way

## The outcomes you will see:

- Your drinking water is reliable, clean and safe to drink
- Your sewage is collected, transported, treated and disposed of efficiently
- We are responsible stewards of the environment

## Key strategies and enablers

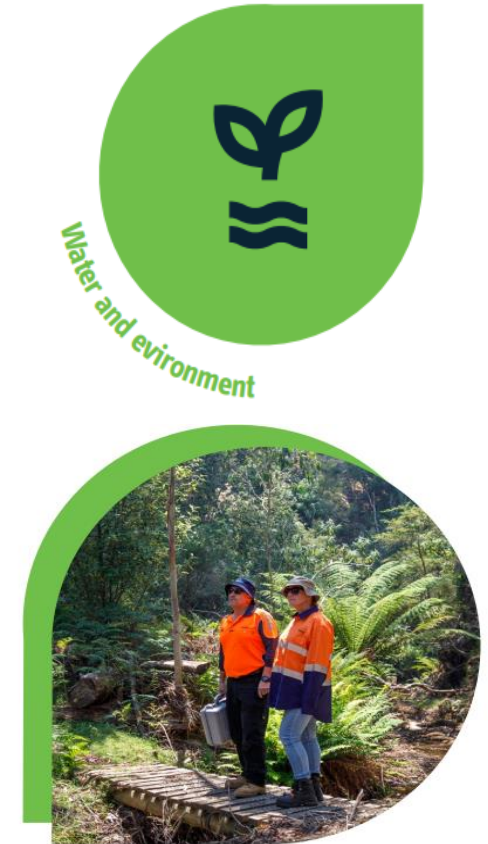
- Environment Strategy
- Climate Change Adaption and Mitigation Strategy and Policy
- Drinking Water Strategy
- Sewerage Strategy
- Non-Revenue Water Reduction Strategy
- Delivery of our capital program

## Where we want to be by 2030

- We are engaging and collaborating with other players to drive a common commitment and approach to addressing environmental issues
- Investment in reducing our environmental impact is becoming a greater proportion of our capital program and we are delivering tangible results
- We have improved the resilience of our water supplies to external shocks and reduced the need for water restrictions to be imposed

## What success will look like by 2025

- **At least 66%** of our customers are supplied by drinking water systems meeting best-practice risk mitigation
- **Zero** dams are above the ANCOLD level of tolerability
- **≤ 13** wastewater systems considered high-risk to the environment
- Real losses **≤ 7.5kL per km of water mains per day**



People and culture



### We promise to:

Build culture and skills for the long term benefit of Tasmania

### The outcomes you will see:

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

### Key strategies and enablers

- Health and Safety Strategy
- Health and Safety Improvement Program
- People, Culture and Capability Strategy
- Innovation Strategy
- Delivery of our capital program

### Where we want to be by 2030

- We have embedded health and safety as “how we do business” and achieved our objective to be a Zero Harm company
- Our employees and contractors are proud to work for us and we are emerging as a leading Tasmanian employer on the basis of the experience we provide
- We have embedded our targeted constructive culture and are seeing the benefits of growing leadership capability at every level of our business
- We have an agile, diverse and future-proof workforce that understands how their work aligns to our strategic objectives and the prosperity of Tasmania

### What success will look like by 2025

- Constructive culture styles **above the 50<sup>th</sup> percentile**
- Defensive culture styles **below the 25<sup>th</sup> percentile**
- Total Recordable Injury Frequency Rate **≤ 2.0**
- Notifiable Injury Frequency Rate **≤ 0.4**

## We promise to:

- Deliver value for money

## The outcomes you will see:

- Our pricing is sustainable
- We contribute to Tasmania's prosperity by supporting new, emerging and existing industries

## Key strategies and enablers

- Financial Sustainability Strategy
- Asset Management Strategy
- Digital Strategy
- Productivity Improvement Program
- Delivery of our capital program

## Where we want to be by 2030

- We have a strong balance sheet and have established a clear path to transition to full-cost recovery in consultation with regulators
- We have successfully delivered our accelerated capital program and have a clear plan for the next stage of required investment
- We have played a positive role in supporting new, emerging and existing industries while maintaining water security and protecting the environment

## What success will look like by 2025

- Capital program **expenditure targets met**
- **Achieved target** for productivity savings in PSP4
- Interest cover ratio **≥ 2.92**





# Capital expenditure

In 2017, we made the decision to increase the investment in our infrastructure to \$1.7 billion over a 10-year period with a best endeavour aim to deliver \$1.8 billion as agreed in the Memorandum of Understanding (MoU) with the Tasmanian Government.

Over the period of the LTSP 2021-2030, delivery of this capital program will remain our key focus. Major projects to be delivered during this time include:

- the Bryn Estyn WTP upgrade
- Macquarie Point STP Relocation<sup>1</sup>
- North-West Water Supply Upgrade
- Launceston Sewer Improvement Plan
- Hobart Sewerage Improvement Plan
- Launceston Combined System Upgrade<sup>2</sup>

As our customer priorities and outcomes have not changed materially since 2017, the prioritisation of our capital program will continue to include a higher weighting towards the outcomes that customers, regulators and stakeholders told us were most important when we developed our inaugural LTSP 2018-2037.

