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Parliament of Tasmania

**LEGISLATIVE COUNCIL
SELECT COMMITTEE**

FINAL REPORT

ON

TASWATER OPERATIONS

Members of the Committee

Hon Ivan Dean MLC (to 26 March 2021)
Hon Sarah Lovell MLC (Deputy Chair)
Hon Jo Palmer MLC
Hon Tania Rattray MLC (Chair)

TERMS OF REFERENCE

To inquire into and report upon the operations of TasWater with the following Terms of Reference:

- (1) The impact of compliance with regulated bodies;
- (2) operations in regard to the impact on business required to comply with Trade Waste regulations;
- (3) the opportunity for re-use water expansion for irrigation;
- (4) the management of sewage treatment including the disposal of the treated waste biosolids;
- (5) the effect of TasWater's dividend policy on Local Government revenue;
- (6) the delivery and timeliness of water services to Tasmanian communities;
- (7) the effectiveness of business operations since the State Government became a shareholder in early 2019;
- (8) the impact of COVID-19 on business operations; and
- (9) any other matters incidental thereto

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ACRONYMS

CCF	Civil Contractors Federation
CDO	Capital Delivery Office
EMPCA	<i>Environmental Management and Pollution Control Act 1994</i>
EPA	Environment Protection Agency
GBE	Government Business Enterprises
LGAT	Local Government Association of Tasmania
LUPA	<i>Land Use and Approvals Act 1993</i>
MRWS	Mount Rumney Water Scheme
ORG	Owners Representative Group
OTER	Office of the Economic Regulator
SCADA	Supervisory Control and Data Acquisition
SLE	Shareholders' Letter of Expectations
SOIR	Report on the State of the Tasmanian Water and Sewerage Industry
TER	The Economic Regulator
TERHAP	Tamar Estuary River Health Action Plan
THA	Tasmanian Hospitality Association
WSAA	Water Services Association of Australia
WWTP	Wastewater Treatment Plant

CHAIR FOREWORD

On behalf of the Select Committee Inquiry into TasWater Operations I am pleased to present this report.

Originally the key areas of focus in moving to establish the Inquiry were from communities concerns regarding the ongoing lack of action to address the Pioneer township water quality issues and the impact of Trade Waste operations on small business.

The Committee received 40 submissions and conducted hearings in the North and South of Tasmania. The Inquiry was presented the challenges of COVID-19 followed by the House of Assembly State Election and the prorogation of Parliament which extended the length of time to conduct the Inquiry and deliver this Report. The Committee greatly appreciated all those who provided submissions and verbal evidence.

The Inquiry disclosed serious issues for industry contractors around TasWater's relatively new Capital Delivery Office agreement. Evidence received from stakeholders was significant and revealed a high level of angst and concern for the future of those currently working in the industry. The Committee was also concerned that some contractors were reluctant to provide evidence due to a perception of negative consequences.

TasWater provided responses to the Committee that addressed many of the issues and concerns raised throughout the Committee process. These responses are included in Appendix 1 of this Report.

It is considered the work of the Committee in exploring issues raised through the Terms of Reference has made some progress in delivering better outcomes for industry contractors which is important for providing upgraded water and sewerage infrastructure. This will support Tasmanian businesses and in turn the State's economy. Importantly, TasWater recently announced a future plan to address the water quality delivery for the Pioneer township after a long and protracted process.

The Committee was somewhat surprised by the relatively low level of engagement by individual local governments in the operations of TasWater and appreciates those councils that did make a submission.

The Committee has presented 11 recommendations and urges TasWater and the Government to embrace these recommendations and work towards their implementation in a timely manner.

The Committee would like to wish Mr Mike Brewster well for the future following the announcement that he will step down from the position of CEO, which he has held for eight years.

The Committee acknowledges the valuable contribution of Hon Ivan Dean, the former Member for Windemere whose interest in this area along with the Hon Jo Palmer and Hon Sarah Lovell, assisted greatly in the establishment of the Committee.

On behalf of the Committee I extend sincere gratitude to Committee Secretary Natasha Exel together with the support of Legislative Council staff.

A handwritten signature in cursive script, reading "Tania Rattray".

Hon Tania Rattray MLC
Inquiry Chair

26 October 2021

INTRODUCTION

1. TasWater is an unlisted corporation managed in accordance with the *Water and Sewerage Corporation Act 2012* (the Act). The stated purposes of the Act are to:

(a) provide for matters relating to the establishment and governance of a Corporation, having as its primary purpose the provision of water and sewerage services in Tasmania; and

(b) vest the water and sewerage assets, rights and liabilities of the Regional Corporations and the Common Services Corporation in the Corporation; and

(c) make provision for the transfer of water and sewerage employees of the Regional Corporations and the Common Services Corporation to the Corporation.¹

2. TasWater is currently managed by an independent seven-member Board that is accountable to an Owners Representative Group (ORG) comprising of representatives from all thirty owners of TasWater. The Minister with primary responsibility for TasWater is the Minister for Infrastructure.
3. The current shareholders of TasWater are the twenty-nine Tasmanian local councils and the Government of Tasmania, which has a minority share in TasWater.

Section 5 of the Act states:

The councils are to form, or participate in the formation of, a proprietary company limited by shares that is to be incorporated under the Corporations Act.

4. In 2019, the Capital Delivery Office (CDO) was established as an alliance agreement with UGL Engineering and CPB Contractors with support from WSP Australia. The CDO was formed to enable an accelerated program of delivery for essential water and sewerage projects. It is responsible for the delivery of all capital works from the planning, design, procurement and delivery phases.²
5. TasWater has in place a Memorandum of Understanding with the Environmental Protection Agency (EPA).
6. In August 2017, the Government introduced a draft *Water and Sewerage Tasmania Bill 2017*. The objective of the Bill was to establish TasWater as a Government Business Enterprise (GBE) and transfer all assets, responsibilities, liabilities and employees to the new corporation under the direction of the Treasurer and Minister for Primary Industries and Water.

¹ <https://www.legislation.tas.gov.au/view/html/inforce/2013-07-01/act-2012-051#GS3@EN>

² Written submission35, Government, p.9

7. In 2017, a Legislative Council Select Committee was established to inquire into and report on the benefits and challenges associated with the Tasmanian Government's proposal to take control of TasWater under State Government ownership.
8. Whilst the Final Report of the 2017 Select Committee did not make any specific recommendations, it made findings that the sustainability of some council services may be jeopardised if dividends from their equity in TasWater are reduced. The previous inquiry also found that it is possible that some councils will need to increase their rates after 2025 when payment of the dividend is not guaranteed to continue.³
9. As a result of this report, the Government withdrew the draft Bill and did not pursue the establishment of TasWater as a GBE.
10. The Government subsequently invested in TasWater and became a 2% shareholder to increase to 10% over the next 10 year period. The Shareholder Letter of Expectations is provided in Appendix 2.
11. The written submission of the Government advised:

The Share Subscription and Implementation Agreement outlines the State Government's agreement to contribute \$200 million in equity payments over a 10 year period from 2018-19 in exchange for 10 per cent of the total shares on issue in TasWater. The State Government's shareholding does not include the entitlement to any dividends from TasWater. As part of the 2019-20 State Budget, the Government committed to re-profile its \$200 million TasWater equity contribution over five years from 2018-19. This funding is intended to allow TasWater to implement its accelerated infrastructure program, as well as to progress major infrastructure projects. A further \$100 million of grant funding will be provided over five years from 2023-24.

And

It is important to note that as a 2% shareholder, the State Government does not have control the operations of TasWater, nor does it have the power to intervene in the day-to day business operations of TasWater. Rather, the State Government monitors the progress of TasWater's business outcomes.⁴

³ Final Report, Legislative Council Select Committee on TasWater Ownership, Parliament of Tasmania, No. 39 of 2017, p.11

⁴ Written submission 35, Government of Tasmania, p.8

CONDUCT OF THE INQUIRY

12. On Thursday 25 June 2020, the Legislative Council resolved that a Select Committee be appointed, with power to send for persons and papers, with leave to sit during any adjournment of the Council, and with leave to adjourn from place to place to inquire into and report upon the operations of TasWater, in line with the approved Terms of Reference (above on Page 1) and further that the Select Committee consist of four Members, and that Mr Dean, Ms Lovell, Ms Palmer and Ms Rattray be of the Committee.
13. The Committee met in July 2020 and elected Ms Tania Rattray MLC Inquiry Chair and Hon Sarah Lovell MLC Inquiry Deputy Chair.
14. At the time of the retirement of Mr Dean, the Inquiry was near completion and the Committee decided to finalise the Inquiry with the remaining three Members.
15. The Committee resolved at its first meeting to advertise in the three Tasmanian daily regional newspapers on August 1st 2020 with the closing date for submissions being September 4th 2020. In addition, the Committee directly invited a number of individuals and organisations to provide the Inquiry with information deemed to be relevant to the Inquiry.
16. The Committee received 40 submissions. Hearings were scheduled in Hobart on 3 November 2020, 2 February and 18 February 2021 and in Launceston on 1 February 2021. The Inquiry heard from 34 witnesses, either as individuals or representatives of 7 groups and organisations. A list of submissions, hearings and witnesses is provided in Appendix 3.
17. Details of the Inquiry have been published on the Legislative Council Inquiry webpage. All submissions and transcripts, with the exception of any in-camera evidence, are included on the webpage.
18. The Committee intends that this Report be considered in its entirety as the Final Report of the Inquiry. The Report should be read together with all Hansard transcripts and submissions which can be accessed via the [Inquiry webpage](https://www.parliament.tas.gov.au/ctee/council/LC%20Select%20-%20TasWater2020.html) at: <https://www.parliament.tas.gov.au/ctee/council/LC%20Select%20-%20TasWater2020.html>

FINDINGS

Term of Reference 1: The impact of compliance with regulated bodies

1. All agencies have a role in the management of water and sewerage in Tasmania, which is generally well-regulated.
2. TasWater appears to have good working relationships with regulatory bodies.
3. Infrastructure work is still required to address a number of legacy issues.

Term of Reference 2: Operations in regard to the impact on business required to comply with Trade Waste regulations

4. Trade waste compliance has caused significant issues to small business in some areas.
5. TasWater offered no interest loans, however these loans still need to be repaid.
6. There is an insufficient number of trade waste specialists, particularly in some regional areas, to install compliant trade waste mitigation systems.
7. There is no effective appeals process for TasWater customers who are unable to resolve issues.

Term of Reference 3: The opportunity for re-use water expansion for irrigation

8. The re-use of wastewater is encouraged, however it was identified as a complex area to achieve on an economically viable basis.
9. TasWater has identified a number of barriers to implementing re-use schemes.
10. The EPA encourages the use of treated effluent in certain irrigation situations.
11. The EPA is aware of a number of cases of unmet demand for re-use water irrigation.
12. Responsibility for managing Level 1 and Level 2 wastewater is split between local government and the EPA respectively.

Term of Reference 4: The management of sewage treatment including the disposal of the treated waste biosolids

13. Regulation would appear to be insufficient to protect the environment and the people of Tasmania from a legacy of contamination, both on farmland but also gardens and the food chain.
14. Questions remain as to where responsibility for monitoring, testing and regulating re-used biosolids lies.

Term of Reference 5: The effect of TasWater's dividend policy on Local Government revenue

15. The reduction in TasWater dividends has had a significant impact on local governments.
16. The reduction in TasWater dividends is not sustainable for local governments.

Term of Reference 6: The delivery and timeliness of water services to Tasmanian communities

17. TasWater did not act in a timely manner in addressing the issue of providing safe drinking water to Pioneer residents.
18. After unreasonable delays, TasWater appear to be addressing the issue with Pioneer.
19. TasWater has no funding for asset transfers and there is no opportunity for these requests to be considered.
20. The process for identifying historical TasWater assets and re-defining easements is complex and time-consuming, for both TasWater and property owners and can have a significant impact on private property amenity.

Term of Reference 7: The effectiveness of business operations since the State Government became a shareholder in early 2019

21. Following the establishment of the CDO, the relationship between TasWater and Tasmanian contractors is fractured and is deeply impacting local businesses and individuals.
22. Due to a fear of retribution, a number of parties refused to publicly state their position on the CDO.
23. It was difficult for the Committee to ascertain if the CDO is the most appropriate model for Tasmania.
24. The overall strategy and direction of the CDO is unclear in the market, with duplication of roles and functions being viewed as an unnecessary cost.
25. There is no transparent evaluation of progress made against the CDO's Key Performance Indicators.
26. Key stakeholders, including the Government and industry, support the concept of a review into the CDO.
27. The issue of contractor liability under the current CDO terms is a significant obstacle for Tasmanian businesses tendering for and being awarded contracts.

Term of Reference 8: The impact of COVID-19 on business operations

- 28. COVID-19 will require TasWater to review its capital expenditure program.
- 29. Whilst the reduction in dividends was accepted by shareholders, some councils stated this is not sustainable and will impact councils' ability to deliver services in future.

Term of Reference 9: Any other matters incidental thereto

- 30. There is a level of complexity as to which Minister has primary responsibility for TasWater.
- 31. Whilst there are some concerns regarding fixed-charge components, caution must be exercised when comparing Tasmania to other states due to its particular infrastructure requirements.
- 32. The Local Government Association of Tasmania (LGAT) believes that the TasWater model remains a strong one that LGAT is able to influence as owner/shareholders.
- 33. There continues to be constraints in further development and infrastructure due to a lack of headworks policy.

RECOMMENDATIONS

Term of Reference 2: Operations in regard to the impact on business required to comply with Trade Waste regulations

1. TasWater explore more cost-effective trade waste solutions for small businesses.
2. TasWater work more collaboratively with businesses to take individual circumstances into consideration and provide more flexible and cost-effective solutions.

Term of Reference 3: The opportunity for re-use water expansion for irrigation

3. A review of current waste-water re-use practices and policies should be undertaken with a view to better utilising this resource.

Term of Reference 4: The management of sewage treatment including the disposal of the treated waste biosolids

4. Strengthen and better communicate regulations to encourage the safe use of biosolids, while protecting the environment and the people of Tasmania from potential contamination.

Term of Reference 5: The effect of TasWater's dividend policy on Local Government revenue

5. The capping of the Price and Service Plan No. 4 should be revisited to allow the corporation to recover from the long-term consequences of COVID-19.

Term of Reference 6: The delivery and timeliness of water services to Tasmanian communities

6. TasWater follow through on its commitment to provide piped water to Pioneer as a matter of priority.
7. The Government work with TasWater to explore funding options to manage historical infrastructure assets located on private property.
8. TasWater work with communities to plan for the future management of private water schemes.

Term of Reference 7: The effectiveness of business operations since the State Government became a shareholder in early 2019

9. Conduct an immediate and comprehensive review of the Capital Delivery Office.

Term of Reference 9: Any other matters incidental thereto

10. The Government should clarify which Minister has primary responsibility for TasWater and this is made easily identifiable on the TasWater website.
11. The Government work with LGAT and TasWater to consider a statewide headworks policy.

EVIDENCE

1. The impact of compliance with regulated bodies

- 1.1 The written submission of TasWater advised that there are nine key, independent regulatory bodies with specific responsibilities relevant to TasWater operations:

There are nine key, independent regulatory bodies with specific responsibilities relevant to our operations. While this is not an exhaustive list, it is indicative of the strict oversight of our business.

- *The Department of Health for drinking water quality;*
- *The Environment Protection Authority for discharges to the environment, reuse water, biosolids classification and stabilisation;*
- *The Tasmanian Fire Service for essential fire services, including hydrant pressure;*
- *The Tasmanian Economic Regulator for the overall performance of the business and pricing;*
- *The Ombudsman for complaints and records management;*
- *The Tasmanian Audit Office for auditing statutory accounts;*
- *The Dam Safety Regulator for the safety and maintenance of dam infrastructure*
- *WorkSafe Tasmania for safety performance;*
- *The Department of Primary Industries, Parks, Water and Environment for water entitlements and the National Water Initiative.*

- 1.2 TasWater's written submission went on to say:

There are numerous compliance related legacy issues arising from TasWater bringing under one roof a network containing much infrastructure that had historically been inadequately maintained and suffered from underinvestment in upgrades. Modernisation is ongoing through the delivery of a \$1.8 billion infrastructure investment program that will see investment throughout the state.

Complying with regulation governing the delivery of contemporary water and sewerage services comes at a cost. This stems from our geography, dispersed population, and an extraordinary scale disadvantage when compared with similar sized water services nationally and internationally.⁵

⁵ Written submission 19, TasWater, p.8

- 1.3 The written submission of the Government advised that the economic regulation of the water and sewerage industry was added to the Tasmanian Economic Regulator's statutory responsibilities and:

The economic regulatory framework involves more than just the relevant legislation and regulations, but also encompasses the guidelines, codes and regulatory practices of the Tasmanian Economic Regulator; including the obligations it places upon TasWater and its interactions with other industry regulators.⁶

- 1.4 At a public hearing in November 2020, Mr Wes Ford, Director of the Environmental Protection Authority of Tasmania (EPA) advised that regulation of wastewater and regulation of TasWater is a significant part of the EPA's work. Mr Ford stated:

The relationship with TasWater is positive and constructive. That does not mean that it is 100 per cent compliant and nor does it mean that everything is always operating smoothly. It runs a large complex business that inherently has issues based on ageing infrastructure, failing infrastructure and a range of significantly incompatible systems, which were inherited by the three predecessor corporations from the councils. Everyone recognises that is a long term rebuild process that TasWater is going through.

In terms of compliance, we do not work on a basis with TasWater around 100 per cent compliance. Across all of their permit conditions there are 77 plants on somewhere in the order of more than 1000 conditions across those permits. TasWater cannot reasonable, at this point in time, be 100 per cent compliant. Our task as an EPA is to work with them with a fundamental objective of improving compliance but also principally prioritising that improvement to areas where it is most needed.

At this point in time we would rather TasWater focus on significantly problematic areas than areas that might be noncompliant but of a much lower risk.

And

Effectively, we have not had free rein to be able to hold TasWater accountable to all their non-compliances. That will have frustrated many members of the community. It is somewhat frustrating to me and my staff and it is frustrating to TasWater and their staff. Generally, our experience is they want to do the right thing and they want to achieve an improved outcome so we are working together to do that.⁷

- 1.5 The written submission of the Water Services Association of Australia (WSAA) made the following observations about the particular circumstances of TasWater:

⁶ Written submission 35, Government of Tasmania, p.6

⁷ Hansard transcript, 3 November 2020, pp.2-3

Regulation is critical to protect public health and the environment. All jurisdictions in Australia have well developed regulatory regimes.

However, in Tasmania there are particular issues in compliance with regulation. Owing to the geography and population base in Tasmania, TasWater faces cost disadvantages in complying with regulation compared to utilities serving larger and more densely settled populations.⁸

And

In examining TasWater's operations, the Committee should have regard to the fact that TasWater's bills and revenue per customer is similar to most utilities, however, owing to the population and geography of Tasmania, its cost structure is likely to be higher than large mainland utilities.⁹

1.6 The written submission of Alistair Nicholas advised:

The requirement by Taswater to submit an "Annual Environmental Review" (AER) to the Director of EPA is required for level 2 Sewage treatment plants (STP). The EPA are the regulators of level 2 activities, as prescribed by Schedule 2 of the Environmental Management and Pollution Control Act 1994.

During 2018-19 Taswater operated 79 level 2 Sewage treatment plants and 33 level 1 Sewage treatment plants. (Ref: Report on the state of the Tasmanian water and sewerage industry 2018-19)(2.3.1)

This raises concerns, given the EPA are the regulators of level, 2 sized activities. Level 1 sized STP are therefore regulated by the relevant local council, for which the level 1 STP is located.

The environmental performance, (or non performance), data of Taswaters Municipal regulated level 1 Sewage treatment plants therefore is not captured, or readily available. The EPA makes AER's available to the public upon request, information which impart, allows the community, government and regulators to examine Taswaters environmental performance.

In the "Report on the state of the Tasmanian Water And Sewerage Industry 2018-19" issued by the economic regulator. Page 55 (6.3.6) it states:

"The EPA has determined that reliability of the data provided in the 2018-19 AER is not sufficiently high, and expects the data quality to improve in subsequent reports."

⁸ Written submission 31, Water Services Association Australia, p.3

⁹ Ibid, p.5

It can be shown that publicly available data for level 2 Sewage Treatment Plants is “not sufficiently high” but more worryingly it would seem totally absent for Taswaters level 1 sewage treatment plants.

Both level 1 and level 2 sized sewage treatment plants have the potential to cause environmental harm, and therefore should be regulated by the one government agency. Also this would allow the operation of all sewage treatment plants to provide performance data which could be objectively examined by the community, government, and regulators.¹⁰

- 1.7 In response to the availability of level 1 sewage treatment plant data, TasWater advised:

Data for level 1 treatment plants is not required to be made public, however, TasWater monitors the performance of all its sewage treatment plants.

A best practice, standardised monitoring approach is applied to all treatment plants and the data collected informs the scheduling of upgrades based on risk assessments.

The Environmental Protection Authority only regulates sewage treatment plants over 100kL per day. This is stipulated in the Land Use and Approvals Act 1993 (LUPA) and Environmental Management and Pollution Control Act 1994 (EMPCA).¹¹

¹⁰ Written submission 34, Alistair Nicholas, p.1

¹¹ Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, p.20

2. Operations in regard to the impact on business required to comply with Trade Waste regulations

- 2.1 Trade waste is non-wastewater liquid generated by businesses that includes oil, food and chemicals. TasWater has a user-pays policy with respect to the management and treatment of trade waste.
- 2.2 The written submission of Water Services Association Australia provided the following overview of trade waste:

... it is standard (and indeed required) practice for water utilities to manage trade waste for efficient operation and to comply with environmental, biosolids and OH&H requirements. TasWater, like all water utilities have a "User Pays" model, which means that the generator of the trade waste should bear the cost of treating the waste – either by installing pre-treatment to meet acceptance limits, or through additional charges that reflect the cost to the utility to treat the waste. Management fees also apply for businesses that discharge trade waste to reflect the cost to the utility to manage agreement. These costs can include inspection fees, setting up the agreement and sampling. Without pre-treatment, the burden and additional costs of maintenance and treatment would end up falling the broader customer base, resulting in additional capital and maintenance costs and an increase to bills.

And

Taswater, in recognition of the fact that their trade waste policy is relatively recent compared to other parts of Australia, has put in place some additional measures that are not commonly seen to help minimise the impact on business owners. This includes flexibility in options and financial assistance through interest free loans.¹²

- 2.3 A document tabled by the EPA advised that during the 2019-20 financial year, over 7 500 ML of trade waste was discharged into sewage systems, with approximately 44 ML of that received as direct tinkered waste to Wastewater Treatment Plants. The EPA also advised:

TasWater negotiates consent for trade waste discharge to sewer via contracts (smaller customers) and Trade Waste Agreements (larger customers).

The legislation also, amongst other things:

- *Prohibits discharge to sewer without consent;*
- *Establishes, via regulations, quality criteria for trade waste;*
 - *per Regulation 15 of the Water and Sewerage Industry (General) Regulations 2019, TasWater may vary local acceptance criteria for a small number of indicators, but may not vary general acceptance*

¹² Written submission 31, Water Services Association Australia, p.6

criteria or acceptance criteria for metals or organic compounds specified in Schedule 3 of those Regulations.

- *Prohibits acceptance into sewer of trade waste that does not meet quality criteria.*

There is a difficult balance for TasWater to strike between the user pays principle and supporting economic activity as the provider of essential services. TasWater can take action against persons in relation to inappropriate discharges, and can direct people to install certain equipment in accordance with regulations. ¹³

2.4 The written submission of the Government stated:

In relation to trade waste, TasWater is not required to accept waste streams that vary significantly from household sewage unless it can safely do so. This may mean that a trade waste producer needs to install particular pre-treatment devices or processes, or meet the additional sewerage system costs faced by TasWater, or find an alternative means of properly disposing of the business activity waste stream.

*In its 2018-19 annual report, Tas Water reported that 27 per cent of the volume of trade waste it received was compliant with its receipt requirements.*¹⁴

2.5 A number of submissions and witnesses to the Inquiry discussed challenges relating to the logistics and costs of complying with trade waste regulations. A number of these indicated that the requirements to install and pay for trade waste mitigation were an unnecessary burden on businesses, particularly small businesses.

2.6 The written submission of the Tasmanian Hospitality Association (THA) advised:

Many hospitality businesses and properties have recently been required to undertake substantial investments to upgrade their pre-treatment of trade waste ie. grease traps and lint controllers.

The new standards are significantly greater than the originally approved systems, even though the occupancy or capacity of these premises in most instances has not increased.

Feedback from the industry has indicated that TasWater would not consider alternative approaches to addressing these new performance requirements. In some instances TasWater was heavy handed in the manner in which these new requirements were imposed, effectively threatening penalties if the works were not completed by the specified time.

¹³ Tabled Document 1, EPA, p.9

¹⁴ Written submission 35, Government of Tasmania, p. 10

The costs to these Tasmanian hospitality businesses has been substantial, in many cases in the realm of many tens of thousands of dollars.¹⁵

- 2.7 The written submission of Bischoff Hotel made the following statement regarding TasWater:

TasWater's system of management seems to have overcomplicated things with little reference to practical solutions but has a focus that impacts small businesses through lack of clarity about processes, excessive compliance costs and an apparent desire to maximise their profit.¹⁶

- 2.8 In providing verbal evidence to the Inquiry, Deloraine business operator Karl Mansfield advised:

To give you a little of the basics and cut it pretty simple, when TasWater came in 2012, my rates - and that's what they called the water content of my rates, which was \$1000-odd - dropped by \$300. Since then, in that short time, my water now is \$3000 and my rates have gone up to \$1000 now, so it's a fairly big difference. Once we put the grease trap in, the minimum is going to be \$1000 a year for pumpage. They record a minimum \$250 and they're quoting this if a group of us get it done in Deloraine at the same time. That is going to be another \$1000 on top, so it is going to be \$4000 for water and \$1000 for rates, and that's without the estimated cost of \$10 000 plus to put the grease trap in.

Then we go back to our little old grease traps, which has been going on for a while. We're only a tiny little business so we don't believe that the way we do our practices is polluting the system. Diners have got a pretty bad rep as being greasy but those days are gone, they're more gourmet these days. It's all fresh food and we cook on griddles, so it's like cooking on your barbecue at home. Nothing goes inside to be washed, only the tongs, that's it; everything else is scraped down. Our commercial fryers are emptied out into 20-litre drums and wiped out with a cloth. No water goes near a fryer because if you put water on fryers it's really bad. They go into drums and the drums are taken to a guy who turns it into diesel and runs his cars.

And

I don't believe our type of business - such a small one - needs grease traps. For the money to do it - the \$10 000 to put it in and then \$1000 every year, so every 10 years I've got another \$10 000 gone. It's just crazy. It's understandable if I were polluting, but most of us aren't. It goes out the door from the takeaway shops in the main street - there's no place to clean up.

When they brought in this commercial rate for cleaning out the sewerage - three years ago, I think it was - our commercial water price doubled because we were supposedly sending fats down there. Now we have to introduce grease traps, that

¹⁵ Written submission 29, Tasmanian Hospitality Association, p.1

¹⁶ Written submission 2, Bischoff Hotel, p.2

price doesn't change. They refuse. That is not going to be dropped back. The way I see it, if I am sending out clean water through their supposed grease trap, why hasn't that gone back to a normal rate, like everyone else, if I am paying for that to be done? But they refuse to do that, and they have said that.

It is just so unfair. If I choose to spend \$10 000 to put it in, I should have something back in the business for doing that infrastructure. But if I don't, I am going to be charged a higher rate again. How they are doing it is just very unfair.¹⁷

- 2.9 The written submission of Malcolm Eastley expressed the view that there was a need for a written basis for greasetraps that can be referred to by both customers and TasWater and that it should be developed in consultation with industry. Mr Eastley's submission went on to say:

The only modelling used by TasWater was a report of doubtful relevance that showed domestic sewerage as an acceptable 100mg oil content, with tradewaste at 1500mg at the outlet and remaining 400mg after the installation of a greasetrap, and hence a policy of compulsory greasetraps and a treatment cost 4 times the already inflated domestic cost. The limited amount of work at Deloraine does not support these assumptions and the policy at City West shows that food industry waste is very low risk and they cost tradewaste at twice not 4 times the domestic cost. This shows that TasWater has been charging more than double the treatment cost than was justified...

TasWater measures tradewaste as 80% of the water supply meter reading, but in situations where toilets are provided for patrons they are adding sewage charges based on floor area or maximum seating capacity on top of that.

And

This is a case of double dipping in an obvious manner... They claim they have the permission of the Economic Regulator to charge using both methods, but whether this is misinterpretation by TasWater or an error by the Regulator is not clear.

And

The worst example we have seen is a café at Railton that serves coffee and pies, etc that are bought in from a bakery, the only cooking appliance in use being a sandwich maker for making toasties. Despite this it still falls under that (economic disadvantage) clause. A proper assessment process is an absolute necessity and should include a minimum volume before a trap is required and a minimum oil content established.¹⁸

- 2.10 In correspondence to the Inquiry of 2 July 2021 [See Appendix 1] TasWater refuted claims that it was 'double-dipping' when charging for trade waste:

¹⁷ Hansard transcript, 1 February 2021, Karl Mansfield, pp.4-5

¹⁸ Written submission 8, Malcolm Eastley, pp.2-3

This is incorrect. Nothing is charged for twice. Businesses are charged for standard sewerage like every other customer.

