



Corporate Plan 2011 - 12

Creating and delivering
valued services to our
clients, sustainably.

Tasmanian Water and Sewerage Corporation (Common Services) Pty Ltd

ABN 65 133 654 912

29 April 2011

Building our future

Onstream continues to build on its early success with sound foundations now in place for sustainable service provision into the future. Operations in a number of areas have been consolidated with significant progress and efficiency gains achieved.

Onstream remains committed to achieving the objectives stated in the enabling Legislation and our Constitution (Attachment A). This commitment and Onstream’s current operating environment have led to the development of this Corporate Plan.

Onstream’s Targets

	2011-12
Executive Vision:	Operational Excellence
Services	Benchmarking and efficiency gains through process re-engineering
Clients	Building breadth of service to our three key clients, the Regional Water & Sewerage Corporations
People	Continue to foster employer of choice culture
Capability	Deliver services efficiently and effectively
Key Risks	Client management Delivering on expectations Transaction level delivery Legislative changes ¹

¹ A House of Assembly Select Committee is presently reviewing the operations of the four Tasmanian Water and Sewerage Corporations. The outcome of the review, expected early in the

About Onstream

Onstream is the Common Services Corporation formed through the Tasmanian Government’s reform of the water industry to provide IT, payroll, human resources, procurement, billing and governance to the three Tasmanian Water and Sewerage Corporations.

Onstream is incorporated as a proprietary company limited by shares under the Corporations Act. It is governed by a Board that comprises a Chairman, two independent directors and the Chief Executive Officers of its three owners, Ben Lomond Water, Cradle Mountain Water and Southern Water.

The services offered by Onstream are targeted specifically to our three Regional Water Corporation clients to achieve economies of scale and to mitigate business risk.

To support optimum service level provision to the Regional Water Corporations, our headquarters are located in Launceston’s Cimitiere House — a green accredited building. In the south, Hobart’s Trafalgar Building accommodates our southern-based staff.

Both the Launceston and Hobart offices are equipped with videoconferencing facilities to further support state-wide service delivery.

Co-location of Onstream operational staff within Regional Water Corporation offices has been arranged to enable quick response to service requests where required.

financial year, may lead to legislative change and affect Onstream’s ability to meet its prescribed objectives and the commitments in this Plan.