As such, we expect that projects aimed at improving drinking water quality will continue to be given highest weighting, followed by projects aimed at improving environmental compliance, increasing dam safety compliance and improving service reliability, particularly for critical assets in sensitive environments.

#### Notes:

1. Funded jointly with the Tasmanian Government and subject to finalisation of external funding.
2. Including the Tamar Estuary River Health Action Plan funded jointly with the Tasmanian and Australian Governments and City of Launceston and subject to finalisation of external funding.



## Key enablers

The following four factors are considered to be key enablers of our success in delivering the objectives of the LTSP 2021-2030.



### Efficient delivery of our capital program

We have established the Capital Delivery Office to drive delivery of our capital program and are well on the way to embedding this model within our business.

Efficiently delivering our accelerated capital program – and our plans for the future investment that will follow – will be critical to our ability to deliver our customer promises and outcomes.

We will continue to review our performance in delivering the capital program over the life of the LTSP 2021-2030 to ensure we deliver projects as prudently and efficiently as possible while providing value for money to our customers.



### Effective strategic workforce planning

The mix of skills and capabilities we require are likely to change significantly over the life of the LTSP 2021-2030, particularly as we adopt new technologies and innovative new approaches.

Demographic shifts are also reshaping our workforce and increasing demand for key skills has created shortages of talent in some areas.

To remain competitive, we must establish the pathways to obtain the skills and capabilities we require and nurture an organisational culture and employee experience that retains them.



### Prudent investment in new digital technologies

We have commenced the journey to digitally transform our business and this is already delivering benefits for both TasWater and our customers.

Prudent adoption of new technologies will enable us to improve the operation of our assets, meet the needs of our customers, support our workforce and deliver sustainable productivity savings.

We will continue to identify and implement new digital technologies over the life of the LTSP 2021-2030 where it can be demonstrated that this will assist us to deliver our customer promises.



### A sustainable transition to full cost recovery

To enable us to remain sustainable while making the necessary investment to deliver our customer promises, it is important that our prices accurately reflect the costs we incur in providing our services.

We will continue to engage collaboratively with Owners, regulators and customers in coming years to determine and implement a transition to full cost recovery.

In doing so, we recognise that our prices must remain affordable for our customers and we will need to demonstrate a clear value proposition in support of the transition.

## Financial projections

The LTSP 2021-2030 is supported by detailed long-term financial modelling that reflects the commitments we have made in our corporate plans, price and service plans and Memorandum of Understanding with the Tasmanian Government. This includes delivery of our accelerated capital program through to FY2026-27 that will deliver improvements in customer outcomes, service standards and compliance levels.

The first five years of the projections are consistent with our Corporate Plan FY2022-26 and Price and Service Plan 4 submission that was made to the Tasmanian Economic Regulator on 30 June 2021. The later years of the projections are largely based on the key assumptions that underpinned the financial modelling for the Memorandum of Understanding as well as current forecasts for our long-term capital program. The financial projections will be updated in July 2022 to reflect our final Price and Service Plan 4 and will then be updated during each periodic refresh of the LTSP 2021-2030.

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Net Profit After Tax (\$M)	55.1	61.0	58.3	63.1	67.8	74.0	73.3	72.7	71.6
Capital Expenditure (\$M) <sup>1</sup>	229.9	285.5	299.4	226.7	223.9	216.2	188.7	144.9	125.9
Distributions (\$M) <sup>2</sup>	24.0	24.0	24.0	24.0	24.0	20.6	21.2	21.9	22.6
Debt (\$M)	721.6	815.0	903.9	992.7	1,070.9	1,141.8	1,172.9	1,172.5	1,150.5
Gearing (%) <sup>3</sup>	46.0%	49.2%	52.0%	55.8%	58.8%	60.9%	60.9%	59.3%	56.7%
Interest Cover (times)	3.33	3.22	2.93	2.93	2.90	2.90	2.80	2.70	2.60

### Notes:

- In 2018, Tas Water and owner councils committed to investing \$1.7 billion over 10 years in new and upgraded infrastructure, with a best endeavour aim of \$1.8 billion. The profile of our capital expenditure reflects this accelerated investment concluding in FY2026-27.
- In addition to ordinary dividends, special dividends of \$4.0M per annum have been provided for from FY2021-22 to FY2025-26 to return foregone dividends during COVID-19 to owner councils. As with all forecast dividend payments, they are subject to Tas Water's underlying financial performance and positions supporting these payments.
- Tas Water's Financial Sustainability Strategy establishes a target gearing ratio of 55 per cent. Our financial modelling shows that gearing levels will increase to FY2026-27 as we continue to deliver our accelerated capital program. The exceedance of our target gearing ratio is relatively minor and is not considered to be a major risk to our financial sustainability. This will require the Tasmanian Public Finance Corporation to approve an increase in our gearing loan covenant.





**Taswater**

GPO Box 1393, Hobart, Tasmania 7001  
169 Main Road Moonah, Tasmania 7009  
13 6992 | [enquiries@taswater.com.au](mailto:enquiries@taswater.com.au)