Some businesses such as restaurants produce trade waste which has an extra cost to treat which they pay for.

Not doing so would see the cost to treat trade waste passed on to residential customers or other businesses.

The requirement for a business to become compliant and the associated financial outlay does not constitute double dipping.

The trade waste charge assumes that a business is compliant and has installed pre-treatment.

While pre-treatment removes some trade waste, there is still a proportion that enters TasWater's network and which has to be treated. It is this proportion that is charged for.

TasWater's Price and Service Plan, approved by the Economic Regulator, provides the option to charge a non-compliance fee.

Rather than apply this non-compliance fee on businesses who have not installed pre-treatment, TasWater works with the business to find a solution that allows them to operate and become compliant.¹⁹

2.11 Mr Eastley outlined the process of attempting to escalate a complaint in relation to TasWater operations:

That's been one of the greatest problems of what I've said - that the ministers won't take responsibility for it. They hand it back as being an independent business. We've put 20 applications into our local MP who refused even to talk to us. We've spoken to our local council twice and various others, including the manager of the Local Government Association of Tasmania. We always went to the meetings with a couple of pages of the discussion points and they've had those discussion points.

Our local MP - I did get a phone call eventually but we've made the point of saying that with people like Karl, their only course of action now is to go to the Australian Competition and Consumer Commission and ask for the ruling on that. Our local MP sent me back a phone message from their staff that he's been too busy for two years to listen to us but if we organise a meeting with the ACCC he'll send an officer

¹⁹ Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, p.5

*along as an observer. That's the sort of support we've had from politicians right through - this goes right back to when TasWater was established.*²⁰

2.12 Mr Eastley believed that there was need for an appeal process for customers adversely affected by TasWater actions.²¹

2.13 The Committee noted the process laid out in the SOIR:

*Customers whose complaints are not resolved through TasWater's customer complaints process may refer their complaint to the Ombudsman. TasWater is bound by recommendations made by the Ombudsman in relation to a complaint. The service standard target that applies to TasWater for complaints to the Ombudsman is 0.5 per 1 000 customers. During 2019-20, the Ombudsman received 29 complaints²² regarding TasWater which was a significant decrease compared with the previous year (64 complaints). The complaints received for 2019-20 equates to 0.14 complaints per 1 000 properties and therefore easily meets the service standard target of 0.5.*²²

2.14 Mr Graeme Gilmour provided a personal example that demonstrated the lack of appeals process after unsuccessfully appealing to both TasWater and the Ombudsman. Mr Gilmour advised:

I have had to now employ a solicitor. That solicitor has been struggling for three months to get anything from TasWater, to actually talk with her and do things sensibly. She leaves messages with them and nobody gets back. I thought it was just us as a client they didn't care about, but even when you are at the level of solicitors dealing with them, they ignore your emails, do not get back to you and put you off constantly.

*I am resigned to the fact that this will have to go to court unless they have a complete catharsis within their organisation and suddenly realise, we are willing to give our customers a bit more help than we are.*²³

²⁰ Hansard transcript, 1 February 2021, Malcolm Eastley, p.11

²¹ Written submission 8, Malcolm Eastley, p.1

²² *Report on the State of the Tasmanian Water and Sewerage Industry 2019-20*, Office of the Economic Regulator, May 2021, p.22

²³ Hansard transcript, 5 March 2021, pp.7-8

3. The opportunity for re-use water expansion for irrigation

3.1 The written submission of the Government stated:

Successive Tasmanian Governments have maintained a policy position which is supportive of re-use of wastewater for appropriate purposes, including irrigation. This policy is set out in the State Policy on Water Quality Management 1997. Under this Policy, the beneficial re-use of wastewater by land application in an environmentally acceptable and sustainable manner should be encouraged and facilitated.

According to the Report on the state of the Tasmanian water and sewerage industry 2018-19, the total volume of treated wastewater re-used from Level 2 sewerage treatment plants (those treating 100 000 litres each day or more) was 5 700 ML. This was 11.5 per cent of treated effluent produced from Level 2 plants. The Clarence, Brighton/Bridgewater and Penna re-use schemes accounted for 66 per cent of this volume.

It is expected that further opportunities will be developed over time. It is likely that opportunities will continue to be developed in irrigated agriculture, horticulture and silviculture and in irrigation of recreational and other community green spaces.

Establishing effluent re-use schemes can attract higher capital costs when compared to existing discharges to surface waters. The cost difference may be favourable when the full cost of capital upgrades, including increased operational costs, are accounted for in a future discharge requirement.

As you would know... the management of wastewater is a complicated beast wherever it is. There are not too many entities in Australia that have somewhere near 100 wastewater treatment plants to operate. TasWater, in the context of the sewerage business in Australia, is one of the most complicated businesses. Many local councils who are responsible for sewerage in Australia are responsible for far fewer plants.²⁴

3.2 The written submission of TasWater stated:

TasWater is responsible for 32 water reuse schemes across the state which, under strict EPA guidelines, enable treated effluent to be re-used, primarily for agricultural purposes. The Water and Sewerage Corporations Act 2012 acknowledges its importance, with one of the principal objectives being “to encourage... the re-use of water on an economic and commercial basis.”

And

²⁴ Written submission 35, Government of Tasmania, p.10

The cost of producing Class A water, which for all intents and purposes is the same or better than raw water, is prohibitively [high] but falling. If it becomes affordable, it has the potential for reuse water to be used on a greater range of crops, offset pressure on potable water resources, and reduce the regulatory burden.

And

We are fully committed to achieving reuse where feasible, however this remains commercially expensive and somewhat risky. Costs to TasWater outweigh prospective earnings, and there are other barriers inhibiting the most effective and sustainable utilisation of reuse water...²⁵

3.3 A document tabled to the Inquiry by the EPA advised:

The EPA encourages reuse of treated effluent in certain irrigation situations including seed crops and pasture, golf courses and municipal recreation areas – provided it meets relevant quality standards. Effluent reuse diverts mass loads of nutrients and pollutants from waterways, and conserves water resources.

The EPA requires TasWater to conduct reuse feasibility studies so that this information is available to be compared with plant upgrades that would otherwise be necessary to achieve sustainable discharge to the environment. The aim is to determine the true prudent and efficient option for sustainable effluent management.

And

In 2018-19, 5 700 ML of treated effluent was reused, continuing the generally upward trajectory evidence since 2011/12.²⁶

And

TasWater has identified various barriers to implementation of reuse schemes, including the reported high cost of dam storage, and business risk association with reliance on third party use of water. The EPA has been actively working to better clarify the regulatory framework as it related to reuse schemes, to reduce TasWater's perception of regulatory risk. The EPA's newly developed Sustainable Discharge Framework includes, with the aim of driving increased reuse where feasible....

EPA Tasmania is aware of several areas of unmet demand for recycled water irrigation, including but not limited to the Brighton Reuse Scheme, which is currently restricted by network capacity, and the privately proposed South-East Reuse Scheme relating to the Coal River Valley. The Tasmanian Farmers and Graziers Association has made a submission to the Select Committee indicating that

²⁵ Written submission 19, TasWater, p.16

²⁶ Tabled document 1, EPA, p.3

it is supportive of the use of recycled water for irrigation and would like to see this developed and expanded further. This position is echoed in the draft Rural Water Use Strategy Position Paper released by DPIPWE for public comment in mid-2020 and due for finalisation in March 2021, which indicates that DPIPWE intends to support ongoing development of policies to encourage water recycling and reuse.²⁷

- 3.4 At a public hearing in November 2020, Mr Ford advised the Inquiry of the EPA's role in the regulation of waste water:

I acknowledge and remind the committee, we aren't responsible for the regulation of all TasWater's wastewater operations. We regulate the level 2 activities, of which there are 77 wastewater treatment plants. There are about another 33 that are level 1 activities. Level 1 activity is less than 100 kilolitres per day. Those are regulated by the respective councils where they sit.²⁸

- 3.5 At a public hearing on 3 November 2020, Mr Eastley advised:

...we have a lot of plants in country areas and are surrounded by agricultural land. Perth, Melbourne and plenty of other places use partly treated water as irrigation water. TasWater does too, in places. It improves the capacity of the treatment plants. In other words, you are getting the sewage out of the system quicker.

It would be ideal for a situation like we have with Meander Valley at the moment where we have 1 100 home sites at Hadspen ready to go in and TasWater cannot give the council an answer as to whether the treatment plant will cope or not, whether it has enough capacity. This is an ideal way to effectively increase capacity.²⁹

- 3.6 Mr Eastley's written submission also noted:

There are proven opportunities for irrigation using partly treated waste water – a google of either Tamworth or Dubbo waste water shows the benefits to agriculture and to cutting treatment costs. As an example, Meander Valley has a row of treatment plants surrounded by agricultural land and the result would be that the treatment plants existing capacity would cope with future growth. The Meander Dam reached its effective capacity this year, with close to conflict of demand for town supply and farmers needs. There has been a suggestion that the effective storage capacity could be increased if any farmers were willing to take water into on farm storage during the winter months at say half price, thus better utilising the scheme and increasing TasWater income.³⁰

²⁷ Tabled Document 1, EPA, p.4

²⁸ Hansard transcript, 3 November 2020, Wes Ford, EPA, p.2

²⁹ Hansard transcript, 3 November 2020, pp.38-39

³⁰ Written submission 8, Malcolm Eastley, p.4

4. The management of sewage treatment including the disposal of the treated waste biosolids

4.1 The Australian & New Zealand Biosolids Partnership defines biosolids as sewage sludge that has been treated to reduce or eliminate health risks and improve beneficial characteristics.³¹

4.2 A briefing paper submitted by the EPA and taken into evidence by the Inquiry advised in relation to the legislative framework for wastewater:

The legislative framework for public wastewater comprises the Environmental Management and Pollution Control Act 1994 (EMPCA), the Land Use Planning and Approvals Act 1993 (LUPAA), and the Water and Sewerage Industry Act 2008 (NSIA), and subordinate legislation.

4.3 The written submission of TasWater advised that it currently operates 110 sewage treatment plants and maintains 4,813 kilometres of sewer mains:

...to treat wastewater, remove contaminants and suspended solids from domestic and commercial sources, and neutralise harmful pathogens.

As noted in the most recent Economic Regulator's State of the Industry Report released in May 2020, our performance of 37 breaks and chokes per 100 kilometres of sewer main in 2018 -19 is approximately 18 per cent less than the number in the previous year. This was comfortably below the 2018-19 service standard target of 65 per 100 kilometres of sewer main and is in line with national levels. The average response time to the most serious bursts and leaks (water and sewer) was also significantly reduced in 2018-19 from previous years with further reductions noted in FY2020 (see Appendix 2, Figure 5).

However, we continue to work hard to reduce the impact of treated effluent on our environment and meet other service reliability targets as we progress the replacement and upgrading of inherited aging infrastructure.³²

4.4 The written submission of the Government advised:

Under section 10.5 of the Shareholders' Letter of Expectations (SLE), TasWater, the Crown and the Owner Councils are expected to work co-operatively in order to progress major investment projects of special or environmental importance to Tasmania. This includes using all reasonable endeavours to secure Australian Government funding for such projects. Specific projects included in this obligation include (but are not limited to):

- *the Launceston sewerage/stormwater project; and*

³¹ <https://www.biosolids.com.au/info/glossary-of-terms/> (Accessed 12 March 2021)

³² Written submission 19, TasWater, p.19

- *the works are Macquarie Point wastewater treatment plant necessary for the development of the Macquarie Point site.*

In addition, as a part of the Launceston City Deal the Government has also entered into an agreement with the Australian Government to fund improvement catchment management works for the Tamar Estuary.³³

- 4.5 In relation to the Tamar Estuary, the written submission of Jim Collier provided the following views:

Launceston's archaic combined sewage and storm water infrastructure has frequently been compared to that of London's Victorian built combined system but Thames Water, fully cognisant of the problems this causes, and looking to the future, is currently constructing a 'Super Sewer' which will take the city's sewage disposal requirements into the 21st century but no sign of such positive action, other than a little 'tinkering at the edges', occurring in Launceston!

NRM North's 2020 Tamar Estuary Report Card Zone 1 (between Launceston and Legana) received a Grade 'D' which is a 'slight' improvement on the Grade 'F' (fail) that it received in 2018. Even so the grading indicated:

Poor ecosystem health. Zone 1 has consistently received 'poor' grades in past reporting years except 2018 when it received a 'fail'. Improved grades in Zone 1 are due to improved levels of dissolved oxygen, reduced turbidity and a decreased concentration of aluminium, cadmium and arsenic.

This is nothing to be proud of, indeed Launceston is most fortunate that it hasn't suffered a significant outbreak of community gastro related illnesses in recent years as a direct result of river contamination!

There is no doubt solving Launceston's, and its surrounding municipalities, sewage disposal problems will, no matter what, be very, very expensive however there is no need to go ripping up the Launceston streets to replace the old combined infrastructure but to 'bite the bullet', as Thames Water, has done and build a modern state of the art tertiary treatment facility capable of servicing the needs of the entire Tamar Vally and surrounding districts. Victoria has constructed such a utility with its Melbourne Water's Eastern Treatment Plant.³⁴

- 4.6 At a public hearing in February 2021, Mr Collier provided the following verbal evidence to the Inquiry in relation to the Tamar River Estuary:

...In 1916 people were asking to stop dumping sewage in the Tamar River and here we are, over 100 years later, and it's still happening. If you go to the bottom of the

³³ Written submission 35, Government of Tasmania, p.8

³⁴ Written submission 25, Jim Collier, p.2

first page, according to The Examiner, in 2015 raw sewage spilt into the Tamar more than 900 times over the course of the year. Contrast that to the request in 1916 for the practice to cease.

On page 2 of my submission there's a notice from the Tamar Yacht Club. It recommends that boating activities which could result in immersion adjacent to the club be ceased until such time as tests by the Launceston City Council indicate that it is safe to do so. There was a notice on the front of the yacht club gates, there were notices on the bridge and in the area advising members of the public - 'Do not swim in or drink this water. For more information please phone the council's environmental services.' Those signs were displayed around the approaches to the Tamar River for quite a substantial time. I haven't checked if they're still there but they were certainly there for a few years. To me, that is something that Launceston can be ashamed of, or should be ashamed of.

There is no doubt solving Launceston's, and its surrounding municipalities, sewage disposal problems will, no matter what, be very, very expensive however there is no need to go ripping up the Launceston streets to replace the old combined infrastructure but to 'bite the bullet', as Thames Water, has done and build a modern state of the art tertiary treatment facility capable of servicing the needs of the entire Tamar Vally and surrounding districts. Victoria has constructed such a utility with its Melbourne Water's Eastern Treatment Plant.³⁵

- 4.7 Mr Collier expanded on this recommendation at a public hearing in February 2021:

I would recommend that this select committee visit that place because there's a lot in the modern high-tech world that can be done with sewerage now. I am just a bit fearful that what we're going to end up with within a few years will be very much out of date. It's well worth looking at what a modern, tertiary sewerage treatment plant can do. I understand you can virtually get clean drinkable water out of it, not that I know anybody would particularly want to drink it but nevertheless it's there.

If we had this sort of facility in the Tamar Valley, looking ahead for 100 to 200 years the outflow from such a facility would provide agriculture with irrigation and possibly, given climate change, drinking water which, in a 100 years' time, you might think rather differently on if we haven't got any.³⁶

- 4.8 Correspondence received from TasWater [Appendix 2] stated:

Sewage is not pumped into the estuary. Launceston's combined system was designed to overflow heavily diluted sewage into the estuary during high rainfall.

³⁵ Written submission 25, Jim Collier, p.3

³⁶ Hansard transcript, 1 February 2021, Jim Collier, pp.22-23

TasWater's Tamar Estuary River Health Action Plan (TERHAP) relates to this and will stop the vast majority of these overflow events. Work has already commenced on this project.

And

The Launceston Sewerage Improvement Project is separate to TERHAP. This is the work that will be undertaken to rationalise the number of sewage treatment plants.³⁷

4.9 The written submission of Pip Andrewartha advised:

The Tasmanian Biosolids Reuse Guidelines 2020 (Environmental Protection Authority, 2020) state that the Environmental Protection Authority (EPA) and Local Government are the regulatory bodies for permitted use, level 1 and level 2 activities under the Environmental Management and Pollution Control Act 1994 (EMPCA).

It has become apparent that there have been a number of breaches at facilities around the state despite the requirement of regulation from the above bodies. A community group opposing the St Leonards proposal recently met with the City of Launceston council who state they have not and do not regulate or monitor biosolids spreading.

And

Concerns across the community are growing with regards to the management and regulation of sewage treatment and biosolids reuse. There is mistrust within the community and a concern that the components of both biosolids and sewage sludge are not being properly and entirely identified and that management is subsequently deficient. In the case of the proposal for the composting facility at St Leonards there are many concerns about potential risks created from spreading biosolids and associated leachate irrigation in the Distillery Creek and North Esk River catchments. Concerns include the contamination from pathogens, heavy metals, plastics and emerging contaminants such as per -and polyfluoroalkyl substances (PFAS) and the impacts on neighbours and TasWater drinking water uptakes.³⁸

4.10 The written submission from Alistair Nicholas expressed similar concerns:

Taswater reported that the proportion of biological waste material "Biosolids" that was reused in was reused in 2018-19 was 100.8 per cent of the volume generated. The excess beyond 100 percent indicates some material was drawn from Taswaters already stockpiled biosolids waste material.

³⁷ Tabled document 7, TasWater responses provided to the Committee, July 2021, p.15

³⁸ Written submission 36, Pip Andrewartha, p.1

*Composting of TasWaters “biosolids” increased from **18 per cent** in 2017-18 to **85 per cent** in 2018-19. (Ref: Report on the state of the Tasmanian water and sewerage industry 2018-19)(6.4)*

In December 2016 the EPA and TasWater signed a three-year Memorandum of Understanding on Public Wastewater Management (MoU) aimed at improved regulatory compliance. The MoU expired on the 2 December 2019. A key priority identified by the EPA in the MoU was:

“Attaining sustainable, low-cost and efficient state-wide biosolids management practices with a high proportion of biosolids reused. This includes addressing legacy sludge accumulations and reliably meeting an ongoing pre-emptive desludging roster for biosolids will support achievement of these goals” (Ref: Report on the state of the Tasmanian water and sewerage industry 2018-19)(8.2)

The on farm disposal of Taswaters biosolid waste, and biosolid compost is deemed a level 1 activity (generally speaking based on normal spreading rates of less than 50 tonnes per hectare) and therefore is not regulated by EPA instead is regulated by the municipal council for which the biosolids disposal is taking place. It could be deemed a “permitted use” or a level 1 activity requiring a permit under LUPPA. This depends on the specific local government planning scheme. In both cases the municipal council has the obligation to ensure pollution does not arise as a consequence of on land disposal of TasWaters biological waste.

It would seem that most municipal councils are unaware of their requirement to regulate such activities. Or the Municipal councils do not have the resources to regulate the spreading of Taswaters waste. Therefore it can be shown that the spreading of Taswaters biological waste onto Tasmanian farmland is going largely unregulated.

Given the recent ramping up by TasWater of on farm disposal of their biosolid waste material, (18% up to 85% in 1 year) both via direct application but also pre composting prior to application, it could be said that Municipal Councils are unaware of their regulatory responsibility when it comes to the on land disposal by Taswater of its biological waste. Current environmental law requires TasWater, being the producer of the biological waste, to undertake the treatment, testing and compliance checks of their waste.

In a recent meeting (18 Aug 2020), TasWater officials stated TasWater does not, nor has ever conducted testing for the total contained plastic content of the Biological waste which is being disposed of by Taswater onto farmland around the state.

...

Plastics in all forms including micro and nano forms are known major contaminants of biological waste around the world, yet despite this Taswater has never tested for total contained plastic contamination.

The Tasmanian Biosolids Reuse Guidelines 2020 (TBRG 2020), defines plastic as a physical contaminant (Pg 9 TBRG 2020) Also the TBRG 2020 state that Biosolids must also be free of physical contaminants such as plastics (pg 17 sect 7, TBRG 2020)

Also existing government environmental legislation, encompasses plastics within its definitions as a contaminant/pollutant. Therefore why is Taswater not testing their biosolid waste for total contained plastic contamination?

And why is existing government legislation not being enforced and applied to Taswater in regards to the requirement for Taswater to test and provide data to authorities on the total contained plastic contamination of its biological waste material?

The lack of enforcement of existing government regulation by the EPA and other agencies on this, is fundamentally flawed given that plastic is by definition in existing legislation a pollutant and also is known worldwide to be intrinsically linked to Biosolids. The result of this is that the environment, farms and gardens are being contaminated by Taswater with environmentally resilient plastics.

The distribution and reprocessing of Taswaters Biosolids

Taswater is sending all classes of its biological waste to composting sites around the state. At these sites the biological waste is diluted with a carbon source (woodchips) and composted. TBRG 2020 states biosolids are to undergo testing in order to ascertain contaminant classification in order to apply allowable end use. Therefore biosolids must be classified on the basis of analysis of representative samples of the product.

If biosolid waste is calculated as class 2 classification it may be applied to farmland, the normal application rate is 50 tonnes per hectare, this equates to 5 kg per square metre. The dry weight of composted biosolid waste is around 700kg per cubic metre. Therefore the application rate onto farmland is around 7 mm thick assuming a dry product is used.

Once class 2 Biosolid waste is applied to farmland the minimum crop restrictions are as follows. TBRG 2020: page 25 table 10.1. (some of the restrictions).

For crops which may be eaten raw, and where harvested parts are close to the soil surface (e.g Lettuce), planting must be delayed for 18 months after biosolids application. For crops which may be eaten raw, and where

harvested parts are below the soil surface (e.g. carrots, potatoes), planting must be delayed for 5 years after biosolids application.

*Poultry, pigs and other rooting livestock must **not** be grazed on biosolids application or storage areas as feeding habits of these animals can result in high levels of soil ingestion. **Exclusion** is preferable but a withholding period of at least 3 years applies.*

Turf (instant lawn) grown on land to which biosolids has been applied must not be harvested for 12 months after biosolids application.

The composted biosolid waste material from the Dulverton Composting operation is being sold to the public, by landscaping yards throughout the state. It is being advertised as “organic compost” and also this material is being used to manufacture potting mixes and blended to create other garden products.

Marketing names such as magic mix, and veggie mix, turf topdress, are being given to these products that contain Taswaters biosolids. It is being used in garden soil blends for the filling of raised vegetable beds and being sold for home garden use for families to grow their home grown vegetables in. As is the trend nowadays people are being more self-sufficient by having a few chickens at home and growing their own fresh fruit and vegetables. I would like to point out the following facts:

- 1. Taswater being the producer of the biosolid waste is responsible for ensuring the end user is aware of the relevant restrictions which apply to the storage, handling and use of their biosolids and restrictions on land use post application, as per the BSRG 2020. (pg 14, sect 5.1)*
- 2. Only class 1 biosolids are permitted for use for retail sale and use in the home garden. The supplier/retailer is required to provide the following information to the purchaser.*

Advice the product contains biosolids.

Directions for the safe use and handling of the product in accordance with AS 4454:2012 section 5.2. Including the health warning label as specified.(note AS 4454 is a “voluntary” standard)

And advice for application on areas for vegetables production-specifically leafy vegetables, root and tubers. BSRG 2020 (pg 24 sect 10.1)

- 3. In accordance with AS 4454-2012 composts, soil conditioners and mulches section 2, general requirements. Any material containing reprocessed*

biosolids intended for unrestricted use (i.e Class 1 biosolids) must comply with the chemical, physical, organic, and pathogen contaminant requirements.

4. *Composting in accordance with AS 4454:2012 does not reduce the potential risk from prions causing bovine spongiform encephalopathy (BSE) and scrapie (animal health Australia 2017) and so to best manage this, biosolids are assumed to potentially contain restricted animal material (RAM).*

- 4.11 Mr Nicholas provided a personal example of the process of purchasing compost and raised concerns about not being adequately informed as to its content:

Who is regulating the composting facilities that are composting Taswaters biological waste, in order to confirm class 1 is being segregated from class 2?

What systems and recording procedures are in place to ensure only class 1 biosolids are being used to produce the compost for home use, and public sale? Who inspects these systems?

Who is conducting and signing off on the tests that differentiate between Taswaters class 1 and class 2 biological waste? Is testing even taking place?

Should the manufacturing of class 1 biosolids compost which is destined for home gardens be able to be lawfully manufactured on the same site as class 2 biosolids compost, given the risk of cross contamination?

- 4.12 Mr Nicholas concluded with the following questions:

Are people being made aware of the potential health risks of growing vegetables and contamination of home gardens that will occur if class 2 is mixed up with class 1?

Who is inspecting the composting facilities to ascertain if their “organic” biosolids compost is in fact organic?

Are the standards for which classification of class 1 Biosolids strict enough in order to provide the level of safety to the health of the public when class 1 Biosolid compost is being used in the home garden?

Who is regulating farmland that has had biosolids applied to ensure no food crops are not being grown on/in the soil before the correct withholding periods are reached?

As can be shown there many issues and concerns regarding the reuse by Taswater of its biosolids materials. Existing legislation and regulation would appear to be insufficient to protect the environment and the people of Tasmania from a legacy of contamination, both of farmland but also gardens and the food chain. [Finding on this below]

Currently there exists a situation where Taswaters treatment and classification of its biological waste is carried out mostly by self regulation and compliance. And it can be demonstrated that existing legislation and guidelines are not being complied with.

In the “Report on the state of the Tasmanian Water And Sewerage Industry 2018-19” issued by the economic regulator. Page 55 (6.3.6) it states:

“The EPA has determined that reliability of the data provided in the 2018-19 AER is not sufficiently high, and expects the data quality to improve in subsequent reports.”

Given that plastic which is a fundamental physical contaminant, which can be viewed in Biosolids, Taswater has failed to date to test for, what else does biosolids contain that is not being tested for?

These questions need to be asked, and Taswater needs to provide answers before any more on land disposal of biological “Biosolids” waste continues.³⁹

³⁹ Written submission 34, Alistair Nicholas, pp.2-6

5. The effect of TasWater's dividend policy on Local Government revenue

- 5.1 The written submission of the LGAT informed the Inquiry that TasWater dividends can represent between 3.5 – 8% of rates income to councils.⁴⁰
- 5.2 TasWater agreed to reduce distributions (including dividends) to its council owners to \$20 million per annum commencing in 2018-19.⁴¹
- 5.3 The Inquiry noted that, as a result of the COVID-19 pandemic, dividends paid to shareholders fell to zero.
- 5.4 The written submission of the LGAT stated:
- *Most councils have not received the level of dividends agreed as part of the initial reform agenda or when they complied with National Competition Policy as asset owners.*
 - *There is no certainty around payment of dividends which makes long-term financial planning difficult, leaving councils exposed.*
 - *One of the significant drivers of the lack of certainty/guarantees around the dividend stream is the politicization of key matters, such as pricing and headworks (to be addressed later in this submission).*
 - *In addition to dividend losses councils now pay significant water and sewerage charges on public assets.*
 - *For some councils, the TasWater dividend represents a significant proportion of revenue (e.g. up to 8%).*
 - *Solutions to dividends shortfall for councils include increased rates or borrowings or service reductions.*⁴²

And

The impact of COVID-19 on TasWater's earnings, as illustrated by the immediate non payment of dividends, has councils deeply concerned about their ability to rely upon a consistent dividend stream from TasWater into the future. This in turn makes it extremely difficult for Councils to have confidence in the accuracy and reliability of their long-term financial plans as many councils rely on the dividends for their budgets.

While acknowledging that the current legislative framework in which TasWater operates makes it very difficult for TasWater to pay dividends from a loss making position, there is a strong feeling amongst councils that they have already provided

⁴⁰ Hansard transcript, 2 February 2021, Doug Chipman, p.43

⁴¹ [2018-19 Report on the State of the Tasmanian Water and Sewerage Industry](#), Tasmanian Economic Regulator, May 2020, p.68

⁴² Written submission 30, LGAT, p.5

significant community relief in response to COVID 19 through a range of measures and should not have to provide further relief through dividend hits as well.

While the COVID 19 circumstances were exceptional and the response by TasWater understandable, this is the second significant change to dividends to councils. In 2016 the council owners of TasWater agreed to a significant reduction in dividends in order to provide sufficient funding for the strategic 10-year capital plan, which will deliver significant improvements to both drinking water quality and sewerage treatment.⁴³

- 5.5 Representing LGAT at a public hearing in February 2021, Mr Doug Chipman provided the following views:

It is in the interest of all Tasmanians that their water and sewerage corporations operate on a sustainable basis. Prior to COVID-19, the Government, councils and TasWater, through the 2018 memorandum of understanding (MOU) were working to a sustainable, financial plan which involved capping prices at 3.5 per cent, while accelerating TasWater's capital program, and paying a steady stream of dividends to councils for addressing local government infrastructure.

