



Corporate Plan  
31 July 2009

# About Onstream

## Background

Onstream is an exciting new company formed as a result of the Tasmanian Water Reform. Limited by shares under the Corporations Act, Onstream is owned by the three new regional water corporations, Southern Water, Ben Lomond Water and Cradle Mountain Water.

Onstream has two clear business drivers –

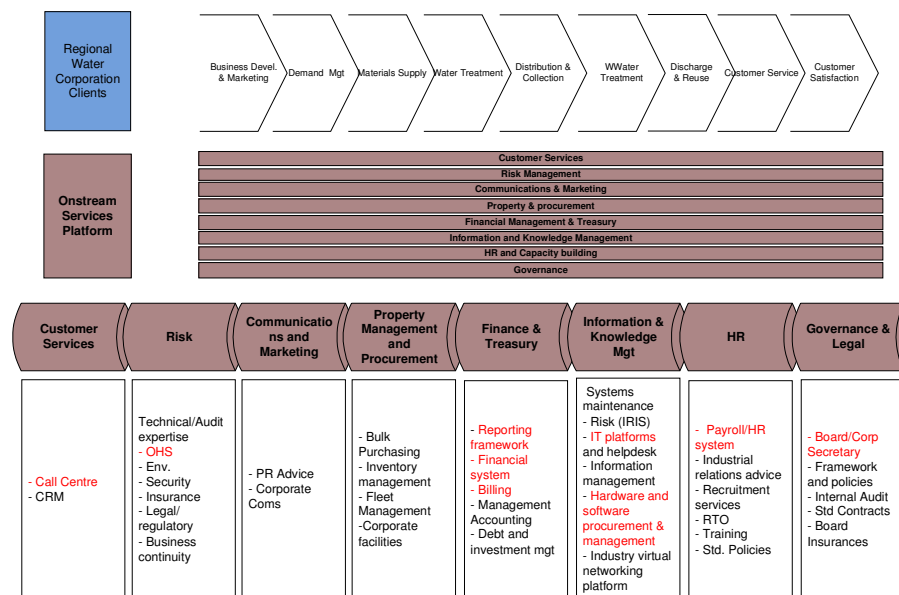
- The provision of effective and efficient shared service functions for the water industry, and
- The facilitation of statewide outcomes to ensure a sustainable Tasmanian water and sewerage industry and the achievement of community and stakeholder expectations.

## Services

Onstream’s charter is to:

- develop services that provide economies of scale,
- support the management of business risk for the water industry, and
- deliver consistency in the provision of water and sewerage services in all regions where this would result in regulatory, planning or consumer benefit.

Onstream’s initial services provided to the Tasmanian water industry on 1 July 2009 include billing, payroll, IT platforms, corporate governance services and communications advice as outlined in the enabling legislation and the Onstream Constitution. Relevant excerpts can be found in Attachment A. Links to these documents in full and a detailed background to the Tasmanian Water Reform can be found on our website [www.onstream.com.au](http://www.onstream.com.au). The suite of services can be seen in figure 1 with key priorities shown in red.



In addition Onstream intends to grow services and clients over time including to Local Government, State Government and private sector clients.

## Governance

Onstream is governed by a Board that comprises the Chairperson, who is also the common Chairperson for the three Regional Corporations, and the Regional Corporation’s Chief Executive Officers. Up to two additional Directors may be appointed to Onstream.

This document is an interim corporate plan that will be reviewed by the Onstream team during the 2009-10 period to ensure that it reflects the evolution of the business over the coming 12 months.

# Our Purpose

Creating and delivering valued services to our clients, sustainably.

Sustainably =  
economic + social + environmental +  
governance

# 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

## 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

## 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

## 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 others' skills, capabilities 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 the 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 externally and future focussed

These principles will be underpinned by a sustainability and risk management framework and system that will be further developed during the 2009-10 financial year.

