

## DRAFT SECOND READING SPEECH

HON. PETER GUTWEIN MP

### *Water and Sewerage Corporation Amendment (Crown Involvement Facilitation) Bill 2018*

\*check Hansard for delivery\*

Madam Speaker

This legislation helps facilitate a collaborative strategy developed by the Hodgman Liberal Government, TasWater and Local Government representatives to find solutions to the long standing challenges facing the water and sewerage industry.

Earlier this year, the Government commenced discussions with Local Government representatives and TasWater to develop a new approach to resolve these issues. These discussions culminated in the Memorandum of Understanding signed by the Government, TasWater and the Chief Owners Representative on 1 May 2018.

The purpose of the MoU is to improve water and sewerage outcomes for Tasmanians. The MoU contemplates that the Government will become a minority shareholder of TasWater by providing \$200 million in equity contributions over 10 years.

This will allow Taswater to accelerate its infrastructure investment, with a target of \$1.8 billion infrastructure investment to be delivered by 2026. It will also help ensure that TasWater keeps water and sewerage prices more affordable. As part of the MoU commitments, TasWater has agreed to impose a price freeze for regulated water and sewerage services in financial year 2019-20. From 2020-21, TasWater has agreed to maximum price increases of 3.5 per cent each year to 2025.

Importantly, the Government will receive no dividends from TasWater.

The purpose of this Bill, Madame Speaker, is to ensure that councils are able to consider, for approval, resolutions that include roles for the State Government.

The Share Subscription and Implementation Agreement and the amendments to TasWater's Constitution and Shareholders Letter of Expectations require the approval of TasWater's council owners, through the passing of three resolutions about the MoU commitments at a Special General Meeting of shareholders scheduled for 27 September 2018.

The *Water and Sewerage Corporation Act 2012* (the Act) currently prevents the shareholders from passing resolutions that contemplate an entity other than councils owning shares in TasWater because this Act only allows councils to be owners of the corporation.

This legislation includes a new section in the Act to ensure the validity of resolutions passed by councils to change the ownership of TasWater, consistent with the MoU measures.

If the resolutions are passed by council shareholders at the Special General Meeting, a second Bill can then be introduced later in the 2018 Spring Session of Parliament to amend the Water and Sewerage Corporation Act to allow the Crown to become an owner of TasWater.

The approach, which has been developed in close consultation with TasWater, is for councils to consider for approval the resolutions prepared by TasWater.

Subject to councils supporting the resolutions, legislation will be introduced later this year to allow the Government to become a minority owner of TasWater and implement the measures under the MoU. This Bill allows councils to make lawful resolutions on these measures.

Madam Speaker, I commend the Bill to the House.