Councils and the TasWater board have rightly put the immediate needs of our communities first, supporting the state government via a COVID-19 price rebate, and a further price freeze for customers. However, there is a serious and material long-term financial consequence from COVID-19 that will need to be addressed in TasWater's next Price and Service Plan. Specifically, the capping of prices in Price and Service Plan No 4, needs to be revisited to allow the corporation to recover its long-term financial position and therefore deliver on its promises to customers and councils as owners. As a sector, we intend on engaging with TasWater, and the state government, on how we might jointly achieve this change for the benefit of all Tasmanians.⁴⁴

- 5.6 However, Mr Chipman went on to say:

While the inability to pay dividends has certainly created some tension between the owners and the board, both parties enjoy a robust and professional relationship. This relationship was demonstrated most recently when the owners unanimously adopted the TasWater Corporate Plan 2021-25, following extensive discussions at its meeting in Launceston on 24 September 2020.⁴⁵

- 5.7 The written submission of Devonport City Council provided an overview of the impact of dividend decreases on its budget since 2019/20:

⁴³ Written submission 30, LGAT, p.4

⁴⁴ Hansard transcript, 2 February 2021, Doug Chipman, pp.41-42

⁴⁵ Ibid

Dividend returns from TasWater are an essential income source for Council and are used to fund important community services.

Devonport City Council's dividend was in the order of \$1.6M or 4% of total income until the agreed dividend reduction and ongoing freeze applied in response to the Government's proposal to take over ownership in 2018.

As a result of this reduction, Council's dividend reduced to \$1.1M in 2019/20, however still made up approximately 3% of total Council revenue.

The non-payment of 50% of the budgeted 19/20 dividend and the unlikely payment of any of the 20/21 dividend has been the single biggest factor in Council incurring an underlying deficit result of \$1.0M for 19/20 and budgeting for a further deficit of \$2.2M in 20/21. Reasonable levels of cash reserves have allowed Council to carry this deficit whilst continuing to deliver the required services to the community. This is not sustainable long term and Council will have no choice other than to cut valued community services if revenue streams are not recovered.

Whilst Council understand requirements on TasWater to operate as a business, and in accordance with relevant legislation, the consideration of TasWater dividend payments as nothing more than distributing profit to shareholders, fails to recognise the historic relationship between Local Government and the Water and Sewerage Corporation.⁴⁶

5.8 The written submission of Glenorchy City Council provided a similar point of view:

At the time of water and sewerage reforms in 2009 Glenorchy City Council handed over assets that our community owned, and paid for, to Southern Water based on a legitimate expectation that it would generate a stable revenue stream and return on investment for our community.

However, Council has for some time been troubled by the uncertain arrangements regarding TasWater dividends. This uncertainty has been most evident since the TasWater Board decision in August 2016 to reduce Owner Councils' annual distribution cap from \$30 million to \$20 million for seven years from July 2018, and has most recently been demonstrated again by the way in which dividends have not been issued during the current COVID-19 crisis.

The decision to reduce Owner Councils' annual distribution cap from \$30 million to \$20 million for seven years from July 2018 meant that our council's annual

⁴⁶ Written submission 16 Devonport City Council, p.1

distribution was reduced from \$3.26m to \$2.17m. This has a compounding effect of a total loss of revenue across the seven year period of \$7.67m.⁴⁷

5.9 The written submission of Break O'Day Council stated:

The decision by TasWater to temporarily cease dividend payments has had a significant impact on the Break O'Day Council resulting in a reduction in Council's capital works program and a tightening in delivery of services.

Council wrote to TasWater on the 28th March 2020 raising a number of concerns in relation to the situation and received a response dated 9 June 2020. Council is still of the view that the provision of rebates to business owners as part of the COVID-19 response has been effectively passed on the Councils. Ultimately when the latest financial results of TasWater are examined and non-cash transactions are excluded, there is a direct correlation in relation to where the cash has come from to meet this support package.⁴⁸

5.10 The written submission from Latrobe and Kentish Councils stated:

Prior to the formation of the three regional water corporations, approximately 12 years ago, the Latrobe Council received a dividend return each year of approximately \$850,000 which was inline with the requirement by the Government Prices Oversight Commission (GPOC) at the time that Councils should receive a 7% return on their equity in water and sewerage. This policy was based on the premise that water is a scarce resource and should be priced accordingly.

The Latrobe Council never received its guaranteed priority dividend for the first five years operation of the Cradle Mountain Water Corporation as the Corporation never achieved its forecast profit which allowed the priority dividends to be paid.⁴⁹

5.11 In response, TasWater stated:

Any decision to legislate a level of dividends would be one for Government. This would derogate from directors' normal duties and powers under the Corporations Act to determine whether and what dividends should be paid in any year. It would fundamentally change the nature from a dividend to an annuity.

The payment of dividends is a matter for TasWater's board. TasWater's constitution and the Water and Sewerage Corporation Act 2012 contain a very clear basis on which dividends can be paid.

⁴⁷ Written submission 18, Glenorchy City Council, p.1

⁴⁸ Written submission 26, Break O'Day Council, pp.1-2

⁴⁹ Written submission 22, Latrobe and Kentish Councils, pp.1-2

And

*Under the Water and Sewerage Corporation Act 2012 any dividend distribution should be consistent with good commercial practice". The payment of a dividend when facing a forecast underlying loss could not be regarded as "good commercial practice."*⁵⁰

5.12 The written submission of the Water Services Association Australia stated:

Governments across Australia have billions of dollars invested in water utilities. It is appropriate that they receive a dividend from that investment.

Nevertheless, for commercial companies', dividend payments differ depending on circumstances. When companies are in a strong growth phase and have a high need for capital, they will often reduce dividend payments to assist funding that growth from retained earnings.

*As noted, the urban water sector is in a strong growth phase. As a general recommendation, WSAA suggests that as part of ensuring financial resilience, governments should review their dividend policies for urban water to ensure they remain within normal commercial practice. It considers these comments also apply equally to TasWater's dividend policy.*⁵¹

⁵⁰ Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, p.12

⁵¹ Written submission 31, Water Services Association Australia, p.9

6. The delivery and timeliness of water services to Tasmanian communities

- 6.1 The Committee noted a well-documented history of legacy issues that meant TasWater had not been able to provide adequate water services to a number of Tasmanian communities.

Pioneer

- 6.2 The Inquiry received a number of submissions from residents of the town of Pioneer regarding lead contaminated water as a result of the previous drinking water piping system. TasWater had installed water tanks in 2012 as a solution but these were also found to contain lead-contaminated water as a result of water running off lead-painted roofs.

- 6.3 In her written submission, Pioneer resident Eva Pagett stated:

[In] November 2018 I Purchased a home in Pioneer Tasmania, with tanks connected to the roof as water catchment. There was nothing in the Land certificate to cause us any concern. We loved the views, proximity to the Pioneer Lake and the Ringarooma river, and actually being able to catch and drink pure Tasmanian water. The home, 1940, with strong frames, no leaks and cherry trees. We have loved living here.

RESIDENT HEAVY METAL INGESTION

- 1. During the sale and subsequent searches NO information was given about any water issues associated with the property*
- 2. A friend sends me a snapshot of water issues from a Newspaper after purchase*
- 3. I ring Tas Water and am told the roof replacement program is no longer available*
- 4. I am given no information of any water issues or concerns associated with our catchment for consumption that was connected by TAS Water.*

Unfortunately myself, husband and three year old grandson were ingesting lead and cadmium. Between November 15 2018 until August 2019, I became unwell ultimately losing over 20kgs and battling Fatigue and flare-ups.

During this period TasWater seemed to become increasingly in Pioneer. We were going between;

- Potable water*
- Boil before use*
- Do not use including Tas Water disconnecting our water supply*
- Bottled water*
- Trucked in water*

- *Do not use trucked in water*
- *Tanks cleaned and flushed*
- *Use trucked in water*
- *No need for bottled water*

We were really excited about the roof for our health. The roof was in our five year plan on the Cottage. Never would have drank and bathed and washed eating utensils had I known there were chemicals on the roof that Tas Water connected.

I have no idea who thought up this plan without operational, strategic, environmental and health planning. ... TasWater failed to safely install tanks to roofs and negligently connected my home, and others, to catchment with Heavy Metals knowing the catchment was for ingestion.⁵²

6.4 The written submission of Pioneer resident Jennifer Bellinger stated:

In December 2019, Dorset Council voted that a treated water system be delivered to Pioneer. TasWater have said this will take three years to complete. Our faith in this time line is little as the tank system took well over five years'. Why can't the treated water system be sooner?

At the moment NO ONE has surety of water. Some houses have lead in their plastic tanks even with newly replaced roofs. Others should never have had plastic tanks connected due to their old and failing roofs.⁵³

6.5 The written submission of Pioneer business owner Linette Simpson provided the following personal experience:

I own and run my B&B in Pioneer called Pioneer Lodge. The process of trying to get acceptable clean healthy DRINKING WATER for my customers has and still does cause me to feel devastation and distress and has caused me to have health issues.

I consciously went through council procedures to open in 2012 and then after opening was devastated to close again due to an announcement from Tas Water (then Ben Lomond Water) and I was diagnosed with iron overload level in Late 2012 and informed by DHHS.

Our towns water was contamination by heavy metals and a DO NOT CONSUME notice had been put on our town. I closed my business for 3years as I did not want to put guest's health at risk.

⁵² Written submission 20, Eva Pagett, pp.1-2

⁵³ Written submission 14, Jennifer Bellinger, p.1

In 2014 Tas Water and Ben Lomond Water became one, the town folk was desperate for answers and still needed Clean Healthy drinking water and now in a situation of utter despair over watching Tas workers drive in and out of our town wasting time and money while we fought as our lives depended on it.

In Dec 2015 Tas water rolled out 24 000 liter Water Tanks one installed in Dec and one installed in Feb 2016 this tank was faulty so rather than lose the rain water that I had I purchased another tank, only to discover in 2019 all three tanks were full of Mould & Mildew – (Cancer causing Heavy Metals Lead & Cadmium). I am now fearful for my guests and my own health as well as the health of my immediate family.

I should have been able to Trust (Tas Water/ The Department of Health/Council) to be checking all aspects of Safety as they were aware that my B&B business was operating.

When Pitt & Sherry sent me my results in 2019 I immediately contacted Tas Water for bottled water for myself and my guests. Now Tas water bring me water in 600ml bottles each week and deliver treated water from Scottsdale in my tanks for showering.⁵⁴

6.6 Pioneer resident Tim Slade provided the following views at a public hearing:

...At Pioneer in 2019, one-third of the town was ultimately deemed to have heavy metal contaminated drinking water on their water set-ups. I repeat, one-third of Pioneer, at least 12 homes, with unsafe drinking water systems installed by TasWater. After eight years, several homes are still receiving bottled water: eight years and two months since the alert in November 2012.

And

My conclusion will be that TasWater has failed Pioneer, who are customers of TasWater and have been since before the alert in 2012. TasWater has breached agreements, ignored foreseeable risk, misled regulators, ignored national guidelines, obfuscated the DHHS, and failed to act competently, openly and honestly, putting us at Pioneer at a persistent and significant risk over years; notwithstanding historical and new documents and facts known to the CEO and board of TasWater. Many of the major problems since 2012 have not been rectified.⁵⁵

6.7 Mr Brewster noted at a public hearing in February 2021 that there were 43 connections in Pioneer and:

⁵⁴ Written submission 15, Linette Simpson, p.1

⁵⁵ Hansard transcript, 1 February 2021, p.32

From the Pioneer perspective, we are committed to delivering reticulated drinking water supply to the town. We committed to that, I think it was back in February, but were unable to formally proceed without approval from the regulator, which occurred in May.

We released a media statement in May - I can check the exact date - confirming that it would likely be a three-year time frame. We are holding to that to the extent if we can deliver earlier we will, but it's not a straightforward matter in terms of supply. We're looking at the options. We've completed a first pass of the planning. We think it needs more work before we will announce a solution.

The reason we have gone down this path is because we fundamentally found in the end two things. One, that despite our best efforts we could not make the service replacement scheme up there work. I'm happy to discuss the details around why that ultimately could not be made to work. I reiterate it was our decision, not the regulator's decision, to commence an investigation.

It was our decision, subject to the council supporting the reintroduction of a water supply, to proceed. Even with all the conversation and debate we still had to make a decision where the township was split roughly 50/50. Hence we went to the council and said if they can give us unanimous support for this, we will proceed. The fundamental issue is not that we, in terms of a service replacement, would not replace the roofs. The fundamental issue is that we basically have to rebuild a number of the houses.

That's not from us. We hired independent consultants to do the inspections to give us advice, so it wasn't us. The cost to re-roof was in the order of \$3 million to \$4 million. Therefore, where do we go? We tried offering garages as an alternative to create a new catchment. That unfortunately was not welcomed by enough of the locals that we could proceed.

What's a path forward from here? It's about the same as our preliminary estimates to provide a drinking water supply and we felt it would be nigh on impossible to justify us rebuilding houses to proceed with the service replacement.

.... I'd like to talk about the lead tests. I want to put on record that we did take tests in 2014. We can't force people to have a test made on their roof. We put out an expression of interest, we got four back. We did four tests. Those four tests, when I was advised, as the team was advised, were all under the limit in 2014.

Did I personally read each test? No, I didn't. And would I have picked it up? Maybe, but maybe not. I don't read every document. To give the full history, seeing I've read some of the submissions, there was a customer, Mr Weinberg, I think it was, who I

approved being provided with the materials to replace his roof. It's a while back, but the reason I recall I did that was because he was prepared and wanted to replace it. Drinking water safety is about the content of the water and whether it complies with the Australian Drinking Water Guidelines. We had no way of testing it, no way of proving whether the water is going to be safe or not, so I said we will provide him with the materials he's requested.

*In 2000, or later I think, probably a year through that period, a Mr Hanks and others said we want our tests, we'd like to see the test results. I said to the team, 'Why not supply them the tests?'. I was then provided with advice that the team had gone back and pulled out the test results, and advised me that, 'Sorry, Mike, a mistake was made at the time. They are actually over the lead content - not the lead in water, but the lead content in the roofs is over the amount recommended in the in-house guidelines.'*⁵⁶

And

The solution we had, or still have, is filters to take out the lead, as well as a kit, whereby if they maintain their roof, and a customer does a first flush before it rains, it should not be an issue.

We then hired a local consultant and had all the places inspected. Some people would not let them on the properties, which was a challenge. Not everyone wanted to participate. In fact, some people would not let us disconnect from their roofs that currently have lead – and still will not let us disconnect them. They just want their water tested, and as long as their water test comes up clear, they're saying, 'No, not interested.'

*I think there were two of them in the last read, so that's how it unfolded. We were at the point when it was about rebuilding houses, and how the hell can we justify that - what else do we do? So, that's how it came to the point it is at right now.*⁵⁷

- 6.8 At a public hearing in August 2021, Mr Brewster provided a subsequent follow-up of the Pioneer water issue:

CHAIR - *It might be wise now to move to submission 28 and some of the issues at Pioneer. I know you have already mentioned that in your overview in 2014 TasWater offered to test residents' roofs for lead paint on a voluntary basis. Yet it took five years for the roof inspection program to be undertaken. I am interested in that five-year period. I do not need a lengthy response; I just want to get this cleared up once and for all.*

⁵⁶ Hansard transcript, 18 February 2021, Tim Slade, p.22

⁵⁷ Hansard transcript, 18 February 2021, Mike Brewster, pp.23-24

Mr BREWSTER - I think it is pretty straightforward. We asked people whether they wanted their roofs tested for lead. We could not force them. From recollection, four people asked for them to be tested. We got the four results back. At the time they were misinterpreted - which I did not find out for a number of years later - as being clear and then there was an inquiry on behalf of a customer who asked for a record of his roof results.

From recollection I said, sure, send it back out. Then I was notified at that time, which would have been four or five years later, that there was a problem. They have gone back through the data and the staff advised me there had been a mistake. It was a decimal place error and that the roof was not compliant, and it was likely none of them were compliant. At that point I wrote to the health regulator, we notified the customers, and that is when we made all the changes.

After that I think we had an ongoing discussion with the regulator on how do we address this longer term, what is the most feasible solution. We agreed that initially we would repair the roofs but then we found that repairing the roofs did not only involve repairing the roof as basically in some cases we had to go as far as rebuilding the structure. Then we found that was not economically or even possibly legally possible because we cannot force people to allow us to come in and address the structure.

We looked at all the alternatives, we worked through it with the regulator and that is where we landed with, well, we are where we are and back to a pipe solution.

And

Regarding the Pioneer water supply, we met with the local community earlier this year and I continue to take a personal interest in the project. We reiterated our commitment to having a fully piped supply in place by May 2023 and are close to finalising our plans, which we will share with the Pioneer residents when ready.⁵⁸

- 6.9 In relation to this term of reference on the East Coast, the written submission of Break O'Day Council stated:

... Council is pleased with the progress TasWater has made with this situation.⁵⁹

- 6.10 In October 2021, TasWater announced that it had committed to delivering a piped supply of treated water to Pioneer as a solution:

⁵⁸ Hansard transcript, 23 August 2021, Mike Brewster, p.3

⁵⁹ Written submission 26, Break O'Day Council, p.2

This long-term drinking water supply solution was identified after careful consideration, research and work with the community. Community, Stakeholder and Customer Relations Department Manager Ruth Dowty said the solution will be a continuation of the Ringarooma Valley water scheme, featuring a pipeline along Winnaleah Road, the Tasman Highway and Gladstone Road to Pioneer. "We will also be using some of the existing infrastructure at Herrick to deliver treated, safe and reliable drinking water to Pioneer," Ms Dowty said. "The modular water treatment plant at Herrick was built under the 24glasses Regional Towns Water Supply Program."

In addition, our pipework in Pioneer itself will be replaced. "After Dorset Council voted unanimously to support the reintroduction of a reticulated drinking water supply to Pioneer last year, we have been busy planning and investigating a long-term solution for the town." "We will continue to keep the community informed and encourage them to get in contact with us if they have any questions," Ms Dowty said.

A tank water quality testing program is ongoing, for those who wish to participate, until a piped water supply is reintroduced to Pioneer. This testing is undertaken every three months. TasWater is on track to deliver treated water to the town by May 2023.⁶⁰

- 6.11 Mr Brewster drew the Inquiry's attention to recent achievements of the Rossarden Water Treatment Plant:

On the subject of drinking water quality in regional towns, I do not think it is possible to understate the significance of the Rossarden Water Treatment Plant winning the award for the World's Best Tasting Tap Water. This is not some accident. We went from a town that basically could not drink their water to something judged best in the world. That is a huge achievement and testament to the hard work our organisation has put into drinking water for Tasmanians and through our 24glasses Regional Towns Water Supply Program.⁶¹

Private water schemes

- 6.12 The Inquiry received a submission from the Mt Rumney Water Scheme (MRWS), a private scheme established in the 1960's by a number of Mt Rumney residents. The submission advised:

⁶⁰ TasWater News, 'Pipeline Planned for Pioneer', 1 October 2021

⁶¹ Hansard transcript, 23 August 2021, Mike Brewster, p.3

There are now 50 metered properties on the Scheme, which means it is 'at capacity'. The MRWS Articles of Association limit the number of shareholders to 50.

The scheme is financially sound. Shareholders are charged \$3.30 per kl for water usage, with an annual fee of \$60.00 to offset administrative costs and maintenance.

And

Over recent times, the Board has become increasingly aware that the operation of the MRWS is based on an unsustainable model.

Every aspect of the operation: governance, legal, financial, infrastructure capital works, updates and maintenance, technical and administration, relies on volunteers – a small number of MRWS members, most of whom are on the Board.

The majority are either in or approaching their 70s. Most have participated on the Board and in undertaking all the on-the-ground, day-to-day activities of the organisation for long periods of time: one helped build the Scheme in the 60s. He and his partner carried the Company Secretary and Honorary Treasurer roles for some 25 years during the life of the MRWS.

In an increasingly risk-averse world, the requirements of the Company have also become increasingly onerous.

In early 2015, it was decided to approach TasWater to ascertain whether TasWater would be interested in taking over the operation of the MRWS, essentially a transfer of operations from one entity to another.

There were some initial discussions and investigation about the potential for this to occur; however, in October 2015, the MRWS was advised that the TasWater Board decided on a 5 year moratorium on the transfer of any private water schemes to TasWater.

...in October 2019... it was decided at the TasWater senior management level in the interim however, to cease the assessment process before that stage commenced.

And

There is a precedent for private scheme takeovers – in the early 2000s, Clarence City Council took over the operation of Mount Canopus Water Scheme Pty Ltd 'pre

*TasWater' due to this company's governance failings. It seems that operating well could be placing MRWS at a disadvantage!*⁶²

- 6.13 At a public hearing in February 2021, Ms Penny Saile, Director and Company Secretary of the MRWS stated:

*... we are an area that is little more than 10 kilometres from a capital city CBD yet much of the area relies on tank water or the privately operated scheme. In a way it seems kind of improbable that it exists. Communities well beyond Mount Rumney from the CDB are serviced by TasWater. Should we cease to operate there would be 50 property owners who would need to revert to rainwater tanks or get them, not necessarily revert, and we believe with increasingly lower annual rainfall, higher fire danger - ... and the cost of buying water, this would seem more than a retrograde step, as well as kind of a discourtesy to people who have put in so much to get it up and going and to keep it going as a service for over half a century.*⁶³

- 6.14 At a public hearing in February 2021, Mr Brewster advised:

The fundamental issue is that we have no funding source for asset transfers. We went into this in some detail - the cost of asset transfer is significant. I do not have the data in front of me, but we did a study a year ago, maybe a year and a half ago, and we identified costs. The lower end was about \$100 million if we were to take on the asset transfers across the state for private- and council-run schemes.

Because we are held to a higher level of standard, we will immediately, with regard to drinking water, have to put them on a boil water alert. The cost at Mount Rumney was not insignificant. We would virtually have to start again, so the majority of the pipe network would need to be replaced. It is not located in a public road so most of the infrastructure is on private land.

*....it has all to be done and someone has to pay for it. Once we open that, with our policy, what do we do to every other small scheme that wants to come with us? Where is the \$100 million or thereabouts, going to come from? That is the fundamental issue with asset transfers.*⁶⁴

- 6.15 At a public hearing in August 2021, TasWater provided an overview of the difficulty with working with historical easements where TasWater assets were located on private land:

⁶² Written submission 21, Mount Rumney Water Scheme, pp.1-3

⁶³ Hansard transcript, 2 February 2021, p.3

⁶⁴ Hansard transcript, 18 February 2021, p.33

Ms SYPKES - For a bit of history, a lot of our infrastructure was actually put in place by councils before TasWater or our predecessor corporations. They were not required to register those things on titles but when we are putting in new infrastructure, if we are doing so on private land, then we would go through the appropriate process to get an appropriate arrangement in place and make sure that it is registered on title.

That would require an agreement, survey, those sorts of things and then lodgment with the LTO to make sure it is reflected in title. It is a bit of an iterative process as we go forward. We do try as much as we can to locate new infrastructure in road reserves or on crown land and avoid privately held land but sometimes that is not feasible.

Ms LOVELL - What about where there are these historical assets identified on private land? The reason it has come to our attention is a submission that has been put in where it has been identified now, and it has become quite an issue for that landowner in terms of some improvements he was hoping to make to his property and his home. He was not aware of it because there was no requirement for it to be recorded anywhere.

...

Mr BREWSTER - We have started a process. You mentioned the Link Project and, from memory, Sarah, that was a project we started in Latrobe which is fundamentally about identifying all of our assets and registering them so we could know what is in the ground. It is a massive job throughout the state.

...

Mr BREWSTER - It is not going to be fixed overnight. It is probably going to be more than a decade to resolve and then we have the added complication - I think this is part of where you are going - that in an ideal world all of our pipes would be run by roadway verges and footpaths et cetera.

However, we did not inherit that, so in some suburbs in this state a lot of the pipes run through private property. They run from one property to the next to the next, to the next. When you want to make changes you have to get the landowners to agree because we do not have any rights over that land. That is when this complication occurs regularly, when landowners get in disputes. As I said, there is a number of suburbs, one here in particular in Hobart, where that is a regular issue. Pipes are breaking down, we've got to get permission to get in there. If they want to make a modification you've got to get agreement from the other landowner; if they don't want to give that agreement, it gets very, very messy.

We take note of them when we find them but - and this has been an ongoing issue - we're not in a position to put easements right through everyone's property. You

can imagine if we started doing that and the cost to relocate all of those. It is mostly sewers, from recollection. The cost to relocate all those sewers to the front - you remember, these things are about fall as well. So to try to get them out to the front of the property or over the back of the property is beyond the affordability. We would not be able to maintain our price increases if we started doing that.

Generally, in our development services team we simply try to work with the customers to try to find a resolution and almost act as a middle man to try to get them to reach an agreement, even though we don't have an official role. Sometimes we can get there, sometimes we can't. Where we have easements it's not an issue but in a lot of suburbs, for cost reasons, that's not how they were built.⁶⁵

⁶⁵ Hansard transcript, 23 August 2021, Ailsa Sypkes, Mike Brewster, pp. 19-20

7. The effectiveness of business operations since the State Government became a shareholder in early 2019

Establishment of the Capital Delivery Office

7.1 In 2019, TasWater established the Capital Delivery Office (CDO). The Inquiry received a range of evidence as to the effectiveness of the CDO and its impact on local service providers.

7.2 The written submission of the Government advised:

The Capital Delivery Office (CDO) was established on 1 July 2019 as an alliance agreement with UGL Engineering and CPB Contractors with support from WSP Australia. It was formed to enable an accelerated program of delivery of all capital works from the planning, design, procurement and delivery phases.

7.3 In relation to the performance of the CDO, the Government submission stated:

Since its establishment last year, the operations and efficiency of the CDO appear to have improved. Anecdotal feedback is that the CDO is now putting many more projects out to market and that overall approval times have decreased. Government has received feedback from some stakeholders regarding the performance of the CDO....

While recent improvements in performance are encouraging, the State Government believes that a review of the CDO's operations including its benefits and confirming that the CDO is providing the intended outcomes it was originally designed to deliver. The Government would be supportive of such a review at an appropriate time during the existing contract period.⁶⁶

7.4 However, the Inquiry received evidence from Civil Contractors Federation (CCF) that the establishment of the CDO had resulted in negative impacts to local contractors and the industry as a whole. CCF's written submission stated:

The core business of the TasWater CDO is to ensure cost effective and timely delivery of quality capital works projects for TasWater that will meet the needs of TasWater's business and those of the Tasmanian community. In reality, it is a very different picture.

CCF members deal with TasWater every day. No one knows TasWater better than our members. We have absolutely no confidence in TasWater.

In particular, we have no confidence in TasWater's leadership and TasWater's partnership with the CDO Alliance.

⁶⁶ Written submission 35, Government of Tasmania, p.9

7.5 Despite requesting information from TasWater, the Committee was not provided with the overall cost of the contract between TasWater and the CDO.

7.6 In particular, the CCF submission highlighted problems in the areas of:

1. Design & Approvals

Members have expressed considerable concerns that recently released packages (or tenders) are subject to re-design work and some are not constructable as tendered. This is a significant issue and highlights just how deeply flawed the current process is. The fact that one of the State's major utilities is issuing unconstructable tenders is an incredibly serious issue.

Members have raised concerns that the CDO is taking designs from one contractor and asking other contractors to incorporate that IP into their bid. This practice is causing significant issues in the industry.

Furthermore, a recently awarded package of works has been stalled waiting for a DA approval, which was not sourced before works were released for tender. Again, this demonstrates a fundamental inability in the understanding of local planning and market conditions and creates uncertainty for contractors.

2. Pre-Contracts

The CCF has engaged with its Membership extensively and understands two significant dam projects are still on hold. Originally tendered in 2018, the works were retendered in mid-2019. Both projects are still stalled with non-COVID related issues delaying works on the ground.

Tenders are not being released to the market in an effective and transparent way. For example, CCF has been made aware that a long-awaited project at Longford listed in the Capital Works program has been awarded to a Queensland company, Aquatec Maxcon Pty Ltd in July 2019, with little to no opportunities provided to local businesses to tender the works. We accept the initial tender pre-dates the formation of the CDO, however CCF members have never received an adequate explanation as to why this project wasn't released to the broader market and a company that went bankrupt, then rebranded was awarded this contract.

Furthermore, our Membership has continued to express significant concern with the unfair risk allocation. CDO contracts allocate risk to the sub-contractor, which does not align with typical Tasmanian industry conditions.

Lastly, Membership has highlighted significant confusion about the role of tender panels.

3. Unrealistic Compliance Requirements and Misunderstanding of Local Market

Members have also raised concerns surrounding the levels of compliance placed upon them in order to register, tender and complete works for the CDO. Our members have demonstrated excellent quality, safety and environmental systems that have historically served TasWater and other local Government agencies well.

The market is concerned with the added cost of complying with systems that are designed for significant 'Tier 1' style packages of work, however these impositions are being implemented for even the smallest projects, including requests to change door handles on site buildings before works can commence.

Some members estimate that these requirements are adding up to 40 per cent to the total cost of some projects, for little to no demonstrable benefit to Tasmanians.

4. Lack of Communication and Transparency

The strategy and overall direction of the CDO is unclear in the market. The CCF notes Industry briefings are limited, with no transparency in processes being communicated. Contractors are unable to plan for TasWater work as information provided is not clear and dates continually slip out.