## Principle 1:

Enabling the success of our clients through the delivery of professional, efficient, and effective services

	Measure	Target	Key Action 2009-10
<b>We strive for client satisfaction</b>	Client Survey and Feedback	2009 – 60% 2010 – 70% 2011 – 80%	<ul style="list-style-type: none"> <li>• Develop “Client Commitment” charter and KPIs</li> <li>• Develop and utilise client survey tool</li> </ul>
<b>We deliver on expectations</b>	Projects delivered to agreed scope and agreed budget	100% delivery	<ul style="list-style-type: none"> <li>• Develop SLAs with clients and contractors</li> <li>• Contract/scope variation tracking benchmark</li> <li>• Contingency monitoring/invoicing efficiency benchmarks</li> <li>• Develop project management framework for enhanced project delivery</li> </ul>
<b>We grow by delivering</b>	increase scope of services provided to existing clients (Water Corporations)	2009 – 10% 2010 – 20% 2011 – 30%	<ul style="list-style-type: none"> <li>• Work with the water industry to develop beneficial solutions</li> <li>• Develop appropriate marketing and growth management strategies</li> <li>• Continue to build and develop the Onstream business model.</li> </ul>
	Increase in number of clients	2009 – 2 2010 – 3 2011 – 5	

### Service Projects to the Tasmanian Water industry in 2009-10 period:

Payroll, Billing, Call Centre and IT projects delivered to project scope

Communications, Education Program, Governance Service, Risk Framework delivered to expectations

## Principle 2:

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

	Measure	Target	Key Actions 2009 – 10
<b>We attract and develop the best people</b>	Implement strategy to develop recognition as an “employer of choice”	Dec 2009	<ul style="list-style-type: none"> <li>• Develop recruitment and retention strategy that outlines how to identify, attract, develop and retain</li> <li>• Develop appropriate measures to promote the “best people” culture and guide recruitment</li> <li>• Develop a “capacity and capability map” matching resource to service delivery and action plan</li> <li>• Training and professional development</li> <li>• Internal promotion</li> <li>• Staff incentives</li> <li>• Succession planning</li> </ul>
	Staff turnover	Establish benchmark	
	Time and cost associated with filling staff vacancies	Establish benchmark	
	Training days per employee	2009 – 5 2010 – 6 2011 – 7	
<b>We have a no harm workplace</b>	LTIFR	0	<ul style="list-style-type: none"> <li>• Appropriate OH&amp;S policy and plan – including integration into staff survey</li> <li>• Risk management system development and implementation</li> </ul>
	MTI	0	
	Contractor LTIs	0	
<b>We are proud of our healthy and happy workplace</b>	Staff satisfaction	2009 – 70% 2010 – 75% 2011 – 80%	<ul style="list-style-type: none"> <li>• Development and implementation of staff survey</li> <li>• Development of health and wellbeing programs</li> <li>• Staff social club and events</li> <li>• Employee Assistance Program</li> </ul>
	Staff wellness – average days of unplanned sick leave per employee pa	Less than 4	