Our focus in 2011-12



Service delivery

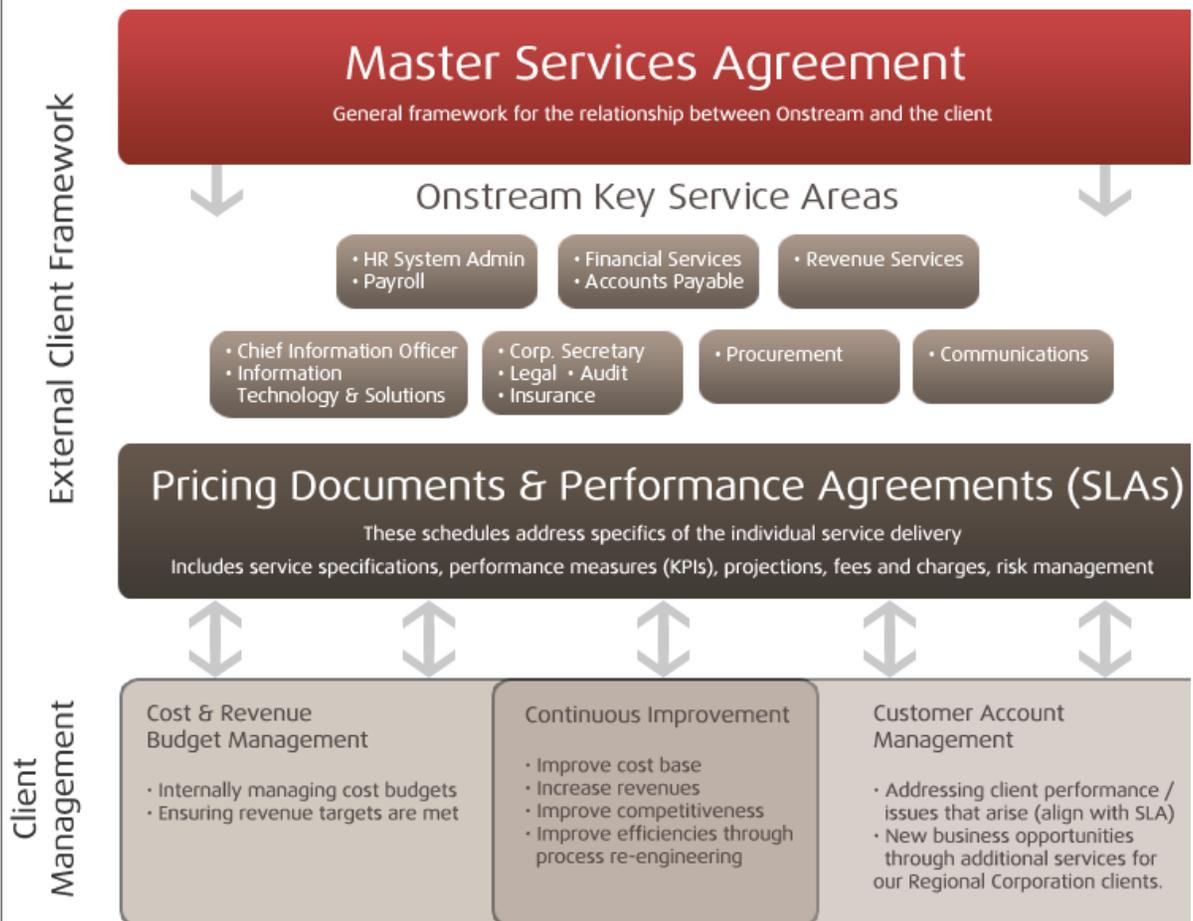
Our primary focus in 2011-12 will continue to be on the provision of essential services to our key clients, the three Regional Water Corporations, and enhancing these services to achieve best practice and operational excellence.

Essential to the success of the reformed water industry will be the implementation of the Customer Information System which has been developed by Onstream in partnership with the Regional Water Corporations. This much anticipated platform will play a pivotal role for the Regional Water Corporations as they seek to deepen and strengthen their relationships with their customers.

Client centric culture

Onstream has implemented formal agreements with each of the Regional Water Corporations to guide service delivery. Throughout the next twelve months, Key Account Management Plans will be developed to further embed a client centric culture and enhance communication with the Regional Water Corporations.

We will also continue to identify opportunities for innovation and efficiencies through analysis of current services.



Integration and enhancement

The integration of existing platforms is a key action for 2011-12. This is critical both for the analysis and development of business processes within Onstream and further definition of interfaces with our clients. In turn, Onstream will realise increased effectiveness of service delivery which is of particular importance in the Customer Information System project.



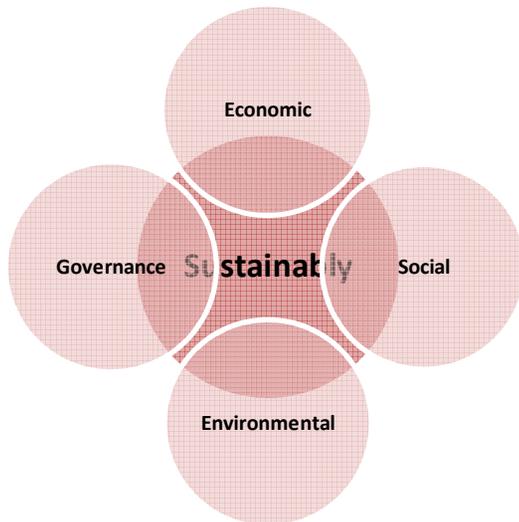
Communication and client management

Communications and client management will be a key focus for 2011-12 in order to support and continue to build value into our services. To this end, significant focus will be given to working with our stakeholders to better understand their requirements and priorities.