7.7 The CCF submission concluded that:

The issues our Members have highlighted are having a severe impact on businesses within Tasmania.

Without immediate improvement and change within the CDO, many of these issues will affect the viability of many of the businesses owned by our Members.⁶⁷

7.8 The written submission of Consult Australia outlined a number of concerns in relation to the TasWater procurement model:

TasWater released several draft contracts for comment in February/March 2021. While these contracts had some improved conditions, we remained concerned about many onerous terms. In March 2021, Consult Australia met with TasWater to discuss these issues and while the engagement was positive there has been minimal movement since. While the promise to shift smaller works back to TasWater proper is supported, more change is needed.

⁶⁷ Written submission 33, Civil Contractors Federation, pp.1-2

We have significant concerns with the procurement model used for TasWater work, which essentially outsources procurement to the CPB/UGC JV via the Capital Delivery Office (CDO). The current model sees reduced transparency and accountability of the JV's procurement practices back to the Tasmanian government and the Tasmanian people. TasWater is owned by local councils and with the state government as a shareholder, however the contracting behaviour of the CDO is far removed from what industry expects from local and state governments.

We understand that our concerns are echoed by other industry associations – which demonstrates that industry is aligned that change needs to happen. Our industry needs a healthy ecosystem of consultants and contractors to sustain itself and deliver great project outcomes for the people of Tasmania. Collaboration, capacity, and insurance are the driving factors making action vital now.

There is an urgent need to create a more collaborative procurement and contracting framework, with balanced commercial structures, that will improve the culture across the industry, which will result in greater productivity. There is no build without design.⁶⁸

- 7.9 In relation to the employment of contractors by CDO, Mr Blair, owner and manager of SICC Services, stated:

There are good employees within the engineering sector as well, but I can honestly say, through indecision and lack of decision by upper management, we're at a situation now where they got to a point where TasWater needed more engineers as project managers, so they entered into the CDO agreement with UGL or the SIMEC Group, which I honestly believe wasn't thought about.

It was a decision made on the rush, thinking 'We need more engineers, let's just sign a contract with someone.'. Anyone within the industry knows, or just work in general knows, that good people at this point in time, Australia-wide, are very hard to come by. They don't just fall out of the sky once you sign a contract with someone.

- 7.10 The written submission of Mr Blair stated:

Because of the poor upper management over the last 7 Years, they then decided to form an alliance with a massive multinational company (CDO) whose only interest is in returning profits to shareholders, not what is good for Tasmania....this business model is not good for us, I am a proud and passionate Tasmanian and we are being ripped off, millions of dollars are walking out the door and it needs to stop. We need

⁶⁸ Written submission 40, Consult Australia, p.1

*a strong government to correct this and it needs to happen sooner rather than later.*⁶⁹

- 7.11 TasWater provided the following overview of the decision-making process behind the establishment of the CDO:

Prior to establishing the Capital Delivery Office it was clear that achievement of TasWater's ambitious forward capital delivery program would require a step change in its delivery model.

In 2018 TasWater recognised the need to develop a new project delivery model for timely and efficient delivery of the \$1.8b accelerated capital program.

A study was undertaken by an independent organisation which identified and ranked eight possible delivery models. Of these options, a contracted alliance model was selected as preferred due to its ability to provide immediate access to the capability, tools and systems necessary to deliver one of Australia's most ambitious and complex water and sewerage upgrade programs.

Not accepting the need to change would mean accepting the risk of delays and overruns to projects, or significantly reducing the size of the capital program. A competitive national tender process, overseen with appropriate levels of probity, was undertaken to deliver the proposed Capital Works Program for TasWater, and the CDO commenced operations in July 2019.

...

There is no duplication of positions across TasWater and the CDO. TasWater and the CDO perform different functions.

TasWater employees are focussed on the lifecycle management, operation and maintenance of the assets while CDO employees' skills and expertise allows them to manage construction risk.

*... The training, skills and expertise required are distinct for each business, hence why the CDO was established.*⁷⁰

- 7.12 Mr Blair subsequently provided the following verbal evidence to the Committee:

I have a broad knowledge of the industry and I have a very broad knowledge of Tasmania's assets and the condition they are in. For years and years and years, there wasn't enough input into looking after our assets hence where we are today.

⁶⁹ Written submission 39, Tim Blair, pp.1-2

⁷⁰ Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, pp. 23-24

I can quite honestly say that without corrective action, even to date, if something is not seriously done with a number of our water and sewerage assets, within five to 10 years time, we will be dealing with Third World water and sewerage assets. A lot of these assets I have looked at, inspected, are on the brink of failure or are being just held together with what we could say is a bandaid-type scenario.

And

TasWater has been in existence now for eight years, and we are still very stagnant in progress as to where we should be or need to be as far as maintenance or renewal of assets.

To me, especially down here, probably a good example of that is the Bryn Estyn Water Treatment Plant out at New Norfolk, which supplies Hobart with, I think, 80 per cent of its water. That plant has been earmarked for renewal now for pretty much since the inception of TasWater. If we could go back and find out, it may have been one of the key reasons TasWater was needed to fund or to get something like Bryn Estyn rebuilt. It has worked overtime, I know for at least the last 12 plus years, and when you look at the growth of this area, with hotels and residential and things like that, it's just working harder.

I can sit here today and tell you that back in November, when there was a lot of rain in this area, Hobart was within 2 metres of running out of water. They had 2 metres of water storage left and that was purely because the plant there today couldn't keep up with the required treatment of the water. So, when we get a lot of rain, everyone thinks that is great, and it is great, but what it does, it creates turbidity in the water - mud coming down through the river where the catchment is where it's drawn into the treatment plant and therefore the plant needs to work extra hard to treat water that is drinkable.⁷¹

- 7.13 In response to the assertion that Hobart was within two metres of running out of water, TasWater provided the following explanation:

This is incorrect. Hobart was not close to running out of water. We have a number of water sources and treatment plants as well as a storage network for treating water across greater Hobart.

This combined with our rigorous management and monitoring processes meant there was no issue with supply. This is evidenced by our continued supply of water to greater Hobart, including irrigators, while not requiring implementation of water restrictions.

⁷¹ Hansard transcript, 18 February 2021, Tim Blair, pp.1-2

The situation referenced occurred overnight, and the SCADA (Supervisory Control and Data Acquisition) alarm system worked effectively to ensure Hobart's water supply was not impacted. At about 11pm, the water level started to drop from 4m (over half full) to 2.9m. This would have been driven by the routine movements of water between our storages.

This drop triggered the first of two SCADA warning alarms (the level did not drop low enough to trigger the second) and following operational changes, by 5:30am water levels had started to rise again. By 6pm that day, the tanks were back up to 4m.⁷²

Risk management

7.14 CCF provided a summary of risks to contracts and contractors as a result of arrangements between the CDO and contractors:

7.15 *We note that the majority of the issues have not been addressed and we maintain our position that the allocation of rights, obligations, liabilities and risks are unreasonable and unbalanced and many of the terms are still likely to be "unfair" under ss24 and 25 of the Australian Consumer Law. We would not recommend that our Members engage with the CDO on the proposed terms.*

CCF will continue to work on behalf of the industry to achieve a more reasonably balanced and fair set of term and conditions for CDO works.

In relation to the JV's proposed CPBUGL JV Minor Works Contract, we feel this is even more unreasonable – particularly when compared against the amended Works Contract Conditions, since the Minor Works Contract does not pick up many of the limited changes that were made to the Works Contract Conditions.

Below is a high level summary of a number of aspects of the CPBUGL JV Minor Works Contract that are unreasonable and likely to be "unfair" under ss24 and 25 of the Australian Consumer Law (in no particular order):

- 1. No limit of overall liability or exclusion of consequential loss.*
- 2. No sub-cap on liability for delay to achieve completion.*
- 3. Exceptionally wide indemnity for any breach, negligence and breach of law (clause 26).*
- 4. The concept of "completion" is uncertain as there is no definition of "Practical Completion" so the obligation is to simply "complete the Work". This has*

⁷² Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, p.22

significant flow-on impacts, including on Defects Liability Period, release of security, liability for delay etc.

5. *Extensions of time are limited to “Acts of Prevention” and the process suffers from all of the issues identified with the Works Contract Conditions (eg. unreasonably short notice requirements, delay to completion by the date for Completion, must take “all practical steps” to avoid or minimise delay (not just “reasonable” mitigation)).*
6. *No contractual right to delay costs.*
7. *No Latent Conditions relief.*
8. *No express obligation on CPBUGL JV to give access to Site.*
9. *No obligation on JV to act reasonably, honestly and with good faith in Certification Functions (cf. the obligation on the Contractor in clause 25.1).*
10. *No limitations on right of recourse to security.*
11. *The time bar on claims / disputes in clause 27(2).*
12. *No express provisions dealing with care of the works (including excepted risks) or obligations on JV to take out and maintain Works Insurance.*
13. *JV can terminate for any breach (however minor). Contract is silent as to any rights for Contractor to suspend or terminate for JV non-payment or breach.*
14. *No subcontracting without JV’s consent (which it can withhold in its absolute discretion).*
15. *Defect Rectification Period restarts for the whole of the works when any defect is rectified (potentially creates an evergreen provision). Also defects must be rectified by the time specified by JV (no requirement that the period be reasonable).*
16. *Clause 4 (Rejected Offering) is fundamentally unreasonable as it effectively permits CPBUGL JV to reject the whole of the Work for any breach of contract (however minor).*
17. *The Force Majeure clause contains unreasonable obligations and limitations (such as clauses 7(2)(a), (5), (6) and (7)) and note that Force Majeure is not a ground for EOT, so potential for uncertainty as to impact on obligation to complete by the date for Completion.*

7.16 CCF concluded by saying:

The CCF maintains the view that, whilst TasWater and the CDO have made some moves towards a more balanced risk allocation in the Works Contract Conditions, they still have a long way to go.⁷³

⁷³ Tabled document 8, Letter dated 16 February 2021 from CCF to TasWater, pp.2-3

- 7.17 In providing verbal evidence to the Committee, Mr Blair provided an overview of the risk borne by contractors:

There is no risk to UGL or the Cimic Group in any of this, none at all. They are making more money than anyone else out of it and they are not taking any of the risk. All the risk is being put back onto us.

If I provide TasWater with a report on a condition assessment, I need to make sure that report is right and it covers everything off. If I tell them 'That sewerage pump station is fine' and then in two weeks time it has a massive failure, I carry that and I am out of business anyway. That is my risk and that is why I pay \$50 000 in insurances every year for that, but I never want to use that.

That is the frustrating part about it. They are not accepting any risk; they are not accepting any feedback and constructive criticism, and that is why I believe they are fumbling through it. There is duplication.⁷⁴

- 7.18 TasWater provided the following response:

The financial risk to the CDO is a project cost overrun which can see them lose their entire project fee. Cost savings or cost overruns on the agreed Total Outturn Cost (the project's agreed budget) are shared between the alliance partners through a process specified in the Project Alliance Agreement between the CDO parties.

Distribution of these overruns or savings is referred to as 'painshare'/gainshare'. This component is capped at the dollar amount of the fee. In practice this means the alliance partners can lose their entire fee should a project's cost overrun, and only 'gain' a payment of up to the total fee regardless of the actual project saving. Any savings above this fee are returned in full to TasWater. The CDO only charges actual overhead costs plus an agreed percentage.⁷⁵

Workplace safety

- 7.19 Mr Blair provided an example of an incident of workplace safety concern:

...I expressed my concerns not just because the CDO hadn't met the KPIs they'd signed up to as in supplying experienced engineers, project managers and site supervisors, but I also alerted them to some safety concerns that had happened on jobs that we were directly involved with. They were pretty high risk safety concerns to do with confined spaces and things like that.

⁷⁴ Hansard transcript, 13 February 2021, Tim Blair, pp.6-7

⁷⁵ Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, pp.31-32

Because they had employed an inexperienced site supervisor who didn't understand the correct isolations on the plant we were working on, we and another company onsite raised concerns that we were not going to enter the confined space because there was risk of engulfment.

The risk of death was very low but we were entering what's regarded as a dangerous area, so the isolations need to be done. This was CDO work and the CDO sent an inexperienced person to provide that service. When we do work for TasWater - and I've been out on a TasWater site this morning, where we've had to enter a confined space - we rely on TasWater employees to do the isolations for us because we don't understand that part of it. That's their job. The operators of that facility provide the isolations.

This particular instance I've raised several times with TasWater management, I've raised it with the CDO safety manager or team lead, and every time I've had a reply it is, 'We've investigated the incident. We don't believe there was anything of concern.'

And

He then went on to the next job which, again, was a confined space. You could say it was a low-risk confined space; it was inside a reservoir. He worked on that job as a supervisor for over a week and a half, and they did not have a confined space rescue system. Part of the Australian Standard requires when you work in a confined space, you must have some form of rescue system and know how to use that system.

Years ago, it used to be as simple as putting '000' on your safety documents. That went out the window a number of years ago, because who was to say that emergency services were going to be available? It is now up to the people running the job to ensure that the contractors are doing what they do and doing it safely, and know how to operate that rescue system.

Mr DEAN - *Why do you think this is the way it is managed and handled? Is it that the people responsible do not understand their responsibilities, do not understand the position with the entering into confined spaces, confined areas and so on? What do you think is the reason?*

Mr BLAIR - *I believe this particular incident is a classic example of someone who is put into a position who has no experience or knowledge in that area. I am a big believer that there are horses for courses. I hate the word 'expert', because I do not believe there are experts in anything, but as a collective we can be experts.*

We specialise in these types of things. Part of what we do is what I call 'hard to access asset inspections'. We will get inside the Poatina penstock, for example. It is 1.8 kilometres long, 4 metres in diameter. We will be on rope and we will abseil from top to bottom and carry out a condition assessment of that particular asset. We specialise in these types of things.

We have a pretty good understanding of conditions of assets, confined space entries and stuff like that. This particular gentleman was put into a situation he should not have been put into.

Mr DEAN - By the CDO?

Mr BLAIR - By the CDO, yes.⁷⁶

7.20 In relation to workplace safety, TasWater advised:

Whilst learnings have been identified in these investigations, there was no serious breach of health and safety in this instance. The CDO has processes for issues to be raised on site and will always look to improve on health and safety outcomes.⁷⁷

7.21 Mr Blair's written submission also discussed the mental wellbeing of TasWater employees and contractors:

There are Tas Water employees and contractors who are suffering from mental health concerns because of the way this is being managed, serious issues are being raised time and time again and are being ignored, I myself have raised serious safety issues on a number of occasions regarding CDO employees who are unqualified, inexperienced and are putting other people at risk, I raised a concern regarding a CDO site Supervisor who put contractors into a confined space without the correct isolations, the contractors then raised the issue on site and refused to carry out the work until the isolations were fixed by a Tas Water employee, we had documented evidence and nothing was done by the CDO, the supervisor was not reprimanded, given extra training nothing.

The CDO now does not pay contractors for anywhere between 45 and 60 days, no other public owned company in Tasmania takes that long, during Covid all Tasmanian owned public companies agreed to pay in 7 days to assist business with cash flow, but not Tas Water.

⁷⁶ Hansard transcript, 18 February 2021, Tim Blair, pp.5-6

⁷⁷ Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, TasWater, p.28

The whole CDO is just an unjustified duplication and history shows that these types of alliances never work the only winner is the company who walks away with massive profit and no risk to maintain assets in the future, because of the CDO we now have 2 CEO one for Tas Water one for the CDO I would suggest the combined wages of these two would be very near 1 million dollars, we now have 2 safety teams, we now have 2 procurement teams, THE CDO was contracted to provide experienced site supervisors, engineers, project managers and to complete projects at a high standard, on time and on budget, I know for a fact that budgets are escalated, any issues are carried by the local contractor not the CDO and for the projects we/myself have been involved in the quality is extremely poor as the CDO have provided inexperienced project managers and site supervisors who do not like being told there are quality and safety issues. I have documented evidence of all this and it is being totally ignored.⁷⁸

7.22 The written submission of TasWater advised:

...the day-to-day business operations are not materially affected with the Tasmania Government now an owner. TasWater has an independent, skills-based Board appointed by a sub-committee of the Owners Representative Group. The Board comprises seven non-executive directors, which provides and monitors our strategic direction, governance, management and performance.

The improving standard of those operations has been identified by the Economic Regulator in the State of the Tasmanian Water and Sewerage Industry 2018-19 Report. The Regulator found advances in service delivery, the quality of drinking water supply and the performance of TasWater's sewage treatment plants.⁷⁹

⁷⁸ Written submission 39, Tim Blair, p.1

⁷⁹ Written submission 19, TasWater, p.32

8. The impact of COVID-19 on business operations

- 8.1 The written submission of LGAT dated 24 September 2020 advised that, in the context of COVID-19, councils had experienced significant financial impacts from a range of factors including lost revenue from TasWater dividends, with no dividends to be paid for the second half of the 2020 financial year and the likelihood of no dividend in 2021.

The impact of COVID-19 on TasWater's earnings, as illustrated by the immediate non-payment of dividends, has councils deeply concerned about their ability to rely upon a consistent dividend stream from TasWater into the future. This in turn makes it extremely difficult for Councils to have confidence in the accuracy and reliability of their long-term financial plans as many councils rely on the dividends for their budgets.

And

While acknowledging that the current legislative framework in which TasWater operates makes it very difficult for TasWater to pay dividends from a loss making position, there is a strong feeling amongst councils that they have already provided a significant community relief in response to COVID-19 through a range of measures and should not have to provide further relief through dividend hits as well.

While the COVID-19 circumstances were exceptional and the response by TasWater understandable, this is the second significant change to dividends to councils. In 2016 the council owners of TasWater agreed to a significant reduction in dividends in order to provide sufficient funding for the strategic 10-year capital plan, which will deliver significant improvements to both drinking water quality and sewerage treatment.

During engagement with councils for our PESRAC submission it was clear that councils would like more certainty around dividends and at the very minimum a mechanism to smooth dividend shocks should be contemplated.⁸⁰

And

As a result of COVID-19 councils believe there is an urgent need to revisit the cap on prices so that the corporation can return to profitability and dividends can be paid.⁸¹

- 8.2 The written submission of Glenorchy City Council stated:

Similar issues around decision making and communication were experienced with the recent decision to suspend distributions due to COVID-19. In the period 2018/19 to 2020/21 Council should have received a total of \$9.78m in distributions. However, following the decision by the Board to cap annual distributions from July

⁸⁰ Written submission 30, LGAT, p.4

⁸¹ Written submission 30, LGAT, p.8

2018 and then with the impact of COVID-19 and the likely scenario that Council will not receive any distributions this current financial year, Council has only received \$3.25m. This represents only a third of what Council could have reasonably expected as a return when it handed over its assets. This net reduction of \$6.63m impacts significantly on our Long Term Financial Management Plan and ultimately impacts on the services and infrastructure that we are able to provide to one of the State's most disadvantaged communities.

Due to COVID-19, our Council is itself forecasting an operating deficit of \$8.7m in 2020/21. The loss of TasWater dividends accounts for 25% of the deficit. Nonetheless, our Council is committed to supporting our community through recovery and has increased its capital works program for the 20/21 financial year to \$21.7m and rolled out a rate relief rebate worth \$1.9m to our ratepayers.⁸²

8.3 The written submission of Latrobe and Kentish Councils stated:

Prior to the formation of the three regional water corporations, approximately 12 years ago, the Latrobe Council received a dividend return each year of approximately \$850,000 which was inline with the requirement by the Government Prices Oversight Commission (GPOC) at the time that Councils should receive a 7% return on their equity in water and sewerage. This policy was based on the premise that water is a scarce resource and should be priced accordingly.

Prior to COVID-19, the Council received a dividend of approximately \$380,000 per annum. Council received \$190,000 per annum in the 2019/20 financial year and is forecast to receive a nil payment in the current financial year. Previous estimates forecast that the \$380,000 per annum dividend will remain fixed for several years.

On top of the large reduction in dividends, the Latrobe and Kentish Councils have also paid significant water and sewerage charges each year for the public assets it owns which were previously not rated by the Councils (Council Chambers, public toilets, recreation grounds etc).⁸³

8.4 TasWater's written submission advised that it had implemented a range of measures to support business and residential customers in response to COVID-19. These were:

- Expanding the Customer Support Program;
- A 100% rebate for eligible small businesses on regular TasWater quarterly bills issued between 1 April 2020 and 30 June 2020;

⁸² Written submission 18, Glenorchy City Council, pp.1-2

⁸³ Written submission 22, Latrobe and Kentish Councils, p.2

- A price freeze for 12 months from 1 July 2020; and
- Giving eligible businesses extra time to pay.⁸⁴

8.5 The TasWater submission also stated:

The COVID-19 pandemic may impact on the ability of TasWater to deliver on its agreed corporate plan objectives and as a result at an appropriate time in the future it will be necessary for the planned capital expenditure program to be reviewed and amended.

As an immediate measure, the State Government provided Tasmanian Public Finance Corporation with the necessary approvals and comfort to allow TasWater to quickly access COVID-19 related borrowings, should this be required.⁸⁵

⁸⁴ Written submission 35. TasWater, p.34

⁸⁵ Written submission 35, TasWater, p.9

9. Any other matters incidental thereto

Pricing

- 9.1 TasWater's pricing policy is set and reviewed by the Tasmanian Economic Regulator.

Residential tariffs and tariffs for smaller businesses are generally made up of:

- *a fixed water service charge based on the size of the water connection to the property;*
- *a variable water usage charge based on the metered water usage; and*
- *a sewerage service charge based on the number of equivalent tenements (ETs) assessed for each property.⁸⁶*

- 9.2 TasWater is also required by legislation to aim for full cost recovery.⁸⁷

- 9.3 The written submission of TasWater stated:

Despite the financial challenges associated with meeting compliance obligations, TasWater has consistently proposed tariffs below the maximum allowable revenue. At its last pricing submission, the regulator approved our maximum allowed regulated revenue, but to reach this level would have seen price increases of 8 per cent per annum over the PSP3 period. Recognising community concerns regarding affordability TasWater took the decision to only apply a 4.1 per cent increase in the FY2019 financial year with 3.5 per cent price caps applying for FY2020 and FY2021.⁸⁸

- 9.4 The Office of the Economic Regulator 2018 Water and Sewerage Price Determination Investigation Final Report provides the following overview:

In its submission, TasWater stated that offering cash may be appropriate where a community has a high number of holiday shack owners who visit for weekends a few times a year. A rainwater tank may not meet their needs and may even have adverse health impacts as infrequent visits may not allow for sufficient maintenance to the roof, guttering and tank to ensure safe drinking water. These customers may prefer to allocate funds to purchasing drinking water for the few times they visit their property each year while others may prefer to install rain water tanks. The Director of Public Health stated as part of its submission on the Draft Report that cash payments in some instances may be the only workable solution in some communities.

⁸⁶<https://www.economicregulator.tas.gov.au/Documents/Report%20on%20the%20State%20of%20the%20Water%20and%20Sewerage%20Industry%202019-20.pdf>

⁸⁷ Written submission 30, LGAT, p.5

⁸⁸ Written submission 19, TasWater, p.10

... the Economic Regulator rejected TasWater's proposed simplified Customer Offers and Review diagram that removed the steps a customer may wish to take, should the customer reject the TasWater's offer, to contact the Water and Sewerage Ombudsman (this is explicitly set out in the current diagram notwithstanding the fact that the Ombudsman can be contacted by a customer at any time).

In its submission TasWater stated that the current Customer Offers and Review diagram suggested a limited role for the Ombudsman when in fact customers can complain to the Ombudsman at any time (the Ombudsman requires a complainant to address their complaint with the public authority first and allow that authority to respond).

In its revised service replacement process diagram, TasWater has simplified the steps after a customer rejects TasWater's offer with no mention of the option of making a complaint to the Ombudsman. Instead, TasWater has included a separate section on customer complaints. This section states that that customers need to lodge a complaint first with TasWater, and if dissatisfied with TasWater's response, will be advised of their right to lodge a complaint with the Ombudsman.⁸⁹

9.5 Mr Eastley provided the following explanation to the Committee:

One of the key points is that the Department of Treasury and Finance is actually responsible for pricing, and that has been confused over the years from 2012. The real problem is we have several ministers responsible for various parts of TasWater. You have the minister for Treasury, the Treasurer; you have the Minister for Local Government and there is the Minister for Infrastructure and Transport. They all have an interest in what happens with TasWater but nobody is taking overall responsibility, and it has been too easy to put forward the view that TasWater is an independent body and responsible for its own actions.

The same with the regulator. The regulator comes under the Treasury, but they have made some decisions that should have been more closely related to the Act. We have found is that under section 18 of the Water and Sewerage Act, the minister has power of discretion to instruct TasWater to do volume pricing, and at the moment they're sticking with fixed pricing on sewerage. Throughout Australia, it should be regarded now as the norm to have two-part pricing, and that's actually required under the Act.⁹⁰

9.6 The written submission of TasWater recommended legislative allowance for a re-opening of price determination in certain circumstances:

⁸⁹ Water and Sewerage Price Determination Investigation Final Report, 2018, Office of the Economic Regulator, p.94

⁹⁰ Hansard transcript 1 February 2020, p.1

As regulatory pricing periods increase (e.g. from 3 to four or more years) this will provide appropriate flexibility to respond to unforeseen circumstances e.g. where there is a material adverse impact as a result of an event outside TasWater's control and which could not have been contemplated at the time the determination was made.

Key benefits

- *Increased flexibility and responsiveness to significant changes in the broader environment;*
- *May deliver greater equity (e.g. reduction in cross-subsidisation) for customers, or more sustainable cost recovery for TasWater;*
- *Minimise compliance costs.*⁹¹

9.7 The TasWater submission also recommended:

Legislative obligation for the Economic Regulator to undertake a "financeability" test of its pricing determination:

Key benefits

- *Ability for TasWater to recover costs of providing services and reduction in cross-subsidisation by customer base;*
- *Improved consideration of the TasWater's long term plans and associated outcomes.*⁹²

9.8 However, the written submission of LGAT stated:

*Any move away from independent pricing regulation is at odds with the national water initiative and further escalates the risk to TasWater's viability. Compared to like utilities, TasWater charges per customer are amongst the lowest in the country, despite having the highest level of capital investment per customer.*⁹³

9.9 The written submission of the Tasmanian Hospitality Association (THA) advised that it supported the user pays model but believed that the fixed charge component needed to be reviewed.⁹⁴

⁹¹ Written submission 19, TasWater, p.53

⁹² Ibid

⁹³ Written submission 30, LGAT, p.5

⁹⁴ Written submission 29, THA, p.2

- 9.10 Mr Eastley expressed the following views in relation to TasWater's calculation of fixed network charges:

First, the pricing of water is similar to what they do in Melbourne, as we found out later on, in that it's a fixed network charge and then a volume charge. The difference is that Tasmania has a particular problem with their accounting procedure. It's like a pudding-bowl effect. They put all their pieces for the coming budget in a bowl. Usually it's the ongoing works program which will increase their budget. For example, in the last three year period that increased by 5 per cent so they increased the price of water and sewerage by 5 per cent. They don't do that in Melbourne. They've got a more effective method. They work out the actual cost year by year of both water and sewerage. That depends on things like, for example in Melbourne, this year 30 per cent of water has to be desalinated so that's put their price up. Sewerage actually went down slightly.

In Tasmania, it's the infrastructure section that is driving the prices up. It's risen by 15 per cent over the last three-year period even though the actual cost of water in Tasmania - we're lucky - is fairly static. Every town has a river going through it. It has to be dosed and filtered. There's not much scope there for actual price increases.

What I would like to suggest is that you should run their pricing procedure through the Auditor-General, because the Melbourne situation is that when they charge their actual cost for the sewerage and water, that means that the cost incurred by future growth becomes part of the headworks charge.⁹⁵

- 9.11 LGAT CEO Katrena Stephenson advised the Committee that she had discussed a number of issues, including pricing in a post-COVID-19 environment, at a general meeting of councils:

We had a discussion at a general meeting with the council owners, and based on the feedback and based on that discussion, we identified four themes. They were that local government, as owners of TasWater, is important. We do have influence and we think it is still a strong model. We noted the effect of the dividend policy on council revenues. We have talked about the need in a post-COVID-19 environment to reconsider pricing, to ensure the long-term financial sustainability of TasWater. Finally, we touched on constraints around development and infrastructure expansion related to existing headworks policies, and the lack of a statewide headworks policy, and the work we are doing in that space.⁹⁶

⁹⁵ Hansard transcript, 3 November 2020, p.29

⁹⁶ Ibid, p.42

Service outages

- 9.12 The written submission of Murray Wiggins provided personal experiences with the impacts of water main breakages and service outages:

My family and property (and that of others) has been adversely impacted by breakages in the water-main along our street for forty years. Those breaks have occurred with increasing frequency, causing illness to family members and damage to buildings. Obviously a situation which needed to be addressed by TasWater.