#### Service Projects to the Tasmanian Water industry in 2009-10 period:

Review and evaluate RTO accreditation and services

Development of training and development services for key clients

LTIFR – Lost Time Injury Frequency Rate

MTI – Medically Treated Injuries

LTI – Lost Time Injuries

### Principle 3:

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

	Measure	Target	Key Action 2009-10
Revenue	Revenue growth	2010 - 15% 2011 - 30%	<ul style="list-style-type: none"> <li>Set revenue targets in line with market analysis and business model</li> </ul>
Profit margin %	Meeting profit margin targets	2009 - 10% on new projects 2010 - 10% on all activities 2011 - 10% on all activities	<ul style="list-style-type: none"> <li>Develop profit target for financial model</li> <li>Pricing and margin development for professional services</li> </ul>
Dividend paid	Meeting dividend expectations of our owners	2009 - 0 2010 - 50% 2011 - 50%	<ul style="list-style-type: none"> <li>Dividend policy development - payout of 50% of profit after tax</li> </ul>
RoE		2009 - 0 2010 - 30% 2011 - 50%	<ul style="list-style-type: none"> <li>Develop appropriate professional services financial framework and measures</li> <li>Benchmark similar organisations and develop appropriate KPIs</li> </ul>
Operating costs	Debtors - % of debtors 45+ days overdue - % of current debt 45+ days overdue	both <10%	<ul style="list-style-type: none"> <li>Benchmark similar organisations and develop appropriate KPIs</li> </ul>
	Percentage overhead	2009 - 40% 2010 - 30% 2011 - 30%	
Environmental impact	Preparation of Environmental Policy	Dec 2009	<ul style="list-style-type: none"> <li>Develop environmental policy</li> </ul>

	Ecological footprint	establishment of tool and measurement of baseline	<ul style="list-style-type: none"> <li>• Develop ecological footprint monitoring and reporting tool (addressing resource usage, CO2 emission, waste management, etc.)</li> <li>• Measurement of baseline indicators</li> <li>• Development and implementation of improvement strategies</li> </ul>
<b>Procurement value</b>	Procurement efficiency savings (% cost saving provided by procurement strategies)	10%	<ul style="list-style-type: none"> <li>• Purchasing and procurement policy and procedures</li> <li>• Facilitation of procurement strategies with water corporations</li> <li>• Decisions made in line with sustainability, price and quality</li> </ul>
<b>Social value creation</b>	Investigate benchmark	Establish benchmark	<ul style="list-style-type: none"> <li>• Indicators and actions to be developed - social footprint tool investigation</li> </ul>

## Principle 4:

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

	Measure	Target	Key Actions 2009-10
<b>We benchmark our performance</b>	Develop tool	July 2010	<ul style="list-style-type: none"> <li>Develop an appropriate service and business benchmarking tool and KPIs</li> </ul>
<b>We learn from our successes and failures</b>	Post implementation reviews undertaken on key projects	% of PIRs undertaken on key projects	<ul style="list-style-type: none"> <li>Develop an appropriate PIR template</li> <li>Identification of key projects requiring PIRs at business case phase</li> <li>Client / contractor input in PIR process</li> </ul>
<b>We have best practice governance and processes</b>	ASIC compliance	No penalties	<ul style="list-style-type: none"> <li>Training for Directors and Officers</li> <li>Development of Code of Conduct</li> <li>Development and integration of robust risk and growth strategy processes</li> <li>Relevant ASX principles adopted as benchmark</li> </ul>
	Ethical practice	Establish Policy	
	ASX principles	Adoption	

## Principle 5:

To be externally and future focussed

	Measure	Target	Key Actions 2009-10
<b>We understand our clients and their customers</b>	Client survey	2009 – 60% 2010 – 70% 2011 – 80%	<ul style="list-style-type: none"> <li>Development of “Our Client Commitment” charter</li> <li>Develop account and relationship management processes and training.</li> <li>Develop marketing strategy – including assessment, segmentation and action plans</li> </ul>
<b>We engage with our stakeholders</b>	Stakeholder engagement strategy	December 2009	<ul style="list-style-type: none"> <li>Stakeholder identification</li> <li>Stakeholder meetings</li> <li>Partnership development with critical stakeholders</li> <li>Included in staff and client surveys, benchmark and indicators established</li> <li>Market, client and consumer research project</li> </ul>
<b>We seek insights and innovations that will add value to our clients’ businesses</b>	Innovation culture R&D investment	Client & Staff Survey	