Our purpose

Creating and delivering
valued services to our clients,
sustainably.



Our values

enterprising

- We are brave and entrepreneurial in business
- We embrace new opportunities
- We are not scared to take a leap of faith
- We go beyond best practice
- We promote personal development and wellbeing
- We celebrate successes and learn from our mistakes
- We actively seek insights into the future

approachable

- We are honest and transparent
- We value all our relationships
- We proactively seek new clients
- We think outside the square
- We consult openly and listen effectively

enabling

- We focus on solutions not problems
- We don't believe in barriers
- We build our people and our clients
- We ensure we have the right people for the right job

professional

- We accept personal accountability to meet our clients' needs
- We act with integrity through ethics and principles
- We deeply value trust
- We have confidence in each other's skills, capability and commitment

Our principles

- Enabling the success of our clients through the delivery of professional, efficient and effective services
- To encourage learning, growth, leadership and wellbeing of our people
- To meet the economic, social and environmental returns expected by our owners and the community
- To strive to be the best in all areas of our business
- To be future focussed

Principle 1

To enable the success of our clients through the delivery of professional, efficient and effective services.

	Measure	Target	Key Actions
We strive for client satisfaction	Client survey and feedback	70% client satisfaction on the annual survey	<ul style="list-style-type: none"> Establish account management plans to identify improvements and review progress on a quarterly basis
We deliver on expectations	Projects delivered to agreed scope and agreed budget	On time, on budget, to scope	<ul style="list-style-type: none"> Develop project management framework & identify and mitigate risk factors for on-time and on-budget delivery
We grow by delivering	Develop the scope of services that add value to Regional Water and Sewerage Corporations	<ul style="list-style-type: none"> 5% efficiency gains for base services 5% increase in the breadth of services delivered 	<ul style="list-style-type: none"> Maximise value and scope of services provided to key clients by continuous improvements and achieving operational efficiency through consultation with our clients

Principle 2

To encourage learning, growth, leadership and wellbeing of our people.

	Measure	Target	Key Actions
We attract and develop the best people	Implement strategy to develop recognition as an “employer of choice”	Strategy implemented by 30 June 2012	<ul style="list-style-type: none"> Develop recruitment and retention strategy that outlines how to identify, attract, develop and retain our people
	Staff turnover	Less than 10% pa ²	
	Training days per employee	5 pa	
We have a no harm work place	LTIFR	0	<ul style="list-style-type: none"> Complete OH&S policy and plan – including integration into staff survey & risk management system implementation
	MTIs	0	
	Contractor LTIs	0	
We are proud of our healthy and happy work place	Staff satisfaction	75% average satisfaction across the organisation ³	<ul style="list-style-type: none"> Identify and implement appropriate actions as a result of staff feedback
	Staff Wellness – average days of unplanned sick leave per employee pa	Less than 4 days pa ⁴	

² Burnicle, M, Australian Institute of Company Directors, “*Keeping People in 2011*”

³ This is the *average* score across all staff members that participated in the 2010 survey, as per the survey format and consistent with style of target adopted by Regional Corporations.

⁴ Excludes sick leave that is notified to management in advance (eg a period of hospitalisation)

Principle 3

To meet the economic, social and environmental returns expected by our owners and the community.

	Measure	Target	Key Actions
Financial Performance	Earnings before interest, tax equivalents, depreciation and amortisation (EBITDA)	Meet or under Budgeted EBITDA	<ul style="list-style-type: none"> Review discretionary expenses
	Overhead cost as a percentage of operating expenses	30% ⁵	<ul style="list-style-type: none"> Realise savings in both discretionary and non discretionary costs
Environmental Impact	Ecological footprint	Baseline measurements established	<ul style="list-style-type: none"> Implement 'GreenBizCheck' as an ecological footprint monitoring and reporting tool (addressing resource usage, waste management, etc.)
Procurement value	Procurement efficiency (savings achieved by procurement as a percentage of the salary costs of procurement)	250% ⁶	<ul style="list-style-type: none"> Identify and facilitate procurement activities with Regional Water Corporations
Social Value Creation	Community, supplier and client complaints management	<ul style="list-style-type: none"> All complaints responded to within 2 working days Notable improvements in billing accuracy, targeting a reduction in 'Billing and Accounts Complaints' to below 5 complaints per 1000 properties by 30 June 2012⁷ 	<ul style="list-style-type: none"> Develop and implement community, supplier and client complaints management system(s) Plan to reduce billing and account complaints to meet industry averages of 1.5 per 1000 connections by June 2014