TasWater leadership failed to address this matter in a timely, consultative or constructive manner by:

- Ignoring the initial complaint;*
- Dismissing our persistent complaints as an insurance issue;*
- Instigating dishonest and devious communications to stall our complaint;*
- Theorising about other possible but easily disproven causes in an apparent attempt to discredit the complaint/complaint to third parties;*
- Delegating unqualified, inexperienced, unprofessional personnel to handle matters;*
- Dishonouring an offer to pay for an independent professional report into the matter at their insistence and failure to accept the findings of that report;*
- Committing to a practical solution within a stated time-frame but then reneging without prior consultation; and*
- Taking advantage of TasWater's unique situation where it is supposed to be an instrument of both local and state governments, but in practice, is not accountable to anyone.⁹⁷*

- 9.13 TasWater provided the following response to Mr Wiggin's claims:

The first complaint received was on 16 November 2018. The complaint was investigated, and response issued on 21 December 2018.

Advice was given that despite the occasional burst, this main did not meet TasWater's criteria for priority renewal but that it would be monitored and included in an upcoming renewal program if there were further failures. The work in question was completed in August 2020.

No evidence was found to support the suggestion that main failures were contributing to the issues raised in the complaint.

All staff investigating the issue were suitably qualified, experienced and there is no evidence to suggest staff conducted themselves unprofessionally.

TasWater offered to cover any reasonable cost to engage the services of a suitably qualified entity to undertake an independent investigation.

⁹⁷ Written submission 3, Murray Wiggins, p.1-2

Following TasWater's decision to replace the water main concerned, the offer to fund an investigation was withdrawn in writing.⁹⁸

⁹⁸ Tabled document 7, TasWater responses to evidence provided to the Committee, July 2021, p.1



TW CM ref: 21/37713

2 July 2021

Hon Tania Rattray MLC
Inquiry Chair
Legislative Council Select Committee – TasWater Operations
Parliament House
Hobart TAS 7000

Via email: tania.rattray@parliament.tas.gov.au

Dear Chair

TasWater response to evidence provided to the Committee

I wish to thank you again for the opportunity to provide evidence to the Committee in February 2021 and more recently via my written response to the evidence and assertions made by Mr Tim Blair.

Since this committee was formed in June 2020, we have given significant attention to the matters raised in formal submissions and the evidence provided in public hearings.

Having now had time to properly review and assess all submissions and transcripts, I wish to provide Committee members with our responses to the main assertions, with supporting evidence where available.

These responses include providing important context, updates on progress made since the Committee was established, and corrections where statements were incorrect.

We have always been open about where we can do better, but where assertions are misleading or incorrect, we will seek to correct the record.

As I understand that no further evidence is likely to be taken by the Committee aside from TasWater's In Camera hearing, we wish to table this comprehensive submission in response to matters raised in other evidence given to date.

I trust it will assist the Committee in your deliberations and completion of your report and final recommendations.

I would also like to take this opportunity to advise you of the 2019-20 State of the Industry Report released by the Tasmanian Economic Regulator on 28 May 2021. The report can be found at <https://www.economicregulator.tas.gov.au/water/performance-monitoring>.

The report noted the improved performance outcomes delivered in a number of areas in FY2019-20, despite the unforeseen challenges posed by the COVID-19 pandemic, whilst also pointing out areas where we still have work to do.

Tasmanian Water & Sewerage Corporation Pty Ltd
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ABN: 47 162 220 653

I would encourage the committee to review this independent report and assessment of our operations prior to handing down your final report and recommendations.

If you require any further information, please contact Ruth Dowty on [REDACTED] and she will be happy to respond.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Brewster".

Michael Brewster
Chief Executive Officer



Legislative Council Select Committee Inquiry into TasWater's operations

Responses to evidence provided to Committee
July 2021



Summary of statement

TasWater response

Supporting information

Submission 2: Bischoff Hotel	
Following a site visit in October or November 2019 TasWater did not follow up after December 2019. TasWater did not seem to understand its own standards or was inflexible regarding site-specific variations.	Following a site visit in late 2019, the grease trap was installed in its final position. TasWater was emailed asking for small variations to the initial plan and these were agreed to by return email in December 2019. This email also advised that a backflow prevention device (reduced pressure zone device) was not required. A \$10 - \$15 vacuum breaker could be fitted which mean there would be no annual fee testing fee.
Submission 3: Murray Wiggins	
TasWater ignored the initial complaint	The first complaint received was on 16 November 2018. The complaint was investigated, and a response issued on 21 December 2018.
Complaints were dismissed as an insurance issue.	Advice was given that despite the occasional burst, this main did not meet TasWater's criteria for priority renewal but that it would be monitored and included in an upcoming renewal program if there were further failures. The work in question was completed in August 2020 No evidence was found to support the suggestion that main failures were contributing to the issues raised in the complaint.
TasWater staff were unqualified, inexperienced and unprofessional.	All staff investigating the issue were suitably qualified, experienced and there is no evidence to suggest staff conducted themselves unprofessionally.
TasWater did not honour an offer to pay for an independent professional report.	TasWater offered to cover any reasonable cost to engage the services of a suitably qualified entity to undertake an independent investigation. Following TasWater's decision to replace the water main concerned, the offer to fund an investigation was withdrawn in writing.

Submission 4: Stephen Rand		
TasWater water rates differ greatly from area to area	TasWater's pricing is set under its Price and Services Plan which is scrutinised and approved by the Office of the Tasmanian Economic Regulator. There is no variation in charges from area to area.	https://www.taswater.com.au/Your-Account/Price---Service-Plan

Submission 7: Leanne Wrankmore		
Trade waste charges and compliance requirements are unfair. "One size fits all" approach is unfair to small shops.	<p>Under section 56ZI of the Water and Sewerage Industry Act 2008, consent must be obtained before discharging anything to TasWater's sewerage infrastructure. It is unlawful to discharge trade waste to our sewerage infrastructure without our consent.</p> <p>Prior to the introduction of a trade waste policy, the cost to treat this waste was shared across all business and residential customers.</p> <p>A statewide audit determined that TasWater has approximately 3,700 commercial trade waste customers. 78 per cent of commercial customers have installed the required pre-treatment systems.</p> <p>We have a tiered system of charging customers based on the type of business. Within the commercial business sector there are four pricing levels dependant on the type of business.</p> <p>TasWater's trade waste team continues to work collaboratively with business and property owners to move towards 100 per cent compliance.</p> <p>Like all our charges for services, we are constantly monitoring to ensure our pricing is fair and provides best value for customers.</p>	https://www.legislation.tas.gov.au/view/html/inforce/current/act-2008-013#GS56ZI@EN https://www.taswater.com.au/Customers/Trade-Waste/Commercial https://www.taswater.com.au/Customers/Trade-Waste/Tankered-Waste https://www.taswater.com.au/Customers/Trade-Waste/Industrial

Summary of statement

TasWater response

Supporting information

Grease traps are required to be pumped out every three months.	<p>Our requirement is that a grease trap is first pumped three months after installation, at which time a Technical Officer will visit and assess fat depth.</p> <p>TasWater assesses the depth of fats and oils collected in the grease trap and based on this assessment a future pump out frequency is determined based on individual customer circumstances.</p>	
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<h3>Submission 8: Malcolm Eastley</h3>		
<p>Tasmanian trade waste pricing is wrongly calculated.</p> <p>TasWater measures trade waste as 80 per cent of the supply water meter reading, but in situations where toilets are provided for patrons, they are adding sewage charges based on floor area or maximum seating capacity on top of that.</p>	<p>The Tasmanian Economic Regulator provides an independent cost and pricing review of TasWater's charges. This ensures the company operates fairly and efficiently and invests prudently in infrastructure.</p> <p>TasWater proposes expenditure and prices in its Price and Service Plan every four years, which the Tasmanian Economic Regulator reviews in detail over a ten-month period before it is approved and implemented</p> <p>TasWater provides services on a statewide basis and that is the way costs and prices are set. The Water and Sewerage Industry Act 2008 requires that prices should, as best as possible, reflect costs.</p> <p>There is no correlation between what we charge for domestic sewage and what we charge for trade waste. We do not charge trade waste as 80 per cent of the supply water meter reading.</p> <p>The cost to treat trade waste is independently verified and is reviewed by the regulator to determine whether that is a fair and reasonable charge.</p>	<p>https://www.taswater.com.au/Your-Account/Price---Service-Plan</p> <p>https://www.taswater.com.au/Customers/Trade-Waste/Commercial</p> <p>https://www.taswater.com.au/Customers/Trade-Waste/Tanker-Waste</p> <p>https://www.taswater.com.au/Customers/Trade-Waste/Industrial</p>

Summary of statement

TasWater response

Supporting information

<p>TasWater should consider a general pricing model similar to that in place in Victoria.</p> <p>The true situation is that we have a natural advantage in Tasmania with water pricing. It's about half what it costs in Victoria or even less, but we're paying twice as much as they pay for sewerage.</p>	<p>It is difficult to undertake direct comparison of prices between water utilities as the costs to supply services vary greatly based on a number of factors. Caution should be used when comparing prices between utilities, as these reflect their particular cost-base.</p> <p>Tasmania is at a significant cost disadvantage compared to most other Australian water and sewerage businesses because of our small, dispersed population, geography and the resultant inability to create economies of scale. Despite this, Tasmanians pay in the lower range of water and sewage service charges nationally.</p> <p>Melbourne, for example, has two major sewage treatment plants that service millions of customers. This provides them with significant economies of scale, while Tasmania has 110 sewage treatment plants to service 550,000 people.</p> <p>The prices for water, sewage and trade waste are verified and approved by the Tasmanian Economic Regulator and prices cannot increase above the approved regulatory allowance.</p> <p>TasWater proposes its plans for what it will charge and how it will spend the money it collects in its price and service plan. The Tasmanian Economic Regulator reviews this plan in detail over a ten-month period before it is approved and implemented.</p> <p>Trade waste customers pay additional charges to cover the cost of transporting and treating their business waste and managing its impact on TasWater's sewerage network. These charges vary depending on the type of business.</p>	
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Summary of statement

TasWater response

Supporting information

<p>TasWater is 'double dipping' when charging for trade waste.</p>	<p>This is incorrect. Nothing is charged for twice. Businesses are charged for standard sewerage like every other customer.</p> <p>Some businesses such as restaurants produce trade waste which has an extra cost to treat which they pay for.</p> <p>Not doing so would see the cost to treat trade waste passed on to residential customers or other businesses.</p> <p>The requirement for a business to become compliant and the associated financial outlay does not constitute double dipping.</p> <p>The trade waste charge assumes that a business is compliant and has installed pre-treatment.</p> <p>While pre-treatment removes some trade waste, there is still a proportion that enters TasWater's network and which has to be treated. It is this proportion that is charged for.</p> <p>TasWater's Price and Service Plan, approved by the Economic Regulator, provides the option to charge a non-compliance fee.</p> <p>Rather than apply this non-compliance fee on businesses who have not installed pre-treatment, TasWater works with the business to find a solution that allows them to operate and become compliant.</p>	
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Summary of statement

TasWater response

Supporting information

<p>The cost to install pre-treatment is high.</p>	<p>It is important to understand that TasWater has an obligation to only accept trade waste that we can treat, and this is written into our legislation.*</p> <p>The typical cost to those that require grease arrestors is in the order of \$12-14,000.</p> <p>This cost will vary depending on the individual pre-treatment needs of the business, and the building's physical layout.</p> <p>Our Price and Service Plan, approved by the Economic Regulator, gives TasWater the option of charging a non-compliance fee.</p> <p>This would apply if a business has not installed the required pre-treatment system after 18 months.</p> <p>We rarely choose to take this course of action because we understand some businesses struggle meeting that initial cost and the various installation requirements.</p> <p>Rather than apply this non-compliance fee, we work with the business to find a solution that allows them to operate and be compliant.</p> <p>A no interest loan scheme is also in place to support businesses as they become compliant.</p>	<p>https://www.legislation.tas.gov.au/view/html/inforce/current/sr-2019-036</p> <p>*Refer to Section 15 - Requirements in relation to trade waste</p>
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Summary of statement

TasWater response

Supporting information

<p>TasWater's approach has been heavy-handed</p>	<p>We acknowledge that in the past some of our commercial trade waste customers, particularly in regional areas, provided feedback that at times our approach has been perceived as heavy handed.</p> <p>As a direct result of this feedback we have modified our approach. These modifications include the following:</p> <ul style="list-style-type: none">• Adopting a more customer-focused approach by working with individual businesses across the state – particularly those in the north-west where the lowest level of compliance exists – to minimise the impact of trade waste on TasWater infrastructure and on the environment• Establishing a commercial trade waste help line with members of our trade waste team working collaboratively with business and property owners to identify solutions that are effective and affordable• Better supporting customers with relevant information such as drawings and plans to make the process as simple and cost effective as possible for them• Providing extended timeframes to install pre-treatment, in recognition of the limited availability of plumbers• Extending a customer support program until the end of June 2021, where customers may borrow 100 per cent of the cost of new infrastructure, and repay it, interest free, over a period of four years. <p>We continue to work with our customers to gain a better understanding of the issues they face, to discuss the options available to them and to come up with tailored solutions as per business circumstances.</p>	
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Summary of statement

TasWater response

Supporting information

<p>Trade waste compliance activity has ceased following the emergence of COVID-19</p>	<p>We have been mindful of the impact of COVID-19 on businesses. As such, trade waste customers have received the following additional support through the COVID period (post March 2020):</p> <ul style="list-style-type: none"> • Rebates for qualified small businesses on their water and sewerage bills • A pause on compliance related deadlines and inspection activities <p>General price freeze for all customers with no CPI increase applied to trade waste customers in July 2020Continued our support program for commercial trade waste customers allowing eligible customers to borrow 100 per cent of the cost of necessary works and to repay it, interest free, over a period of four years. This program was extended from June 2020 to the end of June 2021Extended the timeframes for pre-treatment to be installed.</p> <p>It should be noted that the vast majority of businesses in the state have installed compliant pre-treatment systems. As at May 2021:</p> <ul style="list-style-type: none"> • Statewide – 79 per cent • Southern Tasmania – 84 per cent • Northern Tas – 79 per cent • North west – 67 per cent (the last region to have trade waste standards introduced). <p>Industrial customers who are on transition pricing (gradual increases over the life of their agreements) remained on the previous year's pricing.</p>	
<p>Low-cost sub-meters could be installed by businesses.</p>	<p>Any sub-meter installed for billing purposes would need to meet TasWater standards for obvious safety and security reasons.</p> <p>A sub meter install is classified as notifiable plumbing works and only qualified plumbers can legally undertake this work.</p> <p>Metering of all trade waste premises across the state and variable billing arrangements would most likely cost customers more, and the administrative burden would be significant which would need to be passed on to customers at our next Price and Service Plan period.</p>	

Summary of statement

TasWater response

Supporting information

Staff not fully supportive of TasWater's trade waste policy have been moved into other roles.	This is false.	
In Tasmania, it's the infrastructure section that is driving the prices up. It's risen by 15 per cent over the last three-year period.	We have always been very careful to consider affordability of our services with the need to fully recover our costs. As of May 2021, there has been no change in TasWater's pricing since 1 July 2018.	
We have one small bakery that has been quoted \$80,000 to install a grease trap.	We are not aware of any quote of that amount but TasWater is not always aware of the costs as this is between the customer and their chosen installer. When customers do approach us about the proposed cost, we work with them to look at more affordable alternatives. If someone provided us with the specific details of this customer, we would be very willing to work with them to help find the best possible solution for their situation.	

Summary of statement	Supporting information
<p>Vacant land charges are not within the law</p>	<p>Submission 9: John Hortle</p> <p>https://www.legislation.tas.gov.au/view/html/inforce/current/act-2008-013#GS68A@EN</p> <p>*Refer to Section 68A of the Water and Sewerage Act 2008</p> <p>The Water and Sewerage Act 2008 states a regulated entity may determine that a service charge applies in relation to available water and/or sewerage charges, even if the property is not connected to a water or sewerage system.*</p> <p>For newly developed lots, we have a developer remission for two years, or until the lot is built on or sold.</p> <p>In line with this, a charge is levied on properties that are within TasWater serviced land area but are not connected to the network.</p> <p>This represents the fixed 20mm water price and is designed to more broadly share the cost of TasWater's infrastructure in areas that may use its services between properties that currently use the infrastructure and those that may, in the future.</p> <p>If this wasn't the case, connected properties would carry the burden of those that are not currently connected but for whom provision is made in the fixed infrastructure.</p> <p>When customers were surveyed on the topic, 59 per cent supported the continuation of a service charge for unconnected customers within serviced land.</p> <p>The connection and availability of water and sewerage services to land increases the value of property and avoids the costly, and often complex regulatory compliance requirements, involved in installing and managing private water and wastewater treatment systems.</p>

Submission 11: Alan Atkins	
The Strata Titles Act is being incorrectly applied.	<p>The specific issue referred to in this submission has been raised with the Tasmanian Ombudsman who was satisfied with our written response and dealings with the customers.</p> <p>Key regulatory instruments that relate to strata titles include:</p> <ul style="list-style-type: none"> • Regulation 18(1)(b) of the Water and Sewerage Industry (Pricing and Related Matters) Regulations 2001 refers to the apportioning of variable charges on the basis of General Unit Entitlements (GUEs) or Special Unit Entitlement (SUE) • Our Sub-metering Policy, part of the Water and Sewerage Network and Charges Policies, approved by the Tasmanian Economic Regulator uses these two measures to apportion fixed and variable charges for strata titles • The Strata Titles Act 1988; Section 17 requires a unanimous resolution of the Body Corporate to change either general or special unit entitlements.
	https://www.legislation.tas.gov.au/view/html/inforce/current/act-1998-017

Submission 12: City of Launceston	
Issues raised regarding permit applications and processes.	<p>The City of Launceston has been quoted as saying this submission was the personal opinion of an individual and not that of the council and that it values the relationship it has with TasWater.</p>

Submission 16: Devonport City Council		
Returns to owners should be legislated in recognition of the transferred assets on which the Water & Sewerage Corporations were established.	<p>Any decision to legislate a level of dividends would be one for Government. This would derogate from directors' normal duties and powers under the Corporations Act to determine whether and what dividends should be paid in any year. It would fundamentally change the nature from a dividend to an annuity.</p> <p>The payment of dividends is a matter for TasWater's board. TasWater's constitution and the Water and Sewerage Corporation Act 2012 contain a very clear basis on which dividends can be paid.</p>	https://www.taswater.com.au/ArticleDocuments/475/TASPOL17%20-%20Dividend%20Policy%20-%20v5.0.PDF.aspx https://www.legislation.tas.gov.au/view/html/inforce/current/act-2012-051
Submission 18: Glenorchy City Council		
Stronger guarantees are required around the dividend stream	<p>The payment of dividends is a matter for TasWater's board. TasWater's constitution and the Water and Sewerage Corporation Act 2012 contain very clear bases on which dividends can be paid.</p> <p>Under the Water and Sewerage Corporation Act 2012 any dividend distribution should "be consistent with good commercial practice". The payment of a dividend when facing a forecast underlying loss could not be regarded as "good commercial practice."</p> <p>TasWater dividend policy states "Dividend payments will be paid on a quarterly basis during the financial year in which the profits are generated".</p>	https://www.taswater.com.au/ArticleDocuments/475/TASPOL17%20-%20Dividend%20Policy%20-%20v5.0.PDF.aspx https://www.legislation.tas.gov.au/view/html/inforce/current/act-2012-051

Summary of statement

TasWater response

Supporting information

<p>TasWater sought to delay formal and usual reporting to its owner shareholders.</p>	<p>We did temporarily stop our formal quarterly reporting and delay the delivery of the Corporate Plan due to the uncertainty about the impacts of COVID-19 and the need for the business to focus on its response to that event.</p> <p>However, we held informal information sessions with our Owners to keep them informed of where we were at. These sessions were held on 23 March 2020, 28 April 2020, and 29 July 2020 and were also followed up in writing to ensure all owners were informed about what had occurred.</p> <p>On one occasion due to the impacts and uncertainty associated with COVID-19, we asked owners to waive our obligations under the Shareholders' Letter of Expectations (SLE) to provide formal quarterly reports and extend the time for the delivery of the Corporate Plan for a defined period.</p>	
<p>Shareholder voting structure that is not reflective of shareholders' equity or interest.</p>	<p>This is incorrect.</p> <p>The Constitution* provides for voting at Owners' meetings to be undertaken either on a show of hands or a poll. In a vote by a show of hands, generally speaking each vote counts equally. In a poll, there is effectively one vote for each share held, meaning the votes of owners with greater shareholdings carry more weight.</p> <p>Members who hold at least 5 per cent of the total shares, or a group of 5 members, can request a vote be taken on a poll rather than on a show of hands. This can occur before or after a vote.</p> <p>The Constitution sets out the relative shareholdings of our owners, as well as their relative share of total dividends. This has been the case since the formation of TasWater - the Constitution was approved by the shareholders (council owners) at formation.</p>	<p>https://www.taswater.com.au/ArticleDocuments/360/Constitution%20approved%2027%20September%202018.pdf.aspx</p> <p>*Refer to Section 6.8 of the Constitution for detail on voting at general meetings</p>

Submission 24: Friends of Waratah Reservoir

Decommissioning of the Dam will see the loss of tourism growth in the region.	<p>TasWater worked with the Waratah Wynyard Council and the Tasmanian Government to find a new owner for the dam. When one could not be found, the Tasmanian Government committed \$300 000 to the Waratah community to upgrade walking tracks at the Waratah Falls and Waratah Rail Bridge as a tourism experience.</p> <p>Both projects are community priorities, identified in the Waratah Community Plan 2018-21. The dam and reservoir are not referenced as priorities in the plan.</p>	https://www.warwyn.tas.gov.au/download/30/strategies-and-plans/2408/waratah-community-plan.pdf
Decommissioning the dam will increase fire risk.	<p>TasWater has been advised by the Tasmanian Fire Service that the reservoir is not required for firefighting.*</p>	https://www.parliament.tas.gov.au/lc/proceedings/2020/Hansard/LC%20Tuesday%2027%20October%202020.pdf <p>*Refer to section (3) of the Answer on page 63 provided in the Legislative Council by the Deputy Leader of the Government, Ms Howlett on 27 October 2020.</p>
Decommissioning will increase risk of flooding.	<p>The existing dam, even if repaired to a safe state, is not designed to mitigate flooding. It has an undersized spillway which would likely see water spilling over the top of the dam wall during infrequent but expected rainfall events.</p> <p>In its current state, the potential impact of a significant rain event is another collapse or partial collapse of the dam which poses a genuine risk to life and property.</p>	https://www.taswater.com.au/ArticleDocuments/618/PDFsam_WaratahFloodModelling_2018(final).pdf.aspx https://www.taswater.com.au/ArticleDocuments/618/Waratah_Dam_Flood_Attenuation_Study_2018_(final).pdf.aspx
Flora and fauna will be adversely impacted.	<p>The natural values assessment found that no threatened flora and fauna species listed under the Threatened Species Protection Act 1995 (TSP Act) or Environment Protection Biodiversity Conservation Act 1999 (EPBC Act) (Cth) would be affected by decommissioning of the dam.</p>	https://www.taswater.com.au/ArticleDocuments/618/PDFsam_Waratah_Dam_EIA_2018_(final).pdf.aspx

Summary of statement

TasWater response

Supporting information

Water restrictions will be more likely.	The reservoir has never been used as a water storage asset by TasWater during its eight years in operation.	
"We have waited 100 years and still TasWater is saying that nothing is going to happen in a hurry."	<p>Discharges from Launceston's combined system or wastewater treatment plants do not increase sedimentation in the upper estuary.</p> <p>The issue of silt in the kanamaluka/Tamar estuary is a complex and longstanding one. The Tamar Estuary Management Taskforce, of which TasWater is a member, have recently published the most thorough report on management options for the estuary ever undertaken, including sediment management.</p> <p>Sewage is not pumped into the estuary. Launceston's combined system was designed to overflow heavily diluted sewage into the estuary during high rainfall.</p> <p>TasWater's Tamar Estuary River Health Action Plan (TERHAP) relates to this and will stop the vast majority of these overflow events. Work has already commenced on this project.</p> <p>It should be noted that this is not the only source of pathogens in the combined system, with material such as animal faeces washed into stormwater drains also contributing to pathogen levels during overflows.</p> <p>The Launceston Sewerage Improvement Project is separate to TERHAP. This is the work that will be undertaken to rationalise the number of sewage treatment plants.</p>	Submission 25: Jim Collier

Submission 28: Tim Slade	
TasWater has been untruthful or deliberately attempted to confuse people.	<p>TasWater categorically rejects the assertion that people have not been told the truth or that there has been a deliberate attempt to create confusion.</p> <p>A genuine mistake was made regarding a set of test results, and this was publicly acknowledged immediately once it was discovered.</p> <p>TasWater has publicly acknowledged any shortcomings resulting from the service replacement program and is committed to addressing them.</p>
The TasWater CEO is using his role to prevent representation to the Board.	<p>The TasWater Board is of the view that it has been, and continues to be, fully and accurately briefed regarding water quality issues in Pioneer.</p> <p>The Board is confident the CEO has acted honestly and with due care and consideration.</p>
Mr Brewster was overruled by Dr Veitch	The Director of Public Health has not provided a ruling, or otherwise ordered TasWater to take any actions.
TasWater committed to replacing roofs at Pioneer if they were unsafe for the collection of drinking water.	<p>A commitment was made to repair rooves at the time water tanks were installed.</p> <p>A roof inspection program was established, and this was communicated to Pioneer residents in May 2019. As part of the program the option of replacing rooves that would be used as water catchments was explored but was ultimately not feasible based on the structural condition of some houses.</p> <p>The decision has now been made to provide a piped, fully treated water supply to Pioneer. Until the new piped water system is available, residents whose rooves are not suitable as a rainwater catchment are being provided tankered treated water that meets Australian Drinking Water Guidelines.</p>

Summary of statement

TasWater response

Supporting information

TasWater was unaware that rooves contained lead paint.	<p>In 2014 TasWater offered to test residents' rooves for lead paint on a voluntary basis.</p> <p>In 2019, a roof inspection program included all 43 properties eligible for the service replacement program in Pioneer. By December 2019, 35 of these properties had participated in the program.</p> <p>Where water cannot be safely collected from one of these rooves it is provided by water carters at TasWater's expense.</p>	
Residents were not provided paint and water quality test results on request.	TasWater has advised all property owners of paint and water quality test results verbally. Residents are provided with test results in writing each time their tank water is tested.	
The TasWater Chairman did not respond to correspondence.	This refers to a follow up letter following the Chairman's reply to an earlier letter. This initial reply covered the issues that were subsequently raised again in the follow up letter and as such there was no further information to provide.	
TasWater wrote to a resident telling him that he could not be assisted by TasWater under any circumstances.	The resident declined to participate in the Service Replacement Program. TasWater subsequently installed a tank and plumbed it into the property at the start of 2020 and is providing tankered water.	
Since the December 2019 decision to reintroduce reticulated water, residents have not received any communication from TasWater for nearly an entire year.	<p>TasWater wrote to Pioneer residents in February 2020 to advise them of the decision to provide a piped water supply for the town. Further updates were provided in May 2020.*</p> <p>Work has continued throughout this time. A TasWater community information session was delayed until March 2021 as a result of COVID-19.</p> <p>The community will receive treated water within the publicly committed timeframe.</p>	<p>https://www.parliament.tas.gov.au/ctee/Council/Submissions/TWT/20%20Eva%20Pagett_Redacted.pdf</p> <p>*The February 2020 letter and May 2020 letter to the Pioneer residents can be found on page 52 and 53 of Ms Pagett's submission to this inquiry.</p>

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<p>TasWater's Water Quality Portal is dysfunctional.</p>	<p>The Your Drinking Water app was developed in-house in response to interest in greater and more timely visibility of drinking water testing results, using TasWater's available systems and data sets.</p> <p>The tool is usually updated on a monthly basis, however there were some issues with the January 2021 update (containing results up to the end of December 2020).</p> <p>There was no disruption to our sampling and testing programs during this period.</p> <p>The tool is now up to date with April 2021 results available through the online tool.</p> <p>We are considering how we can improve the updating process that may include the potential to automate some parts of the process.</p> <p>Whilst any address in Tasmania is searchable, testing results are only available for TasWater serviced land areas – hence there are no results available for Pioneer.</p> <p>However, we have been doing regular testing of Pioneer residents' water tanks that are connected, and those results are advised directly to the residents.</p> <p>If any person is concerned about the quality of the drinking water in their area, we are happy to respond to any direct queries and assist with providing further information.</p>
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Submission 32: Tasmanian Farmers and Graziers Association	
TasWater sought a capital injection of \$735M	<p>TasWater requested that its borrowing limit from TasCorp be raised to \$735M. This extra borrowing capacity was requested based on projected income losses due to COVID-19, and to ensure there was minimal impact on the delivery of job-creating capital works.</p> <p>To date, the financial impact of COVID-19 has been lower than forecast and this loan limit has not been reached.</p>
Submission 33: Civil Contractors Federation (Tasmania)	
TasWater is working closely and constructively with the CCF to create a working relationship that is mutually beneficial and generates positive outcomes for all Tasmanians.	
Submission 34: Alistair Nicholas	
Data is not publicly available for level 1 sewage treatment plants.	<p>Data for level 1 treatment plants is not required to be made public, however, TasWater monitors the performance of all its sewage treatment plants.</p> <p>A best practice, standardised monitoring approach is applied to all treatment plants and the data collected informs the scheduling of upgrades based on risk assessments.</p> <p>The Environmental Protection Authority only regulates sewage treatment plants over 100kL per day. This is stipulated in the Land Use and Approvals Act 1993 (LUPA) and Environmental Management and Pollution Control Act 1994 (EMPCA).</p>
https://www.legislation.tas.gov.au/view/html/inforce/current/act-1993-070 https://www.legislation.tas.gov.au/view/html/inforce/current/act-1994-044	