# Our Executive

**CEO**  
**Dr Christine Mucha**

**Corporate Secretariat & Governance**  
**Carolyn Pillans**

**Chief Financial Officer**  
**Conrad Lennon**

**Chief Information Officer**  
**Andrew Beswick**

**Executive Manager**  
**Human Resources**  
**Lynn Hallam**

**Executive Manager**  
**Communication & Education**  
**Tiziana Botti**

**Executive Manager**  
**Development & Strategy**  
**Cam Crawford**

- Governance
- Legal
- Internal Audit
- Insurance

- Financial Services**
- Financial & Tax Management
  - Industry Service
  - Pricing review with Regions
  - Treasury
  - Financial Services
  - Business Case Analysis
  - Financial Modeling
  - Pricing
  - Report Generation
  - Procurement
  - Fleet & facilities
  - Business Services
  - Billing
  - Receipting
  - Purchasing

- Information Technology & Solutions**
- Call Centre technology
  - ICT projects (eg billing)
  - Knowledge Management
  - Strategy Development
  - Relationship management with CEOs
  - Relationship management with customers
  - IT Platform delivery

- Human Resources & Administration**
- Payroll Services
  - IR Advice
  - HRM policies & procedures
  - Recruitment Services
  - RTO
  - Training Services

- PR advice
- Corporate Communications
- External Communications
- Education & Programs
- Sponsorship
- Brand
- Advertising Services
- Incident and Crisis Communications Advice
- Media Training
- Customer and market research

- Corporate Strategy
- Business Development
- Emerging Industry Issues (R&D)
- Sustainability Framework & Risk
- Climate change
- Capital Project
- Delivery models
- Specialist support
- Customer account management

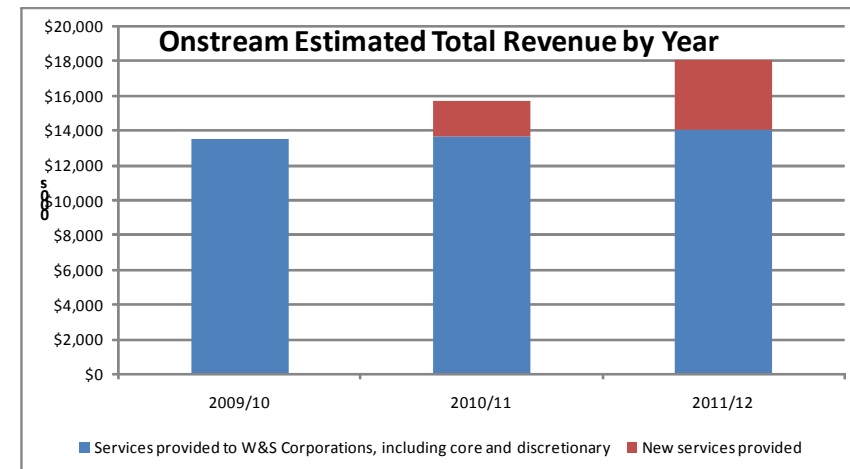
# Our future

The 1 July 2009 strategy is to ensure that services are delivered to the Tasmanian water industry that meet expectations, but our future is about confident delivery and growth.

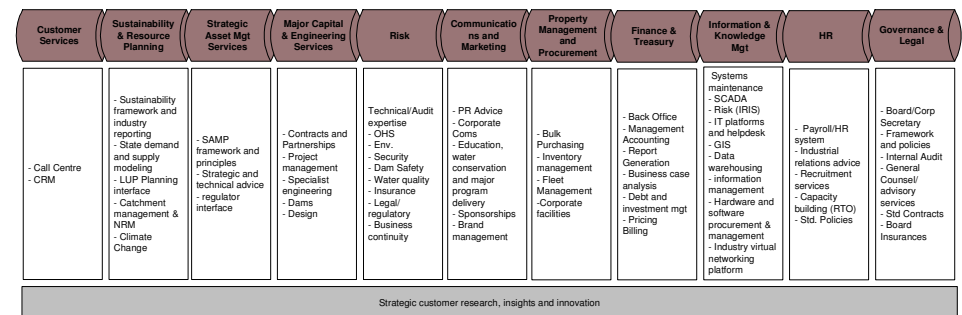
The Onstream team has set a number of stretch targets aiming for significant growth by 2013, through expanding the suite of services offered and growing our revenue. This is particularly driven by the Onstream Board's direction that the business will move from a cost centre to profit centre model in 2010.