⁵ Overhead costs excluding interest expense

⁶ (Savings achieved in year of contract operation / Procurement salary costs) x 100

⁷ Calculated using National Performance Reports definitions. Dependent on use of accurate data collection methods to meet definition.

Principle 4

To strive to be the best in all areas of our business.

	Measure	Target	Key Actions
We benchmark our performance	Performance against similar industry benchmarks	Achieve above average on all relevant benchmarks	<ul style="list-style-type: none"> Identify and implement level of service efficiencies
We learn from our successes and failures	Post Implementation Reviews (PIRs) on key projects	Above average scores on Post Implementation Reviews (PIRs) for all key projects	<ul style="list-style-type: none"> Evaluate the learnings from the PIRs and implement actions as appropriate
	Client survey and other feedback channels	70% satisfaction levels from all clients	<ul style="list-style-type: none"> Implement actions and recommendations from client survey responses and other feedback sources
We have best practice governance and processes	ASIC Compliance	No penalties	<ul style="list-style-type: none"> Implement training for Directors and Officers as required Promote ethical and responsible decision-making
	Ethical practice	Framework maintained	
	ASX principles	Monitor and maintain	<ul style="list-style-type: none"> Monitor and maintain in line with Board-approved corporate governance framework Facilitate a “fit for purpose” diversity approach compliant with new ASX Principle 3
	Risk Management culture	Fit for purpose system embedded	<ul style="list-style-type: none"> Embed a culture of risk management using appropriate system Develop “fit for purpose” business continuity model
We foster strong brand values	Stakeholder understanding and acceptance	Positive stakeholder perception	<ul style="list-style-type: none"> Implement the External Stakeholder Communication Plan

Principle 5

To be future focussed.

	Measure	Target	Key Actions
We understand our clients and their customers	Specific client survey question(s)	70% satisfaction	<ul style="list-style-type: none"> Continue to develop client management tools and processes, including monitoring of various media
We engage with our stakeholders	Stakeholder engagement strategy and client survey	Positive stakeholder perception	<ul style="list-style-type: none"> Identify and retain our critical stakeholders through partnership development and key stakeholder reviews
We seek insights and innovations that will add value to our clients' businesses	A culture of innovation	Recognition of innovation value	<ul style="list-style-type: none"> Encourage and foster a culture of innovation that delivers results
	Research and development (R&D) investment	R & D investment opportunities realised	<ul style="list-style-type: none"> Identify opportunities for R&D investments that add value to our clients and our services offerings, within the Board's risk appetite

