

# FROM THE OFFICE OF THE MAYOR

6 September 2017



**NORTHERN  
MIDLANDS  
COUNCIL**

The Hon. Rosemary Armitage MLC  
Chair  
Legislative Council Select Committee into TasWater Ownership  
Parliament of Tasmania  
Parliament House  
HOBART TAS 7000

[two@parliament.tas.gov.au](mailto:two@parliament.tas.gov.au)

Dear Ms Armitage

On behalf of the Northern Midlands Council I wish to make the following submission to the Legislative Council Select Committee's inquiry into and report upon the concept of ownership of TasWater by Government.

In the strongest terms, the Northern Midlands Council does not support the proposed State Government ownership of TasWater for the following reasons:

- There is no crisis in water and sewerage in Tasmania;
- The State Government will not do a better job of running TasWater than the existing independent Board;
- Lack of consultation with stakeholders;
- Lack of financial data and modelling to substantiate the many claims made by the State Government;
- Long-term impact on local communities with loss of distribution payments.

The Northern Midlands Council has consistently supported TasWater and actively participated in the oversight of the water and sewerage services. Pursuing efficiencies in its day to day operation and capital infrastructure program along with advocating for reduced charges to the community.

Council at its meeting on 20 March 2017 (minute reference 90/17), resolved

*That*

1. *Council take the position that TasWater remain in the ownership of Tasmanian Councils.*
2. *Council reconsider its position once government provides a business case behind the State Government's proposed takeover of TasWater, its 10 year Financial Plan and 10 year CAPEX Plan compared to TasWater's 10 year Financial Plan and 10 year CAPEX Plan.*
3. *it be placed on record, Council requests the following from the State Government:*
  - a. *Evidence of the capacity of local business/industry to deliver the accelerated infrastructure program;*

P.O. Box 156  
Longford 7301

Telephone (03) 6397 7303  
Facsimile (03) 6397 7331  
[www.northernmidlands.tas.gov.au](http://www.northernmidlands.tas.gov.au)

- b. *The proposed 50/50 distributions projections post the 2024/25 financial year, and how these will be guaranteed;*
- c. *A guarantee that annual charge increases will be no greater than CPI; and*
- d. *The proposed plan for headworks charges.*

Council at its 10 April 2017 meeting (minute reference 114/17), resolved

*That council urge LGAT to provide opportunity to the State Opposition (Labor party), as has been provided to the State Government, to provide information on their stance in relation to the proposed ownership of TasWater.*

In May 2017, Northern Midlands Council supported the motion at the Local Government Association of Tasmania meeting that clearly demonstrated a united opposition to the State Government's takeover of TasWater.

Since 2013 TasWater, under Local Government Ownership, has been responsive to local needs with significant investment in our local community, delivering the following key investments in our community:

- Treated Water Solution to Avoca Township @ \$4.8M
- Water Trunk Main Duplication Longford-Perth @ \$3.35M

Current projects in progress include:

- Treated Water Solution for Conara and Epping Forest
- Treated Water Solution for Rossarden
- Waste Water System Upgrade for Longford
- Sewage Pump Station Upgrade for Perth

TasWater has a ten year fully funded plan in place, it is open and transparent, we should let the independent experts get on with the job.

Council has a high level of engagement with TasWater through our owner representative, Mayor David Downie, and through the high level of responsiveness to issues raised directly with the Corporation, including:

- Longford odour / Sewerage Lagoon issues
- Dividends
- Avoca/Fingal pipeline
- Interface – water/sewer for new subdivisions
- Conara water tank
- Conara outage – notification/communication

Representatives of TasWater have regularly attended Council workshops to discuss and address issues of mutual concern.

Based on our experience, we question what influence our community will have over State-Owned Corporations and Government Business Enterprises?

For example:

- Aurora Energy Pty Ltd
- TT-Line Company Pty Ltd
- Forestry Tasmania
- Hydro Tasmania

Without expanding on the deficiencies in recent years, perhaps if local communities had influence over these corporations and enterprises a number of costly decisions made in recent years would have seen a positive influence on those businesses.

If TasWater is taken over by the State Government it is unlikely we would have the level of local accountability and responsiveness with a State-Owned Enterprise.

The maintaining of ownership of TasWater by the 29 councils will ensure that they will have continued influence over the direction of the body.

By having this influence with TasWater, the following outcomes have been achieved:

- Improved performance, efficiency and effectiveness
- Increased delivery of projects to meet regulatory requirements
- Decrease in operating costs of approximately \$25 million

Councils have proven they are willing to make the tough decisions, forgoing dividends worth \$82million, to support TasWater's 10-year capital improvement plan.

The State Government proposes to borrow an additional \$600 million to add to TasWater's debt of \$430 million, unnecessary borrowings.

The Government proposes to fast-track TasWater's infrastructure upgrade program, and has been unable to provide adequate detail of how this fast-tracking will be cost effective and lower water and sewerage rates.

It is critical that State and Local Government work together on this issue, taking joint responsibility.

The Northern Midlands Council has worked tirelessly to keep the cost of water and sewerage at a reasonable level, during the period of ownership by the Northern Midlands Council and when Ben Lomond and TasWater bodies were established, strongly advocating for continuous efficiency improvements and the maintenance of reasonable charges, with charges now aligned more closely with CPI increases.

Further, Council sees the move by the State Government to take control of TasWater for what it is, a choreographed election campaign ploy at the expense of the local community, under the veil of allegations there is a crisis. Residents of the Northern Midlands have received correspondence from the State Government stating its sewerage treatment plants are non-compliant, and criticising TasWater for the state of its infrastructure and the number of towns where potable water is not available.

The State Government has made no sincere attempt to work constructively with local Government, or acknowledged that TasWater is actioning a 10-year capital improvement program that will meet the regulatory requirements placed on them by the State Government. By August 2018, all townships in the Northern Midlands are scheduled to have access to potable water. The Northern Midlands Council is not aware of any complaints or concerns regarding the state of the sewerage services in this municipality, with the exception of the Longford treatment centre, which TasWater has an active plan to rectify.

We remain convinced that Local Government should continue to own TasWater, with the current Board and management structure maintained.

Finally, the loss of the distributions amounting to \$702,000 (in 2016/17), reducing to \$468,000 (in 2018/19) will greatly impact the Northern Midlands community, as these funds are reinvested into our communities through development, renewal and maintenance of key community infrastructure.

The 2016/17 distributions funded:

- The reconstruction of Woolmers road at Longford;
- Installed kerb & channel and reconstructed Bridge Street at Campbell Town;
- The new electronic playground at Longford;

and generally over recent years several

- Road reconstruction projects;
- Timber bridge replacement with long-life concrete structures;
- Playground and reserve upgrades;
- Community building replacements/improvements; and
- Social capital projects.

As Mayor of the Northern Midlands Council I welcome the opportunity to present to the Legislative Council Select Committee on this very important issue of the ownership of TasWater.

Yours sincerely



David Downie  
**MAYOR**