Exec Vision	2009-10	2013-14
	Setting expectations	Delivering Success
Services	Functional/transactional 80%	Transactional reduces to <40% Increase in professional "higher margin"
No. Of Clients	3 on day 1 Building understanding of opportunities	>50% outside traditional market
People	Attract "right" people	Centre of Excellence model
Capability	Learn quickly by doing	
Key Risks	1. Client Management 2. Delivery on expectation 3. Transaction delivery	Still doing the same thing in 2013 – and being compared on cost

The Executive team's interim "plan on a page" for the business is shown above. With an aggressive vision for the development of services in the pursuit of these targets, our ethos is that we'll try anything if it's within our scope. However the challenge for Onstream will be to drive cost efficiency of core services and build value in discretionary services to the water and sewerage corporations.



In addition to the potential expansion (shown below) of our 1 July 2009 services to our water corporation clients, Onstream will seek to work closely with a range of local government, state government and private sector clients.



The Onstream team looks forward to "learning by doing" over the next 12 months and building a comprehensive growth strategy, and reviewing the content, measures and targets stated within this corporate plan.

# Attachment A

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

### 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:
  - A. payroll and human resource services including information capture and management, system management, process and record management and reporting;
  - B. information technology, including system and process management and help desk support;
  - C. financial and accounting services, including system and process management and information provision and reporting;
  - D. purchasing and procurement related support services, including accounts payable and purchasing; and
  - E. office services, including facilities and fleet management;
- ii. 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:
  - A. sales order processing;
  - B. customer invoicing;
  - C. accounts receivable;
  - D. credit monitoring and collection; and
  - E. 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.

***Water and Sewerage Corporations Act 2008 (Tas)***  
*(excerpt)*

**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.

# Attachment 2: Operating Environment

## **The current economic environment and economic forecasts for the period.**

During 2007-08, economic conditions in Tasmania continued to support above-trend economic growth, with strong jobs growth, investment close to record levels and strong private sector investment. However, private investment in Tasmania generally tends to be more volatile than nationally due to the small size of the State and the timing of a small number of large investment projects, particularly energy-related projects. The impact of the global economic crisis is likely to have a significant impact upon the level of private investment within the Tasmanian economy in the future. This will subsequently impact on the level of natural growth within the water and sewerage sector, although the extent and duration of this impact is presently uncertain.

Currently, the water and sewerage industry makes a significant contribution to the Tasmanian economy through employment and investment. In addition, the price, availability, reliability and quality of water and sewerage services impacts significantly on the economic performance of other sectors of the Tasmanian economy. Regardless of the overall economic and financial conditions, there is expected to be an increase in investment within the Tasmanian water and sewerage industry with Water and Sewerage Corporations working to improve services in their region of the State. The implementation of the economic regulatory framework to the industry, particularly in relation to customer service standards, is also likely to require increased investment by the Water and Sewerage Corporations.

Given the current level of economic uncertainty, the inclusion of economic forecasts at this time is not considered to be informative.

## **The industry structure, including the Corporation's competitive position, industry general restrictions and entity or business specific restrictions.**

In February of 2008, State and Local Government reached agreement to reform the water and sewerage sector through the establishment of three local Government owned, vertically integrated businesses providing bulk, distribution and retail water and sewerage services, and a common service provider subsidiary company. The *Water and Sewerage Corporations Act 2008* (Corporations Act), which addresses the structural elements of the reforms, and the *Water and Sewerage Industry Act 2008* (Industry Act), which covers the regulatory elements were subsequently enacted.

