


Mitchell Woolley



Saturday 19 August 2017

To Whom It May Concern,

**Submission to the Legislative Council Select Committee on TasWater Ownership**

I write to oppose the Tasmanian Government's proposed takeover of TasWater. In accordance with the committee's terms of reference, my submission shall present arguments against the benefits of and arguments for the disadvantages of the Tasmanian Government's proposal to take control of TasWater. As I understand it, the Tasmanian Government's justification for the acquisition is that state ownership would see improved infrastructure and reduced costs for consumers. I have responded to those points below alongside detailing my own reservations to the proposed transfer of TasWater ownership, namely that there is no compelling reason for compulsory acquisition and that doing so would diminish the standing of local government.

As stated in the second reading speech of the Hon. Peter Gutwein MP, the Tasmanian Government's intention is to direct the state-owned company to invest an additional \$300 million dollars in infrastructure on top of that already planned by TasWater for the current 10-year period. I fail to see why the Tasmanian Government could not provide TasWater with \$300 million worth of conditional grants or otherwise enter into another such arrangement that would achieve the same infrastructure outcomes as proposed without requiring the transfer of ownership. Therefore, I am not convinced that the acquisition of TasWater is required to improve water infrastructure.

Mr Gutwein's second reading speech suggested that water bills would be lower under state ownership. I am unsure if this is correct, but it is worth noting that water consumers are generally also taxpayers and benefit from other services provided by the state. Mr Gutwein's second reading speech detailed the intention of the Tasmanian Government to give a total of \$140 million to councils over the following seven years from the consolidated fund so that they do not increase rates. This \$140 million payment means that either taxes must be raised or other government spending reduced. A real issue with this is that water bills are proportional to one's usage of water and the infrastructure that carries it whereas an increase in taxation or a reduction in spending on other government services disproportionately affects particular groups of people; that is, the overall effect for some would be significantly different to the overall effect for others. This could be particularly unfair for people who chose to live on their own tank water, as they may be worse off even though they are not using the state's water infrastructure. Ultimately from a state-wide perspective, the cost of reducing water bills will be matched with additional taxation or a lack of investment in other government services, but this redistribution of charges will not affect all equally.

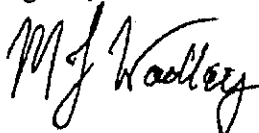
As I believe justifications presented for the takeover of TasWater are not compelling, I do not feel there is a significant reason as to why the Tasmanian Government must take control of TasWater against the wishes of its shareholders. The Tasmanian Government should not be able to acquire a company against the wishes of its shareholders, especially when there is not a compelling reason to do so. It is my opinion that there exists no significant reason for forcefully taking over TasWater. Additionally, as the shareholders in this case are councils that have been elected by Tasmanians, their objection to compulsory acquisition should be given even further weight. Hence, I do not believe that the Tasmanian Government should be allowed to compulsorily acquire TasWater.

The takeover also diminishes the role of local councils. Local government has traditionally been responsible for water and the ownership of TasWater reflects this. I am very wary of any attempt to reduce the power of councils, as this tier of government is closest to the people and most accessible to them. I know from my own experience with Glenorchy City Council that I have been able to discuss ideas and issues with aldermen, the mayor, and senior management. The transfer of TasWater ownership not only reduces the responsibilities of local government, but also informs a power imbalance in that the Tasmanian Government can override the wishes of councils. Some Tasmanians may see the acquisition of TasWater as a key indicator that local government is powerless, particularly given the media coverage of this issue often presents the current state government and councils as adversaries. As TasWater is already a state-wide body, it is hard to see how there will be any benefit from further centralisation. Thus, I am convinced that the transfer of TasWater ownership does not present any sizeable benefit but does present tangible risks to the status of local government.

In summary, I do not believe the takeover of TasWater is required to improve water infrastructure and feel any reduction in water bills will be matched by an increase in taxation or a decrease in other government services which will disproportionately, and potentially unfairly, affect some people. It is my opinion that there is no compelling reason for the compulsory acquisition of TasWater and that doing so would erode away at the importance of local government. Thus, I respectfully submit that the committee recommend against the Tasmanian Government's proposal to take control of TasWater.

I request that the committee withhold my contact details from any publication of my submission but otherwise grant the committee the right to publish this document if they so choose. I thank the committee for considering my submission and wish them all the best in making their determination.

Regards,

A handwritten signature in black ink, appearing to read 'M J Woolley', written in a cursive style.

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