Organisation structure



Division	Office of Chief Executive	Secretariat & Governance Services	Finance Services	Revenue Services	Payroll & HR Services	Information Technology Services	Strategy & Innovation Services
Executive Manager	Chief Executive Officer	Corporate Secretary/Executive Manager Governance	CFO/Executive Manager Finance	Executive Manager Revenue	Executive Manager Human Resources	Chief Information Officer	Executive Manager Strategy & Innovation
Services to 3 Regional Corporations (RCs) and others		<ul style="list-style-type: none"> Chairman's Office Board Services – all corps Directors Administration Legal Services Legal compliance administration Statewide Owners' Representatives Internal Audit Insurance Services Directors' Selection Committee 	<ul style="list-style-type: none"> External Audit Co-ordination Accounts Payable Sundry Debtors Treasury Management Technical Accounting Administration Taxation Finance System Administration Procurement 	<ul style="list-style-type: none"> Customer billing preparation, distribution and collection Debt collection Billing System administration Pensioner Concessions Government Rebates 	<ul style="list-style-type: none"> RCs end to end payroll processes RCs Employee Self Service Kiosk HR advice to RCs and others Payroll/HR System administration RCs PAYE RCs Payroll Tax RCs Bureau of Statistics RCs Payroll Reporting 	<ul style="list-style-type: none"> RCs IT Support Services including Help Desk RCs Network & Communications RCs IT System Administration IT System Development for RCs RCs IT Strategy RCs IT Design IT Project Management for RCs 	<ul style="list-style-type: none"> Development Innovations & Opportunities RCs Communications Services to RC Boards as required Customer Account Management Service Level Agreements
Support & Internal Business needs for Onstream		<ul style="list-style-type: none"> Onstream Governance & Legal Onstream Risk Management Onstream Internal Audit Onstream Insurances 	<ul style="list-style-type: none"> Onstream Financial Management 		<ul style="list-style-type: none"> Onstream Human Resources Strategy Onstream payroll Industrial Relations Recruitment Training Office Administration Records Management Safety Workers Compensation 	<ul style="list-style-type: none"> Onstream IT Management & Delivery Requirements 	<ul style="list-style-type: none"> Business Plan and development Stakeholder Engagement for Onstream Internal/external communication for Onstream Business Plan & Market Research

Strategic risks 2011-12

Onstream has identified the residual high and extreme strategic risks and their mitigations.

Area	Risk Owner	Strategic Risks	BEFORE MITIGATION			Mitigation	AFTER PROPOSED MITIGATION		
			Likelihood	Consequence	Risk Profile		Likelihood	Consequence	Risk Profile
Financial	CFO	Capacity/flexibility to achieve objectives limited due to high leverage: interest rate exposure; shortage of credit; breach of loan conditions; poor liquidity and cash-flow shortages.	Possible	Moderate	High Risk	Treasury management policy in place. Close monitoring and supervision. Line of funding with TASCORP. Loan guarantees in place.	Rare	Moderate	Medium
Service Delivery Transactional services	Exec Mgr Revenue Services	Billing delayed or invoiced incorrectly	Likely	Moderate	High Risk	Development of appropriate contingency plans, corrective procedures and media strategy and protocol.	Possible	Moderate	High Risk
	CIS Project Committee	Failure to deliver CIS on agreed time, on agreed budget, to agreed specification	Possible	Major	Extreme	Stringent project control and review mechanisms to ensure contractual outcomes.	Unlikely	Major	High Risk
Management / structural / Intellectual Risk / Safety	Exec Mgr Human Resources	Inadequate safety procedures and systems - Death or injury to employee, contractor or third party	Rare	Major	High Risk	Develop and implement an appropriate risk management framework and system. Lead indicators to be developed. Continuously monitor the OH&S lead and lag performance indicators. Populate IRIS with hazards with actions allocated, monitored and reviewed. (Plan, do, check, act). "Design out" risks in key business processes – ie video conferencing to reduce driving risk.	Rare	Major	High Risk

Area	Risk Owner	Strategic Risks	BEFORE MITIGATION			Mitigation	AFTER PROPOSED MITIGATION		
			Likelihood	Consequence	Risk Profile		Likelihood	Consequence	Risk Profile
Legislative / Stakeholder	CEO	Lack of stakeholder understanding about Onstream leading to a change in legislation (policy towards Onstream) that negatively impacts Onstream. ⁸	Almost Certain	Major	Extreme Risk	<p>External Communications Strategy. Proactively engage and educate key stakeholders to build knowledge. Focus on increased awareness and understanding by councils.</p> <p>Demonstrate operational excellence. Continuous monitoring and adjustment of strategy as required. Make the most of GBE Scrutiny Committee and Select Committee hearings and submission.</p>	Almost Certain	Major	Extreme Risk

⁸ A House of Assembly Select Committee is presently reviewing the operations of the four Tasmanian Water and Sewerage Corporations, which includes Onstream. The outcomes of the review, expected to be released early in the financial year, may lead to legislative change and therefore affect Onstream's ability to meet its prescribed objectives and the commitments in this Plan.