### **Structural Reforms**

The Corporations Act provided for the transfer of existing council and bulk water authority water and sewerage employees, assets, rights and liabilities into the four corporations with Councils in each region owning the regional corporations, while the Common Services Corporation is established as a subsidiary of the regional corporations.

The Corporations Act establishes four corporations under the names of:

- Tasmanian Water and Sewerage Corporation (Northern Region) Pty Limited;
- Tasmanian Water and Sewerage Corporation (North-Western Region) Pty Limited;
- Tasmanian Water and Sewerage Corporation (Southern Region) Pty Limited; and
- Tasmanian Water and Sewerage Corporation (Common Services) Pty Limited

The Northern Regional Corporation covers the city of Launceston and the municipal areas of Break O'Day, Dorset, Flinders, George Town, Meander Valley, Northern Midlands and West Tamar.

The North Western Regional Corporation covers the cities of Burnie and Devonport and the municipal areas of Central Coast, Circular Head, Kentish, King Island, Latrobe, Waratah-Wynyard and West Coast.

The Southern Regional Corporation covers the cities of Hobart, Clarence and Glenorchy and the municipal areas of Brighton, Central Highlands, Glamorgan-Spring Bay, Huon Valley, Kingborough, Derwent Valley, Sorell, Southern Midlands and Tasman.

Each regional corporation is incorporated as a proprietary company limited by shares, with its regional councils as shareholders. The Common Services Corporation is incorporated by the three regional corporations, who are also the shareholders. The Council Owners of the regional corporations receive all distributions of dividends, tax equivalents and guarantee fees.

Each regional corporation is controlled by a board of management consisting of a common chairperson, three common directors, and two regional directors with relevant technical and professional expertise and experience. The Common Services Corporation is controlled by a board of management including the regional corporation's common chairman, the three CEOs of the regional corporations and up to two other members.

# Attachment 3: Accounting policies

Prior to commencement of operations on 1 July 2009 it is expected that the followings key policies and processes will be developed and put into place:

- Powers of delegation
- Debt management policy
- Investment policy
- Purchasing policy
- Purchase card
- Petty cash policy
- Dividend distribution policy
- Employee benefits including provision for superannuation
- Capital structure issues
- Asset valuation policy

In 2009-10 financial year the following changes to accounting standards will take effect and will need to be considered by the Corporation:

- AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*. Require the capitalisation of all borrowing costs incurred during the construction of a qualifying asset, instead of expensing via the Income Statement.
- AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101 Presentation of Financial Statements*. Requires:
  - Presentation of all non-owner changes in equity ('comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income may not be presented in the statement of changes in equity.
  - AASB 101 also changes the term "general purpose financial report" to "general purpose financial statements" and the term "financial report" to "financial statements" in application paragraphs, where relevant, of Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.
  - Disclosure of income tax relating to each component of other comprehensive income.
  - AASB 101 amends the titles of financial statements as follows, (although these new titles will be used in all future accounting standards, they are not mandatory for use in financial statements):
    - 'balance sheet' will revert to 'statement of financial position';
    - 'income statement' will become part of the 'statement of comprehensive income', unless a separate income statement is presented, and
    - 'cash flow statement' will revert to 'statement of cash flows'.
- AASB 2008-07 *Amendments to Australian Accounting Standards – cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 126]*. Requires dividends received from a Subsidiary, Jointly Controlled Entity or Associate to be reflected in income rather than a reduction in the cost of an investment.
- Interpretation 18 *Transfer of Assets from Customers*. AI 18, which supersedes UIG 1017 *Developer and Customer Contributions for Connection to a Price-Regulated Network*, provides guidance on transfers of property, plant and equipment (or cash to acquire it) for

entities that receive such contributions from their customers. UIG 1017 allowed the immediate recognition of revenue received from customers. However AI 18 requires, in the absence of an agreement specifying otherwise, that the revenue shall be recognised over a period no longer than the useful life of the transferred asset. Further advice is currently being sought from the Tasmanian Audit Office with regard to this item.