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TasWater response

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TasWater should be conducting testing for total plastic contamination.	<p>We monitor the standard parameters, and any others that have been identified through a risk assessment of the catchment, such as PFAS.</p> <p>For contaminants not listed in the EPA IB105 Level 1 fill material guideline, such as total plastics, we will continue to consult with the EPA to ensure we meet the Tasmanian Biosolid Reuse Guidelines. Laboratory testing of plastic is relatively new and no current guideline value exists for plastics.</p>	
Tasmanian Biosolids Reuse Guidelines 2020 state that biosolids must be free of plastics.	<p>The statement being referred to in the guidelines in full is “biosolids must also be free of physical contaminants, such as plastics, that could compromise the intended use.”</p> <p>The guidelines have been based on concurrent evidence surrounding biosolids management in relation to; land management, contamination, PFOS/PFAS risk assessments, human and animal health risks, as well as the management and disposal of biosolids products against Australian standards.</p> <p>TasWater conducts all biosolids management in line with these guidelines and relevant associated legislation.</p>	<p>https://epa.tas.gov.au/Documents/Tasmanian%20Biosolids%20Reuse%20Guidelines%202020.pdf</p> <p>See Section 7</p>
TasWater is responsible for ensuring the end user is aware of the relevant restrictions on biosolid use.	<p>This is a requirement for the re-processor, not TasWater.</p> <p>The handling, transport, reprocessing and disposal of biosolids is controlled by the Environmental Management and Pollution Control Act 1994 (EMPCA).</p> <p>This legislation focuses on reducing potential environmental harm and determines the responsibility for managing activities between the Environmental Protection Agency and Local Government.</p> <p>Both composting facilities used by TasWater, Dulverton and Plenty, are Level 2 activities under the EMPCA Act and therefore regulated by the EPA.</p>	<p>https://epa.tas.gov.au/Documents/Tasmanian%20Biosolids%20Reuse%20Guidelines%202020.pdf</p> <p>See section 5.2</p>

Submission 39: Tim Blair	
<p>Tasmania has failing infrastructure, boiled water alerts, raw sewage seeping into ground water, water and sewerage treatment plants running above capacity and its only through good luck not good management that our capital city has not been put on water restrictions.</p> <p>TasWater has been in existence now for eight years, and we are still very stagnant in progress as to where we should be or need to be as far as maintenance or renewal of assets.</p> <p>Money is being wasted for no value whatsoever.</p>	<p>https://www.economicregulator.tas.gov.au/water/performance-monitoring</p> <p>https://www.taswater.com.au/ArticleDocuments/467/Corporate%20Plan%20FY2021-25%20final%20designed%20version.PDF.aspx?Embed=Y</p> <p>https://www.taswater.com.au/Yoursay/Projects/all-projects</p> <p>https://watersource.awa.asn.au/community/public-health/tasmanian-boil-alerts-lifted-as-taswater-completes-historic-24glasses-program/</p> <p>TasWater has repeatedly highlighted the age of many of the water and sewerage assets it inherited, and the impacts of years of underinvestment.</p> <p>It was in part this underinvestment that saw legislation introduced in 2008 to reform our water and sewerage industry.</p> <p>Further changes saw TasWater established in 2013, seeing Tasmania have a single water authority for the first time.</p> <p>Information was gathered about the condition and performance of assets, and this saw the development of a 10-year capital expenditure program in 2017.</p> <p>The latest State of the Industry report published by the independent Office of the Tasmanian Economic Regulator in May 2021 and covering FY2020 noted:</p> <ul style="list-style-type: none"> • Overall, the reliability and quality of drinking water supply in Tasmania remains high • For the second year in a row, TasWater achieved 100 per cent microbiological compliance for our drinking water network • There has been a sustained trend in improvement in the compliance of treated effluent discharged to waterways, with TasWater's sewage treatment plants' flow-weighted compliance passing the 90 per cent mark for the second time since 2009-10 • Customer service was again commended in this report, with 83 per cent of customer calls answered within 30 seconds and a 57 per cent reduction in water and sewerage service complaints in the last year. Tasmanian bills for water and sewerage services are typically lower than those on the mainland. <p>TasWater's Corporate Plan 2022 – 2026 details \$1.27 billion of capital expenditure over the next five years that will see some of our highest</p>

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	<p>priority compliance requirements addressed, as well as necessary renewal and growth works undertaken.</p> <p>As at 31 December 2020, Tasmania had:</p> <ul style="list-style-type: none"> • 100% microbiologically compliant potable water systems. • 89% treated wastewater volume compliant with EPA requirements • 0.16 water complaints per 1000 connections (YTD) • 0.31 odour complaints per 1000 connections (YTD) • Zero boil water alerts • One town on water restrictions. 	
<p>In Nov 2020 where there was 2 metres of supply left for Hobart (approximately one day) before they ran out of water, this was because the treatment plant could not keep up with demand.</p>	<p>This is incorrect, Hobart was not close to running out of water.</p> <p>We have a number of water sources and treatment plants as well as a storage network for treated water across greater Hobart.</p> <p>This combined with our rigorous management and monitoring processes meant there was no issue with supply.</p> <p>This is evidenced by our continued supply of water to greater Hobart, including irrigators, while not requiring implementation of water restrictions.</p> <p>The situation referenced occurred overnight, and the SCADA (Supervisory Control and Data Acquisition) alarm system worked effectively to ensure Hobart's water supply was not impacted.</p> <p>At about 11pm, the water level started to drop from 4m (over half full) to 2.9m.</p> <p>This would have been driven by the routine movements of water between our storages.</p> <p>This drop triggered the first of two SCADA warning alarms (the level did not drop low enough to trigger the second) and following operational changes, by 5:30am water levels had started to rise again.</p> <p>By 6pm that day, the tanks were back up to 4m.</p>	<p>There are three water sources that supply drinking water to the Greater Hobart area. The Derwent River supplies 60-80% via the Bryn Estyn Water Treatment Plant. Less than 1% of the Derwent River flow is extracted for treatment. Mount Field (Lake Fenton) and Mount Wellington supply 10-20% of drinking water each.</p> <p>These supply open bulk water storages; Ridgeway Dam, Waterworks Upper and Lower Dams, Flagstaff Gully Dam, and Risdon Brook Dam.</p> <p>Reservoir tanks are on hilltops all over Greater Hobart (such as Knocklofty reserve, the Domain, Rosny, Tolosa Street).</p> <p>SCADA alarm systems and scheduled physical checks by TasWater operators provide early warnings of a variety of changes in different parts of the network. Alarms are set to provide enough notice to allow rectification and minimise any impact to customers.</p>

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<p>Because of the poor upper management over the last 7 years, they then decided to form an alliance with a massive multinational company (CDO) whose only interest is in returning profits to shareholders, not what is good for Tasmania.</p> <p>The CDO is not the right path. Work can be done in-house and there's enough experience and people within Tasmania.</p>	<p>Water systems are complex and dynamic, and storage levels rise and fall throughout the day.</p> <p>At that time Ridgeway Dam had adequate supply, Lower Reservoir at Waterworks was full, and New Norfolk has its own reservoirs.</p> <p>This confirms that Tasmanians can have confidence in TasWater's highly skilled staff and the effective monitoring, operation and maintenance of the state's water systems 24 hours a day, 365 days a year.</p> <p>It is also an example of why TasWater is undertaking its ambition 10 years, \$1.8 billion capital works program that includes the upgrade of the Bryn Estyn water treatment plant.</p>	
<p>Prior to establishing the Capital Delivery Office it was clear that achievement of TasWater's ambitious forward capital delivery program would require a step change in its delivery model.</p> <p>In 2018 TasWater recognised the need to develop a new project delivery model for timely and efficient delivery of the \$1.8B accelerated capital program.</p> <p>A study was undertaken by an independent organisation which identified and ranked eight possible delivery models.</p> <p>Of these options, a contracted alliance model was selected as preferred due its ability to provide immediate access to the capability, tools and systems necessary to deliver one of Australia's most ambitious and complex water and sewerage upgrade programs.</p> <p>Not accepting the need to change would mean accepting the risk of delays and overruns to projects, or significantly reducing the size of the capital program.</p> <p>A competitive national tender process, overseen with appropriate levels of probity, was undertaken to deliver the proposed Capital Works Program for TasWater, and the CDO commenced operations in July 2019.</p> <p>The core business of the TasWater CDO is to ensure cost-effective and timely delivery of quality capital works projects for TasWater and manage</p>	<p>Prior to establishing the Capital Delivery Office it was clear that achievement of TasWater's ambitious forward capital delivery program would require a step change in its delivery model.</p> <p>In 2018 TasWater recognised the need to develop a new project delivery model for timely and efficient delivery of the \$1.8B accelerated capital program.</p> <p>A study was undertaken by an independent organisation which identified and ranked eight possible delivery models.</p> <p>Of these options, a contracted alliance model was selected as preferred due its ability to provide immediate access to the capability, tools and systems necessary to deliver one of Australia's most ambitious and complex water and sewerage upgrade programs.</p> <p>Not accepting the need to change would mean accepting the risk of delays and overruns to projects, or significantly reducing the size of the capital program.</p> <p>A competitive national tender process, overseen with appropriate levels of probity, was undertaken to deliver the proposed Capital Works Program for TasWater, and the CDO commenced operations in July 2019.</p> <p>The core business of the TasWater CDO is to ensure cost-effective and timely delivery of quality capital works projects for TasWater and manage</p>	

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	<p>the Capital Works Program from inception to completion including the planning, design, procurement and delivery phases.</p> <p>It appoints designers and consultants to assist with the pre-construction design stages, and construction contractors and specialist equipment suppliers may undertake the detailed design. The TasWater CDO does not carry out the actual construction work at project sites so contractors are appointed to do this.</p>	
<p>The whole CDO is just an unjustified duplication.</p> <p>We now have 2 safety teams, 2 procurement teams, 2 CEOs.</p>	<p>There is no duplication of positions across TasWater and the CDO.</p> <p>TasWater and the CDO perform different functions.</p> <p>TasWater employees are focussed on the lifecycle management, operation and maintenance of the assets while CDO employees' skills and expertise allows them to manage construction risk. To the extent that it is more effective and efficient for the CDO to incorporate certain in-house skills, they are authorised to do so, however this does not mean there is duplication only that the required resources are placed within the CDO rather than in a TasWater division.</p> <p>The training, skills and expertise required are distinct for each business, hence why the CDO was established.</p> <p>The CDO does not have a CEO, it is managed by an Alliance Program Manager.</p>	

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<p>The CDO was contracted to provide experienced site supervisors, engineers, project managers and to complete projects at a high standard, on time and on budget.</p> <p>Budgets are escalated, issues are carried by the local contractor, and project quality is poor due to inexperienced project managers and site supervisors.</p> <p>Costs and timeframes for installations of pressure release valves have risen to around \$75 000 from \$15 000 to \$20 000.</p> <p>The reservoir refurbishment project, was costed at \$1.2 million for six reservoirs and has risen by \$900 000.</p>	<p>CDO budgets are developed based on input from highly experienced, Tasmanian-based staff and are independently assessed.</p> <p>The CDO comprises over 50 per cent TasWater employees, with most of the remainder living and working in Tasmania.</p> <p>Project budgets are determined following rigorous planning & investigation, and project development processes.</p> <p>The Alliance partners bring a level of experience of large-scale project delivery that TasWater did not previously have.</p> <p>This sees project budgets developed with a significantly lower risk of going over-budget or beyond schedule due to unforeseen circumstances. They are reviewed and must be approved unanimously by three levels of management, all of which include TasWater employees.</p> <p>All projects above \$5 million are independently reviewed by a Client Cost Estimator with a strong understanding of Tasmania and a report is provided to TasWater.</p> <p>This report is then considered by TasWater management and the Board, and project changes may be requested before the final budget is approved.</p> <p>This ensures a project's final Total Outturn Cost is accurate and lessens the risk of cost and time overruns. This allows for more accurate sequencing of work which provides greater certainty for local contractors tendering for the work.</p>	<p>The three management levels that formally review project budgets are as follows.</p> <p>CDO Alliance Leadership Team (ALT)</p> <p>It is the responsibility of the ALT to represent the interests of all parties who have a stake in the successful delivery of the TasWater Capital Works Programs. Members of the ALT provide strategic guidance and direction. The ALT is made up of senior TasWater and Capital Delivery Office Alliance representatives.</p> <p>Alliance Program Management Team (APMT)</p> <p>The APMT is responsible for management and delivery of the CDO program of works and associated functional support. It comprises members of TasWater and the Alliance partners with representation from the various functions that make up the CDO. Technical experts may also be asked to join.</p> <p>Capital Works Project Group</p> <p>The Capital Works Program Group (CWPG) is the TasWater management team responsible for ensuring the CDO delivers on the project and program delivery related commitments.</p> <p>Its functions include ensuring the CDO delivers positive outcomes relating to the number of scope and budget variations, safety incidents, and the skills and capability of TasWater project delivery staff.</p>
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<p>There was an announcement made in December 2020 that TasWater was going to make changes to the CDO and at the end of February 2021, nothing's changed.</p>	<p>TasWater has engaged with industry stakeholders since changes were announced in December 2020, and has provided updates as required as the process is worked through.</p> <p>In December 2020, the decision was made that TasWater would resume direct responsibility for lower-risk, lower-complexity capital works.</p> <p>The objective of this change is to enable these projects to progress more quickly and for the CDO to focus on delivering the larger multi-disciplinary projects that it is best set up to deliver.</p> <p>Structural realignment commenced immediately within both TasWater and the CDO and some work is already being contracted by TasWater.</p> <p>Around \$4.6M worth of contracts of a forecast \$15M in the current financial year have been executed or are in the process of execution under TasWater terms and conditions.</p> <p>TasWater held discussions with the contracting community and a review of the suite of TasWater / CDO and CDO contracts was undertaken.</p> <p>Revised CDO contractual terms and conditions were made available to contractors for feedback until 12 February 2021.</p> <p>This feedback is now being considered and conversations are ongoing with industry stakeholders.</p> <p>An article published in a national newspaper in early February 2021 noted the Civil Contractors Federation Tasmania (CCF) as saying it welcomed the commitment by TasWater to engage meaningfully with the CCF and its members.</p>	
<p>There are Tas Water employees and contractors who are suffering from mental health concerns because of the way this is being managed.</p>	<p>The health, safety and wellbeing of individuals working on our projects and sites is paramount.</p> <p>TasWater ensures this focus through:</p> <ul style="list-style-type: none">• Its Employee Assistance Program which is available to employees and their families	

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	<ul style="list-style-type: none">• Contact Officers that are available for confidential discussion and support – they have the skills to direct individuals to where to go for further assistance• Publishing resources and tools on our Health & Well Being SharePoint site which include external links to relevant organisations• People within the Safety team that are focused on health and wellbeing and can provide advice, as well as our HR team• Providing resilience training to all leaders to assist both themselves and their teams.• Working proactively to provide supportive and safe workplace environments for employees and contractors. <p>The CDO has the same philosophy and this supports employees and contractors through:</p> <ul style="list-style-type: none">• The CDO offers Employee Assistance Program with TasWater, CPB, UGL and WSP.• This is available to all CDO employees, contractors and their families, and is communicated through the safety management plans, staff meetings and various other outlets.• Mental health resources are available for staff on an internal intranet, and a representative of the Speak Up Stay Chatty organisation has delivered a team session.• The CDO is currently looking into the training of mental health first aiders.	
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<p>Serious health and safety issues are being raised and ignored.</p> <p>CDO employees are unqualified, inexperienced and are putting other people at risk.</p> <p>An inexperienced CDO site supervisor put contractors into a confined space without the correct isolations.</p> <p>Work ceased until isolations were fixed.</p> <p>The supervisor was not reprimanded or given extra training.</p> <p>The same supervisor also oversaw another project inside a reservoir which did not have a confined space rescue system as required by the Australian Standard.</p>	<p>This incident was investigated, and no serious breach of health and safety was found to have occurred.</p> <p>When health and safety issues are raised with the CDO, they are individually investigated and documented.</p> <p>Following this process, feedback is provided to the party who raised the initial concern.</p> <p>This occurred in relation to a concern raised regarding contractors working in a confined space without correct isolations.</p> <p>Whilst learnings have been identified in these investigations, there was no serious breach of health and safety in this instance.</p> <p>The CDO has a comprehensive training matrix and can confirm that all qualifications are up to date where required.</p> <p>The CDO has processes for issues to be raised on site and will always look to improve on health and safety outcomes.</p>	<p>Safety on CDO managed sites is of the highest importance.</p> <p>The One HSE Culture coupled with on-site management and adherence to best practice has meant that there has not been a single recordable injury on a CDO site since it was established in July 2019.</p>
<p>The CDO now does not pay contractors for anywhere between 45 and 60 days.</p> <p>There is no concrete plan for the upgrade of the Bryn Estyn Water Treatment Plant.</p> <p>It has clarifiers that need refurbishment and can be used as secondary clarifiers at that plant when you build the new ones.</p> <p>The CDO has a proposal that they are going to just knock everything down and build everything new, probably to escalate cost and get better money.</p>	<p>The CDO's payment terms are 35 days from end of month.</p> <p>There is a plan for the Bryn Estyn site with detailed design work underway.</p> <p>A construction contract for the \$200+ million project is in place through the Program Alliance Agreement, which has been agreed by both TasWater and UGL/CPB, and early site works are now under construction with a number of tenders already won by Tasmanian-based companies to undertake this work.</p> <p>There are a number of components of the existing treatment plant that are being reused including the inlet pipeline, inlet and outlet pump stations, chlorination system.</p>	<p>https://www.taswater.com.au/yoursay/projects/all-projects/bryn-estyn-water-treatment-plant-upgrade</p>

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	<p>The clarifiers have been assessed by specialist structural engineers and deemed to be at the end of their serviceable life due to a number of factors.</p> <p>It should be noted that the design was undertaken by an independent highly experienced engineering firm. This design was then reviewed by their international arm and then further reviewed as part of a final value engineering exercise to identify any further opportunities to reduce costs.</p> <p>The value engineering exercise involved the engagement of a second independent engineering firm which reviewed key decisions and assumptions with a view to validating the design basis in terms of value for money for TasWater and its customers.</p> <p>All CDO cost estimates were assessed by an independent specialist cost estimating firm with the results provide to TasWater representatives and the CDO. It was only when all of these steps had been completed that TasWater senior management and the Board were provided with a recommendation to proceed.</p>	
Infrastructure in need of work means there is a risk of a sewage spill on the road near Risdon Prison.	<p>The Risdon Vale STP has one major treatment tank, called a Pasveer Ditch, which is the main treatment process unit.</p> <p>This tank cannot be easily bypassed and has had minor leakage from some cracking in the walls for a few years now.</p> <p>We have completed interim repairs on the minor leaks, undertaken from outside the tank, and containment measures are in place to ensure there is no overflow off site from these leaks.</p> <p>There is now very little leakage from these cracks following the interim repairs.</p> <p>We continue to monitor the tank from the outside to see if there are any visible signs of deterioration.</p>	

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<p>There are no alarm systems at the major sewage pump station on the Derwent scheme, at Rocks Road, New Norfolk.</p> <p>There is no backup generator on site.</p> <p>There's no SCADA there so that emergency pumps can be clicked in automatically to alleviate issues like that.</p>	<p>Rocks Rd SPS currently has an auto dialler which provides an alert when an SPS alarm requires operational staff to visit site to assess the issue.</p> <p>A project is underway to provide greater visibility on this site. These works will include the installation of SCADA at Rocks Rd sewage pump station (SPS), allowing the Site Coordinator and Operators to monitor flow trends and is estimated to take four weeks to complete.</p> <p>Backup generators aren't installed at every SPS site, including this one. We have mobile generators across the state that can be mobilised quickly.</p> <p>The auto dialler provides an alert to operational staff to visit the site but as part of their normal operational duties, operators also regularly attend the plant.</p>	
<p>The CDO hasn't met the KPIs they'd signed up to as in supplying experienced engineers, project managers and site supervisors, and provision of training and assistance to local contractors.</p>	<p>The CDO has brought highly skilled and experienced professionals to Tasmania to live and work.</p> <p>This includes some Tasmanians returning to the State to take up opportunities available through the CDO.</p> <p>TasWater has received direct feedback from contractors that they have learnt from engaging with the CDO and have improved their systems accordingly.</p>	<p>The establishment of the CDO has seen a range of highly skilled individuals relocate to Tasmania. Other staff that are not based in Tasmania work closely with their locally based CDO colleagues, over half of whom are TasWater employees.</p> <p>This mix sees a mutual exchange of information brought to every project. This delivers positive outcomes by combining high-level experience in delivering water and sewerage projects that have never been built on this scale in Tasmania, with local knowledge and understanding of our communities, assets, topography and culture.</p> <p>Local contractors working alongside these experienced staff are able to learn from experience developed on large scale mainland projects while also contributing many years of on the ground understanding of Tasmania.</p>

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		<p>The CDO also runs 2-week paid summer internship program allowing university students in their penultimate or final year of study to gain work experience and valuable insight into the industry.</p> <p>We offer Graduate opportunities in engineering and other required disciplines in collaboration with TasWater.</p> <p>A new graduate program has been developed to provide graduates the chance to put their skills to work. It is a practical program with an emphasis on learning and development.</p> <p>This two-year program which commences March 2021, has five TasWater graduates joining the CDO team and one from CPB.</p>
<p>There is no risk to UGL or the CIMIC Group in any of this, none at all.</p> <p>They are making more money than anyone else out of it and they are not taking any of the risk.</p>	<p>The financial risk to the CDO is a project cost overrun which can see them lose their entire project fee.</p> <p>Cost savings or cost overruns on the agreed Total Outturn Cost (the project's agreed budget) are shared between the alliance partners through a process specified in the Project Alliance Agreement between the CDO parties.</p> <p>Distribution of these overruns or savings is referred to as 'painshare/gainshare'.</p> <p>This component is capped at the dollar amount of the fee.</p> <p>In practice this means the alliance partners can lose their entire fee should a project's cost overrun, and only 'gain' a payment of up to the total fee regardless of the actual project saving. Any savings above this fee are returned in full to TasWater.</p>	

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	The CDO only charges actual overhead costs plus an agreed percentage. We are willing to discuss this percentage in confidence with the committee	
Andrew Moir used to work for the CIMIC Group or UGL.	Andrew Moir has never worked for UGL or the CIMIC Group.	
There's been five or six reservoirs refurbished under the CDO and every one of them still leaks.	<p>As with all construction projects there are defect liability periods and expected rectification of any faults in the final product delivered.</p> <p>Any defects identified are planned to be repaired in line with our ongoing asset management and maintenance plans.</p> <p>In this case the defects are minor and as such a Certificate of Substantial Completion has been issued to the contractor.</p> <p>The leaks referred to have been resolved and are no longer leaking.</p> <p>Further inspection will be carried out on each of the refurbished reservoirs during the liability period (as stated in the contract) when operational circumstances allow us to do so.</p>	
The St John Street pump station in Launceston sees massive potential for a sewage spill.	The function of the tidal flap valves has no impact on the potential of a major sewer overflow.	SCADA is fitted at the St John Street Sewage Pump Station which provides real time data and alerts regarding the status of the pumps.

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<p>Some tidal flaps in the combined system haven't worked for years and years.</p>	<p>The wells in the pump station are separated and the storm water pumps located in the wells will start and discharge the incoming tidal water directly back to the river before it can get into the sewer system.</p> <p>The storm water discharges at every pump station have alarms to detect river water intrusion, the ability to then be isolated and if river water did get into the sewer, it would be discharged to the wastewater sewerage plant.</p> <p>The pump sizing and sewer mains are designed to overcome any river infiltration or head pressure increases during flood conditions, which is much greater than normal tidal variations.</p> <p>The tidal flaps are located on the storm water discharges of the Launceston combined system pump stations.</p> <p>They are in place to help prevent river water entering the storm water side of the Sewer Pump Stations (SPS), that can incorrectly trigger the storm water pumps.</p> <p>Some of these tidal flaps are nearing end of useful life and are on a planned replacement project.</p> <p>This same project is also looking at what other forms of tidal control valves we need on the flood levee system.</p>	<p>Should an alarm be sounded at any time, a TasWater operator would attend the site. These pumps are also directly monitored throughout the day by onsite operators.</p> <p>There are a number of other pump stations around the St Johns Street SPS area that would be able to manage waste should an issue occur which sees a very low risk of a spill from St Johns Street onto Launceston's streets.</p>
<p>Some places on the east coast, they're still trucking water in because the water treatment plant isn't keeping up or it's not satisfactory or whatever it may be. That's a concern.</p>	<p>There was a single isolated incident at Coles Bay in Nov/Dec 2020 that required water to be carted.</p> <p>The incident related to the raw water supply that feeds into our Coles Bay water treatment plant. It was determined that there was manganese and iron in the raw water supply.</p> <p>Significant work was undertaken by our team of experts to implement an appropriate ongoing solution at the plant.</p> <p>Whilst this work was undertaken, TasWater continued to bring in water from other treatment plants to ensure continuity in supply to the community.</p>	

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TasWater response

Supporting information

<p>The Fenton line at New Norfolk could have been replaced prior to a new subdivision being built.</p> <p>There is now a much greater cost to replace the line.</p> <p>A recent burst pipe there was pushing out 20 megalitres of water and, if it wasn't stopped when it was stopped, it was going to wash a house away.</p>	<p>The short-term carting of water into Coles Bay in late-2020 was not because the water treatment plant isn't keeping up or is not satisfactory.</p>	
<p>The Fenton line at New Norfolk is being replaced as per our prioritisation model and regulated capex budget.</p> <p>This section of the Fenton Line was constructed in the 1930s and is scheduled for replacement.</p> <p>The land over this section was sub-divided in 2008 prior to the water reforms of 2009, many years prior to either TasWater or the CDO being established.</p> <p>An assessment of the line was undertaken in 2016, and since that time the decision has been taken to replace the pipeline using a different alignment to move it away from private property.</p> <p>This is unlikely to significantly increase the cost of the project but will provide a more appropriate outcome.</p> <p>The pipe can carry 20 megalitres of water a day but at no time has this volume of water been released by a break.</p> <p>As per the TasWater Customer Charter (section 15.1) our regulator requires us to attend a break of this sort (priority one) within 60 minutes, 90 per cent of the time. A break in 2017 did see water ingress onto a property but at no time was there a real risk of the house being washed away.</p>	<p>The Fenton Line at New Norfolk is being replaced as per our prioritisation model and regulated capex budget.</p> <p>This section of the Fenton Line was constructed in the 1930s and is scheduled for replacement.</p> <p>The land over this section was sub-divided in 2008 prior to the water reforms of 2009, many years prior to either TasWater or the CDO being established.</p> <p>An assessment of the line was undertaken in 2016, and since that time the decision has been taken to replace the pipeline using a different alignment to move it away from private property.</p> <p>This is unlikely to significantly increase the cost of the project but will provide a more appropriate outcome.</p> <p>The pipe can carry 20 megalitres of water a day but at no time has this volume of water been released by a break.</p> <p>As per the TasWater Customer Charter (section 15.1) our regulator requires us to attend a break of this sort (priority one) within 60 minutes, 90 per cent of the time. A break in 2017 did see water ingress onto a property but at no time was there a real risk of the house being washed away.</p>	<p><u>Customer Charter</u> https://www.taswater.com.au/ArticleDocuments/319/Customer%20Charter%20version%202.1%20July%202015.pdf.aspx</p> <p>The Economic Regulator's latest Report on the State of the Tasmanian Water and Sewerage Industry notes that for 2019-20, the 60-minute target for priority one (P1) breaks was met 92% of the time.</p> <p>Our current YTD average response time to priority 1 breaks as at 28 February 2021 is 31.1 minutes.</p>
<p>A tender that has been issued to paint the exterior of a steel reservoir at Zeehan in winter.</p> <p>This timing places risk on the contractor.</p>	<p>The CDO has requested a proposed methodology from the contractors and has stipulated that it would like the reservoir painted in the cooler months.</p> <p>That can be as early as April, but this is due to the reservoir being used at a higher rate during the warmer months.</p> <p>At a recent site meeting on 16 February 2021 the contractors that attended asked if they run into poor weather can they demobilise and then remobilise when the weather returns to more favourable conditions.</p>	