Our future

Key issues and opportunities for Onstream going forward are:

1. **Achieving the Reform Objectives**

Working in partnership with our Regional Corporation clients to build services that support our client focus on water and sewerage service delivery to customers efficiently and sustainably.

2. **Capturing the State-wide Benefits**

Developing platforms and processes that build efficiency and effectiveness in service delivery for our clients. A critical driver for this is the value to be gained from capturing and sharing knowledge across the Regional Corporations, and agreeing common approaches to data management and reporting.

3. **Achieving Operational Excellence**

Continuing to build and reinforce a client focussed culture within Onstream, better understand service definitions and processes and integration opportunities.

Contact Onstream

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Attachment A

Constitution for Tasmanian Water and Sewerage Corporation (Common Services) Pty Limited *(excerpt)*

Schedule 2 - Activities of the Common Services Corporation

For the purposes of rule 14.1(b) of this constitution, the company:

- (a) must provide, or arrange for the provision of, the following services to the extent those services are consistent with section 7(4) of the *Water and Sewerage Corporations Act 2008* (Tas) and any relevant regulations:
- i. corporate support services required by the Regional Corporations to operate efficiently and enable informed decision making by the Regional Corporations, including but not limited to:
 - ii. payroll and human resource services including information capture and management, system management, process and record management and reporting;
 - iii. information technology, including system and process management and help desk support;
 - iv. financial and accounting services, including system and process management and information provision and reporting;
 - v. purchasing and procurement related support services, including accounts payable and purchasing; and
 - vi. office services, including facilities and fleet management;
 - vii. billing and customer service services required by the Regional Corporations to operate efficiently and enable informed decision making by the Regional Corporations, including but not limited to:
 - sales order processing;
 - customer invoicing;
 - accounts receivable;
 - credit monitoring and collection; and
 - call centre services; and
- (b) may provide, or arrange for the provision of, any other service which the company and the Regional Corporations agree in writing, including any service not consistent with section 7(4) of the *Water and Sewerage Corporations Act 2008* (Tas) or any relevant regulations.

7. Principal objectives of Corporations

(1) The principal objectives of each **Regional Corporation** are as follows:

- (a)** in its region, to promote the efficient delivery of water supply and provision of sewerage services;
- (b)** in its region, to encourage water conservation, demand management of water and the re-use of water on an economic and commercial basis;
- (c)** to be a successful business and, to this end –
 - (i)** to operate its activities in accordance with good commercial practice; and
 - (ii)** to maximise sustainable returns to its members.

(2) The principal objectives of the **Common Services Corporation** are as follows:

- (a)** to assist the Regional Corporations to fulfil their principal objectives by providing, or arranging for the provision of, services to the Regional Corporations, which may include one or more of the following:
 - (i)** payroll services;
 - (ii)** human resources services;
 - (iii)** information technology services;
 - (iv)** billing services;
 - (v)** financial and accounting services;
 - (vi)** any other service which may be of assistance to the Regional Corporations;
- (b)** to be a successful business and, to this end –
 - (i)** to operate its activities in accordance with good commercial practice; and
 - (ii)** to maximise sustainable returns to its members;
- (c)** to be available to provide services to third parties, including councils, on a commercial basis.

(3) Each of the principal objectives of a Corporation is of equal importance.

(4) For the purpose of fulfilling the principal objective referred to in subsection (1)(c), each Regional Corporation must obtain from the Common Services Corporation any services which –

- (a)** exhibit economies of scale; or
- (b)** support the management of business risk; or
- (c)** deliver consistency in the provision of water and sewerage services in all regions where this would result in a regulatory, planning or consumer benefit.

(5) The fee that the Common Services Corporation may charge for the provision of services to a Regional Corporation under subsection (4) must be set having regard to the extent to which the Regional Corporation can recover those costs through prices for the provision of services including the extent to which the Regulator, within the meaning of the *Water and Sewerage Industry Act 2008*, may permit the recovery of those costs.