Summary of statement

TasWater response

Supporting information

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A customer has asked TasWater to supply the reasoning behind trade waste costs.	<p>It was suggested to place that in their delivery methodology.</p> <p>Up until 2015, Tasmania did not have a trade waste policy, and this saw residential customers covering a cost to do business.</p> <p>Every customer paid for the additional waste produced by businesses.</p> <p>And there was no motivation for businesses to limit their waste.</p> <p>This was unfair on residential customers and resulted in ongoing impacts on infrastructure and the environment.</p> <p>TasWater developed a Trade Waste policy and fee structure to address this.</p> <p>It was then approved by the independent Office of the Economic Regulator.</p> <p>The Regulator assessed the plan in accordance with the regulatory framework for price determinations governing regulated entities as set out in the Water and Sewerage Industry Act 2008 (Industry Act).</p> <p>The Regulator also considered the views of other stakeholders including TasWater's customers, industry regulators and other interested parties before making a price determination.</p> <p>TasWater pricing is based on a very simple principle. Businesses collectively cover the cost of the additional waste they produce above the standard sewage charges.</p> <p>Producers of trade waste are required to install and maintain a suitable pre-treatment system.</p> <p>They then pay a trade waste levy that equates to proportion of TasWater's cost to treat waste to ensure there is no cross subsidy from residential customers.</p> <p>Pre-treatment removes much of the trade waste, but there is still a significant cost to treat the wastewater of compliant businesses.</p> <p>That surplus is what is charged for.</p>	

Summary of statement

TasWater response

Supporting information

	<p>TasWater assessed trade waste producing businesses, visited them and worked with owners on appropriate pre-treatment system to ensure they were compliant.</p> <p>In good faith TasWater charged businesses as if they were compliant from day one, but actually provided a further 18 months for them to become compliant.</p> <p>In some other jurisdictions businesses are given as little as six months to comply.</p> <p>TasWater continues to work with businesses to find a solution that allows them to operate and be compliant.</p>	
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<p>Tasmania has failing infrastructure, boiled water alerts, raw sewage seeping into ground water, water and sewerage treatment plants running above capacity and its only through good luck not good management that our capital city has not been put on water restrictions.</p> <p>TasWater has been in existence now for eight years, and we are still very stagnant in progress as to where we should be or need to be as far as maintenance or renewal of assets.</p> <p>Money is being wasted for no value whatsoever.</p>	<p>TasWater has repeatedly highlighted the age of many of the water and sewerage assets it inherited, and the impacts of years of under-investment.</p> <p>It was in part this under-investment that saw legislation introduced in 2008 to reform our water and sewerage industry.</p> <p>Further changes saw TasWater established in 2013, seeing Tasmania have a single water authority for the first time.</p> <p>Information was gathered about the condition and performance of assets, and this saw the development of a 10-year capital expenditure program in 2017.</p> <p>The latest State of the Industry report published by the independent Office of the Tasmanian Economic Regulator in May 2020 and covering FY2019 noted:</p> <ul style="list-style-type: none"> • Overall, the quality of drinking water supply in Tasmania was high • TasWater is continuing to invest in infrastructure and monitoring systems • There has been a sustained trend in improvement in the compliance of treated effluent discharged to waterways, with TasWater's sewage treatment plants' flow-weighted compliance passing the 90 per cent mark for the first time since 2009-10 • The number of plants that achieved 50 per cent or less compliance against regulated discharge to water limits continued to shrink • Overall, the performance of TasWater's sewage treatment plants has improved and while there have been a number of untreated sewage releases, there is no ongoing impact on public health resulting from these incidents 	<p>https://www.economicregulator.tas.gov.au/water/performance-monitoring</p> <p>https://www.taswater.com.au/ArticleDocuments/467/Corporate%20Plan%20FY2021-25%20final%20designed%20version.PDF.aspx?Embed=Y</p> <p>https://www.taswater.com.au/Yoursay/Projects/all-projects</p> <p>https://watersource.awa.asn.au/community/public-health/tasmanian-boil-alerts-lifted-as-taswater-completes-historic-24glasses-program/</p>
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	<ul style="list-style-type: none">• Tasmanian bills for water and sewerage services are typically lower than those on the mainland. <p>TasWater's Corporate Plan 2021 – 2025 details \$1.04 billion of capital expenditure over the next four years that will see some of our highest priority compliance requirements addressed, as well as necessary renewal and growth works undertaken.</p> <p>As at 31 December 2020, Tasmania had:</p> <ul style="list-style-type: none">• 100% microbiologically compliant potable water systems.• 89% treated wastewater volume compliant with EPA requirements• 0.16 water complaints per 1000 connections (YTD)• 0.31 odour complaints per 1000 connections (YTD)• Zero boil water alerts• One town on water restrictions.	
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<p>In November 2020 where there was two metres of supply left for Hobart (approximately one day) before they ran out of water, this was because the treatment plant could not keep up with demand.</p>	<p>This is incorrect, Hobart was not close to running out of water.</p> <p>We have a number of water sources and treatment plants as well as a storage network for treated water across greater Hobart.</p> <p>This combined with our rigorous management and monitoring processes meant there was no issue with supply.</p> <p>This is evidenced by our continued supply of water to greater Hobart, including irrigators, while not requiring implementation of water restrictions.</p> <p>This situation occurred overnight, and the SCADA (Supervisory Control and Data Acquisition) alarm system worked effectively to ensure Hobart's water supply was not impacted.</p> <p>At about 11pm, the water level started to drop from 4m (over half full) to 2.9m.</p> <p>This would have been driven by the routine movements of water between our storages.</p> <p>This drop triggered the first of two SCADA warning alarms (the level did not drop low enough to trigger the second) and following operational changes, by 5:30am water levels had started to rise again.</p> <p>By 6pm that day, the tanks were back up to 4m.</p> <p>Water systems are complex and dynamic, and storage levels rise and fall throughout the day.</p> <p>At that time Ridgeway Dam had adequate supply, Lower Reservoir at Waterworks was full, and New Norfolk has its own reservoirs.</p>	<p>There are three water sources that supply drinking water to the Greater Hobart area. The Derwent River supplies 60-80% via the Bryn Estyn Water Treatment Plant. Less than 1% of the Derwent River flow is extracted for treatment. Mount Field (Lake Fenton) and Mount Wellington supply 10-20% of drinking water each.</p> <p>These supply open bulk water storages; Ridgeway Dam, Waterworks Upper and Lower Dams, Flagstaff Gully Dam, and Risdon Brook Dam.</p> <p>Reservoir tanks are on hilltops all over Greater Hobart (such as Knocklofty reserve, the Domain, Rosny, Tolosa Street).</p> <p>SCADA alarm systems and scheduled physical checks by TasWater operators provide early warnings of a variety of changes in in different parts of the network. Alarms are set to provide enough notice to allow rectification and minimise any impact to customers.</p>
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	<p>This confirms that Tasmanians can have confidence in TasWater's highly skilled staff and the effective monitoring, operation and maintenance of the state's water systems 24 hours a day, 365 days a year.</p> <p>It is also an example of why TasWater is undertaking its ambition 10 years, \$1.8 billion capital works program that includes the upgrade of the Bryn Estyn water treatment plant.</p>	
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<p>Because of the poor upper management over the last seven years, they then decided to form an alliance with a massive multinational company (CDO) whose only interest is in returning profits to shareholders, not what is good for Tasmania.</p> <p>The CDO is not the right path. Work can be done in-house and there's enough experience and people within Tasmania.</p>	<p>Prior to establishing the Capital Delivery Office it was clear that achievement of TasWater's ambitious forward capital delivery program would require a step change in its delivery model.</p> <p>In 2018 TasWater recognised the need to develop a new project delivery model for timely and efficient delivery of the \$1.8B accelerated capital program.</p> <p>A study was undertaken by an independent organisation which identified and ranked eight possible delivery models.</p> <p>Of these options, a contracted alliance model was selected as preferred due its ability to provide immediate access to the capability, tools and systems necessary to deliver one of Australia's most ambitious and complex water and sewerage upgrade programs.</p> <p>Not accepting the need to change would mean accepting the risk of delays and overruns to projects, or significantly reducing the size of the capital program.</p> <p>A competitive national tender process, overseen with appropriate levels of probity, was undertaken to deliver the proposed Capital Works Program for TasWater, and the CDO commenced operations in July 2019.</p> <p>The core business of the TasWater CDO is to ensure cost-effective and timely delivery of quality capital works projects for TasWater and manage the Capital Works Program from inception to completion including the planning, design, procurement and delivery phases.</p> <p>It appoints designers and consultants to assist with the pre-construction design stages, and construction</p>	
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	contractors and specialist equipment suppliers may undertake the detailed design. The TasWater CDO does not carry out the actual construction work at project sites so contractors are appointed to do this.	
<p>The whole CDO is just an unjustified duplication.</p> <p>We now have 2 safety teams, 2 procurement teams, 2 CEOs.</p>	<p>There is no duplication of positions across TasWater and the CDO.</p> <p>TasWater and the CDO perform different functions.</p> <p>TasWater employees are focussed on the lifecycle management, operation and maintenance of the assets while CDO employees' skills and expertise allows them to manage construction risk. To the extent that it is more effective and efficient for the CDO to incorporate certain in-house skills, they are authorised to do so, however this does not mean there is duplication only that the required resources are placed within the CDO rather than in a TasWater division.</p> <p>The training, skills and expertise required are distinct for each business, hence why the CDO was established.</p> <p>The CDO does not have a CEO, it is managed by an Alliance Program Manager.</p>	

<p>The CDO was contracted to provide experienced site supervisors, engineers, project managers and to complete projects at a high standard, on time and on budget.</p> <p>Budgets are escalated, issues are carried by the local contractor, and project quality is poor due to inexperienced project managers and site supervisors.</p> <p>Costs and timeframes for installations of pressure release valves have risen to around \$75 000 from \$15 000 to \$20 000.</p> <p>The reservoir refurbishment project, was costed at \$1.2 million for six reservoirs and has risen by \$900 000.</p>	<p>CDO budgets are developed based on input from highly experienced, Tasmanian-based staff and are independently assessed.</p> <p>The CDO comprises over 50 per cent TasWater employees, with most of the remainder living and working in Tasmania.</p> <p>Project budgets are determined following rigorous planning & investigation, and project development processes.</p> <p>The Alliance partners bring a level of experience of large-scale project delivery that TasWater did not previously have.</p> <p>This sees project budgets developed with a significantly lower risk of going over-budget or beyond schedule due to unforeseen circumstances.</p> <p>They are reviewed and must be approved unanimously by three levels of management, all of which include TasWater employees.</p> <p>All projects above \$5 million are independently reviewed by a Client Cost Estimator with a strong understanding of Tasmania and a report is provided to TasWater.</p> <p>This report is then considered by TasWater management and the Board, and project changes may be requested before the final budget is approved.</p> <p>This ensures a project's final Total Outturn Cost is accurate and lessens the risk of cost and time overruns. This allows for more accurate sequencing of work which provides greater certainty for local contractors tendering for the work.</p>	<p>The three management levels that formally review project budgets are as follows.</p> <p>CDO Alliance Leadership Team (ALT)</p> <p>It is the responsibility of the ALT to represent the interests of all parties who have a stake in the successful delivery of the TasWater Capital Works Programs. Members of the ALT provide strategic guidance and direction. The ALT is made up of senior TasWater and Capital Delivery Office Alliance representatives.</p> <p>Alliance Program Management Team (APMT)</p> <p>The APMT is responsible for management and delivery of the CDO program of works and associated functional support. It comprises members of TasWater and the Alliance partners with representation from the various functions that make up the CDO. Technical experts may also be asked to join.</p> <p>Capital Works Project Group</p> <p>The Capital Works Program Group (CWPG) is the TasWater management team responsible for ensuring the CDO delivers on the project and program delivery related commitments.</p> <p>Its functions include ensuring the CDO delivers positive outcomes relating to the number of scope and budget variations, safety incidents, and the skills and capability of TasWater project delivery staff.</p>
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<p>There was an announcement made in December 2020 that TasWater was going to make changes to the CDO and at the end of February 2021, nothing's changed.</p>	<p>TasWater has engaged with industry stakeholders since changes were announced in December 2020, and has provided updates as required as the process is worked through.</p> <p>In December 2020, the decision was made that TasWater would resume direct responsibility for lower-risk, lower-complexity capital works.</p> <p>The objective of this change is to enable these projects to progress more quickly and for the CDO to focus on delivering the larger multi-disciplinary projects that it is best set up to deliver.</p> <p>Structural realignment commenced immediately within both TasWater and the CDO and some work is already being contracted by TasWater.</p> <p>Around \$4.6M worth of contracts of a forecast \$15M in the current financial year have been executed or are in the process of execution under TasWater terms and conditions.</p> <p>TasWater held discussions with the contracting community and a review of the suite of TasWater / CDO and CDO contracts was undertaken.</p> <p>Revised CDO contractual terms and conditions were made available to contractors for feedback until 12 February 2021.</p> <p>This feedback is now being considered and conversations are ongoing with industry stakeholders.</p> <p>An article published in a national newspaper in early February 2021 noted the Civil Contractors Federation Tasmania (CCF) as saying it welcomed the commitment by TasWater to engage meaningfully with the CCF and its members.</p>	
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<p>There are Tas Water employees and contractors who are suffering from mental health concerns because of the way this is being managed.</p>	<p>The health, safety and wellbeing of individuals working on our projects and sites is paramount.</p> <p>TasWater ensures this focus through:</p> <ul style="list-style-type: none"> • Its Employee Assistance Program which is available to employees and their families • Contact Officers that are available for confidential discussion and support – they have the skills to direct individuals to where to go for further assistance • Publishing resources and tools on our Health & Well Being sharepoint site which include external links to relevant organisations • People within the Safety team that are focused on health and wellbeing and can provide advice, as well as our HR team • Providing resilience training to all leaders to assist both themselves and their teams. • Working proactively to provide supportive and safe workplace environments for employees and contractors. <p>The CDO has the same philosophy and this supports employees and contractors through:</p> <ul style="list-style-type: none"> • The CDO offers Employee Assistance Program with TasWater, CPB, UGL and WSP. • This is available to all CDO employees, contractors and their families, and is communicated through the safety management plans, staff meetings and various other outlets. • Mental health resources are available for staff on an internal intranet, and a representative of the Speak Up Stay Chatty organisation has delivered a team session. 	
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	<ul style="list-style-type: none"> The CDO is currently looking into the training of mental health first aiders. 	
<p>Serious health and safety issues are being raised and ignored.</p> <p>CDO employees are unqualified, inexperienced and are putting other people at risk.</p> <p>An inexperienced CDO site supervisor put contractors into a confined space without the correct isolations.</p> <p>Work ceased until isolations were fixed.</p> <p>The supervisor was not reprimanded or given extra training.</p> <p>The same supervisor also oversaw another project inside a reservoir which did not have a confined space rescue system as required by the Australian Standard.</p>	<p>This incident was investigated, and no serious breach of health and safety was found to have occurred.</p> <p>When health and safety issues are raised with the CDO, they are individually investigated and documented.</p> <p>Following this process, feedback is provided to the party who raised the initial concern.</p> <p>This occurred in relation to a concern raised regarding contractors working in a confined space without correct isolations.</p> <p>Whilst learnings have been identified in these investigations, there was no serious breach of health and safety in this instance.</p> <p>The CDO has a comprehensive training matrix and can confirm that all qualifications are up to date where required.</p> <p>The CDO has processes for issues to be raised on site and will always look to improve on health and safety outcomes.</p>	<p>Safety on CDO managed sites is of the highest importance.</p> <p>The One HSE Culture coupled with on-site management and adherence to best practice has meant that there has not been a single recordable injury on a CDO site since it was established in July 2019.</p>
<p>The CDO now does not pay contractors for anywhere between 45 and 60 days.</p>	<p>The CDO's payment terms are 35 days from end of month.</p>	

<p>There is no concrete plan for the upgrade of the Bryn Estyn Water Treatment Plant.</p> <p>It has clarifiers that need refurbishment and can be used as secondary clarifiers at that plant when you build the new ones.</p> <p>The CDO has a proposal that they are going to just knock everything down and build everything new, probably to escalate cost and get better money.</p>	<p>There is a plan for the Bryn Estyn site with detailed design work underway.</p> <p>A construction contract for the \$200+ million project is in place through the Program Alliance Agreement, which has been agreed by both TasWater and UGL/CPB, and early site works are now under construction with a number of tenders already won by Tasmanian-based companies to undertake this work.</p> <p>There are a number of components of the existing treatment plant that are being reused including the inlet pipeline, inlet and outlet pump stations, chlorination system.</p> <p>The clarifiers have been assessed by specialist structural engineers and deemed to be at the end of their serviceable life due to a number of factors.</p> <p>It should be noted that the design was undertaken by an independent highly experienced engineering firm. This design was then reviewed by their international arm and then further reviewed as part of a final value engineering exercise to identify any further opportunities to reduce costs.</p> <p>The value engineering exercise involved the engagement of a second independent engineering firm which reviewed key decisions and assumptions with a view to validating the design basis in terms of value for money for TasWater and its customers.</p> <p>All CDO cost estimates were assessed by an independent specialist cost estimating firm with the results provide to TasWater representatives and the CDO. It was only when all of these steps had been completed that TasWater senior management and the</p>	<p>https://www.taswater.com.au/yoursay/projects/all-projects/bryn-estyn-water-treatment-plant-upgrade</p>
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	Board were provided with a recommendation to proceed.	
Infrastructure in need of work means there is a risk of a sewage spill on the road near Risdon Prison.	<p>The Risdon Vale STP has one major treatment tank, called a Pasveer Ditch, which is the main treatment process unit.</p> <p>This tank cannot be easily bypassed and has had minor leakage from some cracking in the walls for a few years now.</p> <p>We have completed interim repairs on the minor leaks, undertaken from outside the tank, and containment measures are in place to ensure there is no overflow off site from these leaks.</p> <p>There is now very little leakage from these cracks following the interim repairs.</p> <p>We continue to monitor the tank from the outside to see if there are any visible signs of deterioration.</p>	

<p>There are no alarm systems at the major sewage pump station on the Derwent scheme, at Rocks Road, New Norfolk.</p> <p>There is no backup generator on site.</p> <p>There's no SCADA there so that emergency pumps can be clicked in automatically to alleviate issues like that.</p>	<p>Rocks Rd SPS currently has an auto dialler which provides an alert when an SPS alarm requires operational staff to visit site to assess the issue.</p> <p>A project is underway to provide greater visibility on this site. These works will include the installation of SCADA at Rocks Rd sewage pump station (SPS), allowing the Site Coordinator and Operators to monitor flow trends and is estimated to take four weeks to complete.</p> <p>Backup generators aren't installed at every SPS site, including this one. We have mobile generators across the state that can be mobilised quickly.</p> <p>The auto dialler provides an alert to operational staff to visit the site but as part of their normal operational duties, operators also regularly attend the plant.</p>	
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<p>The CDO hasn't met the KPIs they'd signed up to as in supplying experienced engineers, project managers and site supervisors, and provision of training and assistance to local contractors.</p>	<p>The CDO has brought highly skilled and experienced professionals to Tasmania to live and work.</p> <p>This includes some Tasmanians returning to the State to take up opportunities available through the CDO.</p> <p>TasWater has received direct feedback from contractors that they have learnt from engaging with the CDO and have improved their systems accordingly.</p>	<p>The establishment of the CDO has seen a range of highly skilled individuals relocate to Tasmania. Other staff that are not based in Tasmania work closely with their locally based CDO colleagues, over half of whom are TasWater employees.</p> <p>This mix sees a mutual exchange of information brought to every project. This delivers positive outcomes by combining high-level experience in delivering water and sewerage projects that have never been built on this scale in Tasmania, with local knowledge and understanding of our communities, assets, topography and culture.</p> <p>Local contractors working alongside these experienced staff are able to learn from experience developed on large scale mainland projects while also contributing many years of on the ground understanding of Tasmania.</p> <p>The CDO also runs 2-week paid summer internship program allowing university students in their penultimate or final year of study to gain work experience and valuable insight into the industry.</p> <p>We offer Graduate opportunities in engineering and other required disciplines in collaboration with TasWater.</p> <p>A new graduate program has been developed to provide graduates the chance to put their skills to work. It is a practical program with an emphasis on learning and development.</p> <p>This two-year program which commences March 2021, has five TasWater graduates joining the CDO team and one from CPB.</p>
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<p>There is no risk to UGL or the CIMIC Group in any of this, none at all.</p> <p>They are making more money than anyone else out of it and they are not taking any of the risk.</p>	<p>The financial risk to the CDO is a project cost overrun which can see them lose their entire project fee.</p> <p>Cost savings or cost overruns on the agreed Total Outturn Cost (the project's agreed budget) are shared between the alliance partners through a process specified in the Project Alliance Agreement between the CDO parties.</p> <p>Distribution of these overruns or savings is referred to as 'painshare / gainshare'.</p> <p>This component is capped at the dollar amount of the fee.</p> <p>In practice this means the alliance partners can lose their entire fee should a project's cost overrun, and only 'gain' a payment of up to the total fee regardless of the actual project saving. Any savings above this fee are returned in full to TasWater.</p> <p>The CDO only charges actual overhead costs plus an agreed percentage. We are willing to discuss this percentage in confidence with the committee</p>	
<p>Andrew Moir used to work for the CIMIC Group or UGL.</p>	<p>Andrew Moir has never worked for UGL or the CIMIC Group.</p>	

<p>There's been five or six reservoirs refurbished under the CDO and every one of them still leaks.</p>	<p>As with all construction projects there are defect liability periods and expected rectification of any faults in the final product delivered.</p> <p>Any defects identified are planned to be repaired in line with our ongoing asset management and maintenance plans.</p> <p>In this case the defects are minor and as such a Certificate of Substantial Completion has been issued to the contractor.</p> <p>The defects are required to be rectified in March and April of 2021</p>	
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<p>The St John Street pump station in Launceston sees massive potential for a sewage spill.</p> <p>Some tidal flaps in the combined system haven't worked for years and years.</p>	<p>The function of the tidal flap valves has no impact on the potential of a major sewer overflow.</p> <p>The wells in the pump station are separated and the storm water pumps located in the wells will start and discharge the incoming tidal water directly back to the river before it can get into the sewer system.</p> <p>The storm water discharges at every pump station have alarms to detect river water intrusion, the ability to then be isolated and if river water did get into the sewer, it would be discharged to the wastewater sewerage plant.</p> <p>The pump sizing and sewer mains are designed to overcome any river infiltration or head pressure increases during flood conditions, which is much greater than normal tidal variations.</p> <p>The tidal flaps are located on the storm water discharges of the Launceston combined system pump stations.</p> <p>They are in place to help prevent river water entering the storm water side of the Sewer Pump Stations (SPS), and falsely starting the storm water pumps.</p> <p>Some of these tidal flaps are in poor condition and are on a planned replacement project, which is also looking at what other forms of tidal control valves we need on the flood levee system.</p>	<p>SCADA is fitted at the St John Street Sewage Pump Station which provide real time data and alerts regarding the status of the pumps.</p> <p>Should an alarm be sounded at any time, a TasWater operator would attend the site. These pumps are also directly monitored throughout the day by onsite operators.</p> <p>There are a number of other pump stations around the St Johns Street SPS area that would be able to manage waste should an issue occur which sees a very low risk of a spill from St Johns Street onto Launceston's streets.</p>
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<p>Some places on the east coast, they're still trucking water in because the water treatment plant isn't keeping up or it's not satisfactory or whatever it may be. That's a concern.</p>	<p>There was a single isolated incident at Coles Bay in Nov/Dec 2020 that required water to be carted.</p> <p>This action was taken to ensure ongoing supply of safe drinking water to that community while an issue with the raw water supply was resolved.</p> <p>It was not because the water treatment plant isn't keeping up or is not satisfactory.</p>	
<p>The Fenton line at New Norfolk could have been replaced prior to a new subdivision being built.</p> <p>There is now a much greater cost to replace the line.</p> <p>A recent burst pipe there was pushing out 20 megalitres of water and, if it wasn't stopped when it was stopped, it was going to wash a house away.</p>	<p>The Fenton Line at New Norfolk is being replaced as per our prioritisation model and regulated capex budget.</p> <p>This section of the Fenton Line was constructed in the 1930s and is scheduled for replacement.</p> <p>A subdivision was built over or near this section prior to the water reforms of 2009, many years prior to either TasWater or the CDO being established.</p> <p>An assessment of the line was undertaken in 2016, and since that time the decision has been taken to replace the pipeline using a different alignment to move it away from private property.</p> <p>This is unlikely to significantly increase the cost of the project but will provide a more appropriate outcome.</p> <p>The pipe can carry 20 megalitres of water a day but at no time has this volume of water been released by a break.</p> <p>As per the TasWater Customer Charter (section 15.1) our regulator requires us to attend a break of this sort (priority one) within 60 minutes, 90 per cent of the time. A break in 2017 did see water ingress onto a property but at no time was there a real risk of the house being washed away.</p>	<p><u>Customer Charter</u></p> <p>https://www.taswater.com.au/ArticleDocuments/319/Customer%20Charter%20version%202.1%20July%202015.pdf.aspx</p> <p>The Economic Regulator's latest Report on the State of the Tasmanian Water and Sewerage Industry notes that for 2018-19, the 60 minute target for priority one (P1) breaks was met 97% of the time.</p> <p>Our current YTD average response time to priority 1 breaks as at 28 February 2021 is 31.1 minutes.</p>

<p>A tender that has been issued to paint the exterior of a steel reservoir at Zeehan in winter.</p> <p>This timing places risk on the contractor.</p>	<p>The CDO has requested a proposed methodology from the contractors and has stipulated that it would like the reservoir painted in the cooler months.</p> <p>That can be as early as April, but this is due to the reservoir being used at a higher rate during the warmer months.</p> <p>At a recent site meeting on 16 February 2021 the contractors that attended asked if they run into poor weather can they demobilise and then remobilise when the weather returns to more favourable conditions.</p> <p>It was suggested to place that in their delivery methodology.</p>	
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<p>A customer has asked TasWater to supply the reasoning behind trade waste costs.</p> <p>At the moment they can afford to cover that cost.</p>	<p>Until recently Tasmania did not have a trade waste policy, and this saw residential customers covering a cost to do business.</p> <p>Every customer paid for the additional waste produced by businesses.</p> <p>And there was no motivation for businesses to limit their waste.</p> <p>This was unfair on residential customers and was seeing ongoing impacts on infrastructure and the environment.</p> <p>TasWater developed a Trade Waste policy and fee structure to address this.</p> <p>It was then approved by the independent Office of the Economic Regulator.</p> <p>The Regulator assessed the plan in accordance with the regulatory framework for price determinations governing regulated entities as set out in the Water and Sewerage Industry Act 2008 (Industry Act).</p> <p>The Regulator also considered the views of other stakeholders including TasWater's customers, industry regulators and other interested parties before making a price determination.</p> <p>TasWater pricing is based on a very simple principle.</p> <p>Businesses collectively cover the cost of the additional waste they produce above the standard sewage charges.</p> <p>Producers of trade waste are required to install and maintain a suitable pre-treatment system.</p>	
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	<p>They then pay a trade waste levy that equates to proportion of TasWater's cost to treat waste to ensure there is no cross subsidy from residential customers.</p> <p>Pre-treatment removes much of the trade waste, but there is still a significant cost to treat the wastewater of compliant businesses.</p> <p>That surplus is what is charged for.</p> <p>TasWater assessed trade waste producing businesses, visited them and worked with owners on appropriate pre-treatment system to ensure they were compliant.</p> <p>In good faith TasWater charged businesses as if they were compliant from day one, but actually provided a further 18 months for them to become compliant.</p> <p>In some other jurisdictions businesses are given as little as six months to comply.</p> <p>TasWater continues to work with businesses to find a solution that allows them to operate and be compliant.</p>	
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Water and Sewerage Corporation Act 2012

**SHAREHOLDERS' LETTER
OF EXPECTATIONS**

**Tasmanian Water and Sewerage Corporation Pty Ltd
ACN 162 220 653**

Adopted by general meeting 16 May 2013
Amended by general meeting 28 July 2015
Amended by general meeting 27 September 2018

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PART 1 - PRELIMINARY	
1. Commencement and Term	
1.1	This Letter of Expectations is issued by the Shareholders of the Tasmanian Water and Sewerage Corporation Pty Ltd under Section 12 of the <i>Water and Sewerage Corporation Act 2012</i> . This Letter of Expectations commenced on 1 July 2013 and operates until it is replaced in accordance with the procedures outlined in this document and the Corporation's Constitution.
2. Purpose	
2.1	The purpose of this Letter of Expectations is to communicate and give guidance in relation to the Shareholders' high-level performance expectations and strategic priorities to the Board of the Corporation.
3. Interpretation	
3.1	The definitions of the terms are contained in Schedule A to this Letter of Expectations.
3.2	<p>The following rules also apply in interpreting this Letter of Expectations, except where the context makes it clear that a rule is not intended to apply.</p> <p>Terms defined in the <i>Water and Sewerage Corporation Act 2012</i> and <i>Water and Sewerage Industry Act 2008</i> (as amended from time to time) have the same meaning in this Letter of Expectations.</p> <p>Whenever this Letter of Expectations requires the Corporation to make something "available to the public", the Corporation shall:</p> <ul style="list-style-type: none"> • publish the matter on the Corporation's website; and • make a copy of the document available for inspection at each of the Corporation's offices; and • provide a copy on request for a charge that covers the fair and reasonable costs of making the copy available. <p>Whenever this Letter of Expectations requires the Corporation to "develop" something, the Corporation shall be taken to have complied with that obligation if it has already developed the item before this Letter of Expectations commenced.</p> <p>Where this document sets out expectations in relation to the provision of information, the Corporation shall forward such information to the Owners' Representatives, the Mayors (where the Owners' Representatives are not also the Mayors) and the General Managers (unless otherwise specified in this document). These expectations also apply to all subsidiaries of the Corporation.</p>
PART 2 - GENERAL	
4. Guiding Principles	
4.1.	<p>The Corporation shall operate in a manner consistent with the principal objectives under the <i>Water and Sewerage Corporation Act 2012</i>:</p> <ul style="list-style-type: none"> (a) to efficiently provide water and sewerage functions in Tasmania; (b) to encourage water conservation, the demand management of water and the reuse of water on an economic and commercial basis; (c) to be a successful business, and to this end – <ul style="list-style-type: none"> (i) to operate its activities in accordance with good commercial practice; (ii) to deliver sustainable returns to its members; and (iii) to deliver water and sewerage services to customers in the most cost efficient manner.

4.2.	In addition to these principal objectives, the Shareholders expect that the Corporation will uphold the original principles of 2008 structural reform by maintaining a capability and governance structure to manage the water resource, water supply and sewerage services in a sustainable manner, taking account of economic and environmental factors including the improvement of drinking water quality across Tasmania.
4.3.	<p>In performing its functions and providing its services, the Corporation shall therefore:</p> <ul style="list-style-type: none"> • have an appropriate and formalised dividends policy that provides for an appropriate balance sheet, profit and loss and cash-flow strength to enable access to debt funding to the level required to support required investment and to fund all business activities on a sustainable basis; • as far as is practical, maintain employment levels in each region equivalent to the proportion of full-time equivalents transferred from each regional Corporation to the statewide Corporation; • share the 'intellectual capacity' of the Corporation across each region wherever practical to do so; • balance the needs of each region over time when developing discretionary long term capital expenditure programs with the aim of sharing economic benefits across the state; • establish and maintain compliance with the ASX Corporate Governance Principles and Recommendations (as amended from time to time) to the extent that they apply to the Corporation's circumstances; • develop clear and unambiguous guidelines which allow the Shareholders to provide advice and guidance to the Board on matters that fall beyond the scope of the Board; • maintain the organisational and managerial capability to deliver a continuous improvement approach to operations and business processes; and • ensure that the Corporation collaborates with the various agencies to take account of state-wide and regional needs and endeavour to identify other opportunities to enhance outcomes for the Councils and the Tasmanian community.
5. Preservation of Employee Benefits	
5.1.	In addition to the general preservation of employment conditions specified in Part 3 of the <i>Water and Sewerage Corporation Act 2012</i> , the Corporation shall recognise as continuous service the length of uninterrupted employment in local government, bulk water authorities, Regional Water Corporations and the Common Service Corporation in determining employee entitlements including any future redundancy calculation.
PART 3 – GOVERNANCE	
6. Shareholders' Letter of Expectations	
6.1.	In issuing this Letter of Expectations, the Shareholders intend that the Board will abide by its provisions unless to do so would create a risk of breaching the <i>Water and Sewerage Corporation Act 2012</i> , the <i>Corporations Act 2001</i> (Cth), the Corporation's Constitution, directors' duties, or any other statutory or regulatory obligation.
6.2.	The Board will advise Owners' Representatives when the provisions of the Shareholder's Letter of Expectations cannot be met.
6.3.	The Corporation shall make this Letter of Expectations available to the public.

6.4.	As required under Section 12(5) of the <i>Water and Sewerage Corporation Act 2012</i> , the Shareholders shall consult with the Board before or while preparing or amending a Shareholders' Letter of Expectations.
6.5.	The method of adopting, amending or repealing the Shareholders' Letter of Expectations is determined in the Constitution.
7. Legislative Compliance	
7.1.	The Shareholders expect the Corporation to comply with all applicable statutory and regulatory obligations and to develop appropriate management systems to ensure reliable and continuous compliance is maintained.
7.2.	The Corporation shall ensure that it has a general compliance and audit scheme in place that focuses on systems and processes and monitors compliance with licence conditions and instruction from relevant industry regulators.
8. Corporate Plan	
8.1.	The preparation and provision of an annual Corporate Plan is required under Section 13 of the <i>Water and Sewerage Corporation Act 2012</i> .
8.2.	<p>The Corporate Plan shall be for a 5 year period and identify and explain the strategic and operational plans of the Corporation.</p> <p>Each Corporate Plan shall include:</p> <ul style="list-style-type: none"> • The main undertakings of the Corporation, • An assessment of the operating environment including a strategic risk assessment and mitigation plan, • An outline of the Corporation's Strategic Plan including objectives, actions and timelines, • Operating and Capital Works budgets for the forecast year and two forward years including: <ul style="list-style-type: none"> ○ forecast growth of connections and demand for water and sewerage services, ○ assumptions regarding revenue and expenses, ○ details of total borrowings and assumed interest rates, ○ assumptions regarding timing and total Owner Councils' dividends, ○ 10 Year Capital Works Program and cost estimate. • Forecast Profit and Loss, Balance Sheet, Cash Flow and Owner Councils' Dividends statements for a 10 year period. • Key Performance Measures and Targets including: <ul style="list-style-type: none"> • Financial, • Licence Condition Compliance, • Water Quality, • Wastewater Quality, • Customer Service Standards • Safety.
8.3.	<p>The Corporation shall provide a draft of the annual Corporate Plan to the Owners' Representatives at least six weeks prior to the Annual Planning Meeting.</p> <p>The Owners' Representatives will ensure that the annual Corporate Plan is adopted by no later than 31 July each year.</p>
8.4.	<p>Process for adopting or amending the Corporate Plan is as follows.</p> <ul style="list-style-type: none"> • The Corporation shall issue a draft Corporate Plan to Owner Councils and the Crown by no

	<p>later than 30 April each year for review.</p> <ul style="list-style-type: none"> • Owner Councils and the Crown must provide any suggested amendments to the draft Corporate Plan to the Chairman in writing within 28 days. • The Board will consider all suggested amendments received from Owner Councils and the Crown as soon as practicable. The Board is not obliged to adopt the requested amendments if to do so would create a risk of breaching directors' duties or other formal regulatory obligations. • Not less than 21 days prior to the Annual Planning General Meeting, the Corporation shall provide the Board's response to each of the amendments proposed by the Owner Councils and/or the Crown, through: <ul style="list-style-type: none"> ○ an amended Corporate Plan (if amendments are accepted) or ○ the draft Corporate Plan and letter of explanation (if amendments are rejected), to Owners' Representatives for consideration at the Annual Planning General Meeting. • The Chairman and CEO shall attend the meeting to present and or answer questions. • At the Annual Planning General Meeting the Owners' Representatives may adopt the Corporate Plan. • Approval of the Corporate Plan at the Annual Planning General Meeting will require: <ul style="list-style-type: none"> ○ an Ordinary Majority of Owners' Representatives (excluding the Crown's Owner's Representative); and ○ an affirmative vote by the Crown's Owner's Representative. • Should: <ul style="list-style-type: none"> ○ the Corporate Plan as presented by the Board not be adopted at the Annual Planning General Meeting, but ○ the Owners' Representatives, through an Ordinary Majority of Owners' Representatives (excluding the Crown's Owner's Representative) and an affirmative vote by the Crown's Owner's Representative agree amendments to the Corporate Plan, <p>the Board (if it has not already done so) shall be obliged to accept and incorporate those amendments into the Corporate Plan unless this would result in directors of the Corporation being in breach of their fiduciary duties, the <i>Corporations Act 2001</i> (Cth) or constitute unlawful activity, in which case the Corporate Plan as recommended by the Board will be deemed to have been adopted by the Owners' Representatives, and the Chairman shall advise the Owners' Representatives accordingly.</p> • Should: <ul style="list-style-type: none"> ○ the Corporate Plan not be adopted at the Annual Planning General Meeting and ○ no agreed position on amendments to the Corporate Plan can be reached by the Crown's Owner's Representative and an Ordinary Majority of Owners' Representatives (excluding the Crown's Owner's Representative) <p>the Chairman shall, within 7 days, consult with the Chief Owners' Representative and the Crown's Owner's Representative to determine a solution. If this group is unable to reach unanimous agreement as to a solution within a further 7 days, it will be determined by a two thirds majority of the group, unless this would result in directors of the Corporation being in breach of their fiduciary duties, the <i>Corporations Act 2001</i> (Cth) or constitute unlawful activity, in which case the Corporate Plan as recommended by the Board will be deemed to have been adopted by the Owners' Representatives.</p> • A summary of the approved Corporate Plan will be published on the Corporation's website within 7 days after the Corporate Plan is adopted.
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9. Board Performance	
9.1.	The Shareholders expect the Corporation to annually review and report to the Selection Committee on the performance of the Board and its committees.
9.2.	Each year, the Board Chairman shall discuss with the Board Selection Committee Chair any concerns about the contribution of individual directors and/or the need to change the skills mix of the Board.
10. Shareholder Relationships	
10.1.	The Corporation shall act for the ultimate benefit of the Shareholders. It is the responsibility of the Board to act in the interests of the Corporation and, through it, the Shareholders' interests.
10.2.	The Board shall develop a policy or protocol for continuous disclosure with shareholders, following a no surprises approach based on that described in ASX Principle 5.
10.3.	<p>The continuous disclosure protocol will address information that:</p> <ul style="list-style-type: none"> • may have a material effect on financial Corporate Plan expectations; • may influence the Shareholders' decisions; or • relates to an issue on which the Shareholders may be required to comment, financial or otherwise.
10.4.	In collaboration with the Councils and the Crown, the Corporation should seek to develop systems to enable effective and timely property and asset data sharing and coordination mechanisms that benefit both entities.
10.5.	<p>The Corporation should collaborate with Councils, the Crown and regional agencies on matters of economic development and regional importance.</p> <p>The Corporation, the Crown and the Owner Councils shall work co-operatively in order to progress major investment projects of special or environmental importance to Tasmania and which obligation shall include using all reasonable endeavours to secure Federal Government funding for such projects. Specific projects included in this obligation include (but are not limited to):</p> <ul style="list-style-type: none"> • the Launceston sewerage/stormwater separate project; and • the works at Macquarie Point waste water treatment plant necessary for the development of the Macquarie Point site. <p>In determining appropriate levels of investment required to support economic development the Board will have a view balancing financial risks and benefits to the Corporation against the long term risks and benefits to the Tasmanian community, the Councils and the Crown.</p>
10.6.	The Chairman and the CEO shall make themselves available to meet with the Shareholders as and when requested. The Chairman and the CEO shall meet regularly with the Ministers by mutual agreement.
11. Customer and Community Engagement	
11.1.	The Corporation shall develop and implement open and transparent processes to engage its customers and the community in its planning processes to ensure, amongst other matters, that the standards of services it provides meet regulatory requirements and the needs and expectations of customers and the requirements of the Industry's regulators.
11.2.	<p>The Corporation shall make:</p> <ul style="list-style-type: none"> • information about the services it provides available to the public; • information about water conservation and the responsible use of water and waste water available to the public; • educational material about the water industry available to schools and communities.

11.3.	While recognising that this may have a cost, the Shareholders expect the Corporation to adopt principles of Corporate Social Responsibility.
12. Economic Development	
12.1.	At its general meeting on 16 May 2013, Owner Councils resolved to endorse five principles that the Corporation is to apply when considering matters related to economic development.
12.2.	<p>The five principles that apply to the consideration of economic development matters are:</p> <p>Principle 1: That the Corporation develops strategic customer alliances aimed at growing the businesses of customers and the Corporation and provide regular reports to Shareholders on economic development activities.</p> <p>Principle 2: That the Corporation recognises residential development as a key driver of economic growth and that infrastructure decisions be made in accordance with settlement strategies.</p> <p>Principle 3: That the capital program of the Corporation should have regard for regional land use strategies and the priorities and opportunities that they present.</p> <p>Principle 4: That the Corporation seeks to ensure that its pricing and costing regime is transparent and understood by Shareholders and customers and that charges reflect the relative cost of the service or solution being provided.</p> <p>Principle 5: That infrastructure solutions proposed for economic development projects be set at a reasonable standard so as to allow their progress without compromising the overall standards of the Corporation's infrastructure system.</p>
PART 4 – PLANNING, SERVICE DELIVERY AND RISK MANAGEMENT	
13. Risk Management Planning	
13.1.	The Corporation shall develop and implement plans, systems and processes to ensure an acceptable level of risk. In developing risk management plans, systems and processes the Corporation shall consider the requirement to balance risk and appropriate opportunities; its obligation to provide continuous services to its customers; its statutory and regulatory obligations and the relevant ASX Principles.
13.2.	The Corporation shall develop and maintain asset management planning that allows it to supply its services sustainably, minimise the overall whole of life costs of any assets as well as minimise any detrimental social, economic or environmental effects of managing its assets.
14. Conserving Water, Recycling Water and Sewage	
14.1.	<p>To demonstrate its commitment to the principal objectives under the <i>Water and Sewerage Corporation Act 2012</i> and sustainable water resource management, the Corporation should maintain, develop and implement programs for:</p> <ul style="list-style-type: none"> • assessing and monitoring water supplies including groundwater; • assessing and monitoring future demands on water supplies; • efficient and effective management of demand for water; • minimising leakage and other losses of water from its network as far as is practicable; and • investigating and implementing treated sewage reuse schemes for beneficial agricultural/horticultural irrigation, energy generation and other non-potable purposes where it is both commercially and environmentally viable.
15. Responding to Drought	
15.1	<p>The Corporation shall:</p> <ul style="list-style-type: none"> • develop, implement and maintain an effective drought response plan for each water supply

	<p>system operated by the Corporation; and</p> <ul style="list-style-type: none"> • make its drought response plans available to the public.
15.2	Drought response plans should wherever possible be compatible with Council plans and should promote resource sharing opportunities.
16. Service Standards	
16.1	In complying with customer service standards issued by the Regulator the Shareholders' expect that, the Corporation should, as a minimum, develop water supply, sewerage services and wastewater management plans in conjunction with the relevant Council and State Government agencies and the local community.
17. Stormwater Management Plans	
17.1	The Corporation should participate in any development or review by the Councils of stormwater management plans and the re-use of stormwater where commercially feasible.
18. Trade Waste	
18.1	The Corporation shall develop policies and practices to manage trade waste to manage the associated risks, meet statutory and regulatory obligations and an improved quality of trade waste entering its sewerage systems.
18.2	The Corporation, the Crown and the Owner Councils commit to work collaboratively to identify and implement any improvements (if required) to the Corporation's policies and practices relating to trade waste, including the Corporation's management of trade waste generally.
19. Catchment, Regional and Local Government Planning	
19.1	<p>The principal objectives of the Corporation's participation in such planning are to:</p> <ul style="list-style-type: none"> • promote consistency of any strategy or any scheme with the Corporation's planning and programs for sustainable water management; and • ensure the alignment, integration and consistency of regional infrastructure development objectives.
19.2	<p>The Corporation shall participate in periodic reviews, and provide input into the continuous improvement and implementation of any regional or municipal planning schemes or strategies which may affect, or be affected by, the Corporation's area or activities. In particular, this includes:</p> <ul style="list-style-type: none"> • any local planning policy framework; • strategic plans of Councils; • any regional land use strategy development; • any regional infrastructure plans; • any State Water Management Plans initiated under the <i>Water Management Act 2000</i>.
20. Environmental Management	
20.1	The Corporation should seek to work cooperatively with other agencies and stakeholders to protect and improve natural resources and catchment management.
20.2	Following the principal objectives in Section 4 of this Letter, the Corporation shall participate in the development and implementation of any regional or statewide catchment management strategy or catchment sub-strategy that may affect, or be affected by, the Corporation's area or activities.
PART 5 – FINANCIAL CONSIDERATIONS	
21. Dividends	
21.1	In accordance with the <i>Water and Sewerage Corporation Act 2012</i> the Board is to determine a

	Dividends Policy for the Corporation in consultation with the Council Owners' Representatives with a view to establishing the target level of total Dividends.
21.2	Dividends will be in accordance with Schedule 3 of the Corporation's Constitution.
21.3	The Dividends Policy will include the expectation that dividends will be paid to shareholders in the year in which the dividends are generated.
21.4	The Corporation should undertake a capital structure review to coincide with preparation of Price and Service Plan submissions.
21.5	<p>Where the Board determines that, due to any circumstance or event beyond the Corporation's reasonable control, the Corporation cannot continue to:</p> <ul style="list-style-type: none"> • maintain Owner Councils' dividends in line with the Corporate Plan and • deliver an accelerated capital program (as envisaged under Part 29 of this Letter) and • limit annual price increases for regulated water and sewerage services to within the 3.5% cap (as envisaged under Part 27 of this Letter), <p>while maintaining the financial sustainability of the Corporation (an 'adverse development'), the Corporation must notify the Chief Owners' Representative and the Crown's Owner's Representative of the adverse development and the Corporation must meet with the Crown's Owner's Representative to consider the impact of maintaining the accelerated infrastructure investment and price caps on the financial sustainability of the business.</p> <p>Following notice from the Corporation of an adverse development, and consideration of that adverse development by the Crown's Owner's Representative, the Crown may, in its absolute discretion, provide additional funding support or comfort to the Corporation. If the Crown decides not to provide additional support or comfort to the Corporation, the Board may determine that the capital program should be amended and/or that price increases in excess of the cap (but within the prevailing price determination at the time) should be applied for regulated water and sewerage services.</p> <p>For the purposes of this Part, without limitation 'additional financial support or comfort' may include grant funding, a pre-payment of equity, a guarantee or letter of comfort.</p>
22. Investment Policy	
22.1	<p>In the event that the Corporation becomes an investor of cash for other than short term liquidity purposes, the Board will develop an investment policy which sets out:</p> <ul style="list-style-type: none"> • the Board's investment objectives; • the responsibility structure for managing investments; • the management of risks associated with investments; and • the investment management approach of the Board.
PART 6 – REPORTING	
23. Reporting Framework	
23.1	<p>The Board will arrange the following meetings each year, at a minimum,:</p> <ul style="list-style-type: none"> • Annual Planning Meeting – to consider and approve the Corporate Plan and any potential changes to the Shareholders' Letter of Expectations • Annual Reporting Meeting – to review the annual financial reports; • Quarterly Reporting meeting with Owners' Representatives – to occur in each region each quarter unless a region requests fewer meetings or elects to joins with another region.
23.2	Other general meetings can be convened in accordance with the provisions of the Constitution or the protocol agreed between the Board and Owners' Representatives.

23.3	Programs and plans developed by the Corporation in response to these Shareholders' expectations shall specify objectives to be achieved and measures for monitoring performance.
23.4	Performance shall be reported to the Owners' Representatives in a formal quarterly report to be received within 45 days from the end of the September, December and March quarters each financial year.
23.5	Performance reporting for the quarter ended June each year shall be incorporated into the Annual Report and presented at the Annual Reporting Meeting each year.
23.6	<p>The minimum content of the quarterly report is to include:</p> <ul style="list-style-type: none"> • financial statements for the period and year to date, • results against key performance targets include in the Corporate Plan for the quarter and year to date, • commentary on performance and explanations of material variances from budget, • revisions to the expected full year forecast financial results, • current estimates for Dividends to the Owner Councils and explanation for material variances from Corporate Plan, • capital expenditure for the quarter and material variance explanations, and • any non-compliances with the current Shareholders' Letter of Expectations.
23.7	In accordance with the requirements of the <i>Water and Sewerage Corporation Act 2012</i> , the Corporation shall provide its Annual Report to shareholders by 30 September each year.
23.8	The content of the Corporation's Annual Report will conform to the requirements prescribed in the <i>Water and Sewerage Corporation Act 2012</i> .
23.9	The Corporation's Annual Report will be included for discussion at the Annual Reporting Meeting of the Shareholders and subsequently published on the Corporation's website.
23.10	Disclosures under the 'no surprises', continuous disclosure regime should be provided in the formal quarterly report unless the Board considers that a more timely disclosure is appropriate.
24. Whole-of-Government Reporting	
24.1	The Board should comply with requests from the Treasurer for information relating to the collection of financial information for whole of government reporting and ensure that such information relating to the Corporation and its subsidiaries will be provided by the relevant dates and in the specified formats, where applicable.
24.2	The Chief Owners' Representative, Chairman and CEO will comply with a request to appear at GBE Scrutiny Committee hearings.
24.3	The Corporation will provide such financial and other information to the Department of Treasury and Finance as required to allow the Department of Treasury and Finance to provide advice to the Crown as it does for Government Business Enterprises.
25. Reporting under AEIFRS	
25.1	The Corporation shall report in accordance with the requirements of the <i>Water and Sewerage Corporation Act 2012</i> .
26. External Funding Assistance	
26.1	The Corporation and the Shareholders will work collaboratively with a view to obtaining external funding assistance to facilitate the timely delivery of the Corporation's capital program whilst ensuring that the prices imposed by the Corporation on its customers are affordable.

27. Pricing	
27.1	<p>The Corporation commits to:</p> <ul style="list-style-type: none"> • freeze prices for regulated services for water and sewerage customers from 1 July 2019 to 30 June 2020; • subject always to Part 21.5 of this Letter, develop a future price profile for regulated water and sewerage services with annual price increases for target tariffs to be no greater than 3.5% commencing from 1 July 2020 until 30 June 2025 ("Capped Period") (or apply such lower price determination to such price increases as may be made by the Tasmanian Economic Regulator during the Capped Period); and • transition customers who are currently significantly below target tariffs to ensure that those customers reach the target tariffs within the legislated timeframe without facing significant price shocks.
28. Community Service Obligation	
28.1	A Shareholder may request that the Corporation undertakes a water or sewerage infrastructure investment project that is not in the Corporation's long term investment plan or the then current Corporate Plan.
28.2	<p>The Corporation will consider the proposed project and assess whether the project is likely to be prudent and efficient, so that the costs of the project are recoverable from customers under the economic regulatory framework in the <i>Water and Sewerage Industry Act 2008</i>. If the Corporation in good faith, considers that the project:</p> <ul style="list-style-type: none"> • meets this requirement – the project is a "commercial project"; or • does not meet this requirement – the project is an "uncommercial project".
28.3	If the Corporation assesses the project as a commercial project, the Corporation may consider undertaking the project, after taking into account the impact of the project on the Corporation's key financial performance measures and any social, environmental or economic benefits of the project.
28.4	If the Corporation considers that the project has merit, the Corporation will consider the commercial project in the context of the Corporation's long term investment plan, discuss options for the timing of the delivery of the project with the Shareholder and consider the project in the context of preparing the Corporate Plan.
28.5	If the Corporation assesses a proposed project as an uncommercial project, it must notify the Shareholder of its decision.
28.6	If the Shareholder wishes to progress an uncommercial project, the Shareholder may offer to fund the project directly or seek third party funding for the project.
28.7	If the parties agree, the Corporation will consider the funded uncommercial project in the context of the Company's long term investment program, discuss options for the timing of the delivery of the project with the Shareholder and consider the project in the context of preparing the Corporate Plan.
28.8	<p>The Corporation is to:</p> <ul style="list-style-type: none"> • include, in its annual report, all non-commercial projects it has undertaken, including the cost to the Corporation of the non-commercial project and the funds contributed by the Shareholder, if applicable; and • publish on its website, details of non-commercial projects it has undertaken.
29. Infrastructure Investment Program	
29.1	The Corporation will jointly develop an accelerated infrastructure investment program with the Crown and the Owner Councils as referred to in paragraph 3.2 of the MOU on a best endeavours

	basis before 1 January 2019 (or such other date as the Crown makes its first contribution of \$20,000,000 to the Corporation).
29.2	Subject always to Part 21.5, the Corporation will use best endeavours to deliver sufficient investment during the remainder of its current 10 year investment program (i.e. until 30 June 2026) in order to achieve a target of \$1.8 billion of total infrastructure investment.

SCHEDULE A - Definitions

The following definitions apply:

'AEIRFS' means the Australian Equivalents to International Financial Reporting Standards.

'Annual Planning Meeting' means one of the two general meetings to be held each year under the terms of the Constitution, one being the Annual Reporting Meeting to consider the annual accounts as mandated in the Constitution and the other being the general meeting to consider the Corporate Plan amongst other things.

'Annual Reporting Meeting' means one of the two general meetings to be held each year under the terms of the Constitution, one being the Annual Planning Meeting to consider the Corporate Plan as mandated in the Constitution and the other being the general meeting to consider the annual accounts, amongst other things.

'ANCOLD Guidelines' means the Guidelines issues by the Australian National Committee on Large Dams Inc as revised from time to time.

'Board' means the Board of Directors appointed to the Tasmanian Water and Sewerage Corporation Pty Ltd.

'CEO' means the Chief Executive Officer of the Corporation.

'Chairman' means the chairman of the Board.

'Corporation' means Tasmanian Water & Sewerage Corporation Pty Ltd (ACN 162 220 653).

'Council Owners' Representatives' means the representatives nominated by the Owner Councils.

'Councils' refers to the 29 Tasmanian Councils.

'Crown' means the Crown in Right of Tasmania.

'Crown's Owner's Representative' means the person appointed by the Crown as its Owner's Representative.

'Department of Treasury and Finance' means the Department of Treasury and Finance in Tasmania.

'Dividends Policy' means the policy determined in accordance with Part 5 of this Letter.

'MOU' means the memorandum of understanding dated 1 May 2018 between (1) the Crown (2) the Corporation and (3) the Chief Owners' Representative on behalf of the Owners' Representatives.

'Owners' Representatives' mean the representatives appointed by the Shareholders of the Corporation.

'Owner Councils' means those Shareholders which are member Councils (and not the Crown).

'Owner Councils' dividends' means the dividend payments payable by the Corporation to the Owner Councils in accordance with the Dividends Policy.

'Regulator' means Tasmanian Economic Regulator.

'Shareholders' means the member Councils and the Crown of the Corporation.

'Share Subscription and Implementation Agreement' means the Share Subscription and Implementation Agreement between the Corporation and the Crown.

'Treasurer' means the Treasurer of the Tasmanian Government.

'shall' means if the requirement is not met, the corporation will notify the shareholders of the failure in its routine reporting.

'should' means the corporation will use its discretion in decision making and notify the shareholders of the decision in the normal course of business.

1. APPENDIX 3 – Lists of submissions, hearings and witnesses

Table 1: List of submissions

1	PRIVATE SUBMISSION
2	Bischoff Hotel
3	Murray Wiggins
4	Stephen Rand
5	PRIVATE SUBMISSION
6	Norman Mucha
7	Leanne Wrangmore
8	Malcolm Eastley
9	John Hortle
10	Graeme & Cheryl Gilmour
11	Alan Atkins
12	Shane Pritchard
13	Dr Allison Bleaney
14	Jennifer Bellinger
15	Linette Simpson
16	Devonport City Council
17	Tony Bennett
18	Glenorchy City Council
19	TasWater
20	Eva Pagett
21	Mt Rumney Water Scheme
22	Latrobe & Kentish Councils
23	Steve Green
24	Friends of Waratach Reservoir
25	Jim Collier
26	Break O Day Council
27	Tasmanian Economic Regulator
28	Tim Slade
29	Tasmanian Hospitality Association
30	Local Govt Association
31	Water Services Association of Australia
32	Tasmanian Farmers and Graziers Assoc
33	Civil Contractors Federation (redacted)
34	Alistair Nicholas
35	Government
36	Pip Andrewartha
37	PRIVATE SUBMISSION
38	EPA
39	Tim Blair
40	Consult Australia

Table 2: List of hearings and witnesses

Date and location	Witness(es)
<p>3 November 2020</p> <p>Hobart</p>	<p>Environmental Protection Authority (EPA) Wes Ford, Director Glen Naphthali, Acting Manager Northern Regulations Branch Sophie Buttery, Acting Section Head Wastewater Section</p> <p>Tasmanian Hospitality Association Steve Old, Chief Executive Officer</p> <p>Malcolm Eastley</p> <p>Local Government Association of Tasmania (LGAT) Dr Katrena Stephenson, Chief Executive Officer Doug Chipman</p> <p>Civil Contractors Federation Tasmania Limited Rachael Matheson, CEO Mick Reardon Hugh Maslin Danny Hills Ashley Cooper Neil Armstrong Jess Brunskill Elliot Booth Peter Barwick</p>
<p>1 February 2021</p> <p>Launceston</p>	<p>Malcolm Eastley and Karl Mansfield</p> <p>Jim Collier</p> <p>Tim Slade</p> <p>Paul Ekman, Bischoff Hotel</p>
<p>2 February 2021</p> <p>Hobart</p>	<p>Mt Rumney Water Scheme Penny Saile, Director/Company Secretary Alistair Nicholson, Director Greg Dare, Director</p> <p>Government Hon Michael Ferguson MP, Minister for Infrastructure and Transport Dean Burgess, Director of Economic Policy, Department of Treasury and Finance</p>

18 February 2021 Hobart	Tim Blair, Contractor TasWater Dr Stephen Gumley, Chair Michael Brewster, Chief Executive Officer Matthew Pigden, Chief Financial Officer Tony Willmott, Client Representative Capital Delivery Office
5 March 2021 Hobart	Graeme Gilmour
23 August 2021 Hobart	TasWater Michael Brewster, Chief Executive Officer Matthew Pigden, Chief Financial Officer Ailsa Sypkes, General Manager Governance and Assurance Matthew Derbyshire, General Manager Asset Management Services