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8 September 2017

The Honorable Rosemary Armitage MLC  
Chair  
Legislative Council Select Committee TasWater Ownership  
Parliament House  
HOBART TAS 7000  
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Dear Madam,

#### **LEGISLATIVE COUNCIL SELECT COMMITTEE TASWATER OWNERSHIP**

Thankyou for the opportunity to provide a submission on the ownership of TasWater and associated draft legislation as per your terms of reference.

Sorell Council's submission is not a detailed assessment of the draft legislation rather a summary of key matters for the Committee's consideration.

Consistent with all Councils, the matter of current TasWater investment income levels only able to be guaranteed to 2024/25 has significant implications to Council's financial position and the likely imposition on ratepayers. Based on our 20yr long-term financial plan and associated modelling, the loss of the current level of TasWater dividend income would necessitate an offset rate increase of 2.46% and for total TasWater income, this would increase to 3.69%.

Council has undergone a significant transparent and contemporary restructuring of our business since 2014/15 and has a high level of confidence in the asset and operational data that forms the basis of the 20yr LTFP. The ability for Council to absorb a 3.69% reduction in revenue is not realistic nor sustainable.

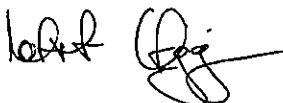
It is acknowledged the Government proposes to provide 50% of the total value of returns to Councils from 2024/25 in the event there are returns.

The matters that Council have considered in discussing the pros and cons of the Government proposal can be summarised as:

- Given the uncertainty around income after 2024/25 and the loss this would represent to Council's operating and capital budgets with an associated and likely necessary increase in rates, what are the benefits to our municipal area and rapidly growing south-east region with the authority becoming a GBE?
- Council has invested significant resources in determining a 20-year land supply strategy. What guarantees will be provided that water and sewer assets will similarly be strategically planned to act as development and business generators?
- There has been little discussion around capital plans beyond the current 10-year period. Which is the better model to deliver efficiently and effectively a 20 to 30 year strategic capital program? TasWater have at least commenced this process through their recently released 2018-2037 Long Term Strategic Plan but neither party has provided any detail on projects beyond 2024/25. The current 10-year Sorell Council capital plan is unlikely to be delivered in accordance with stated timeframes.
- The very nature of planning, financing, commissioning, maintaining and renewing water and sewer assets demands a minimum 20 to 30 year strategic view. Is a GBE the better model to do this, an organization with 29 owners or adopting a similar approach and methodology as per the SEQ Infrastructure Plan?
- What is in the best interests of the resident, commercial and industrial consumers? This is with respect to those that receive services now and those that will require services into the future ie: the Southern Beaches.
- Irrespective of the status quo or creation of a GBE, to ensure the commitment to and delivery of efficient and effective services, the structure and governance should be resilient at an individual behavioural level to Ministers, Board Chair, CEO and executive staff and further, to the higher political level.
- What impartial and balanced evidence is there that demonstrates the State Government (either Liberal or Labor) has a proven track record of establishing and running GBE's that can deliver efficient and effective long term asset based services?

If you have further enquiries regarding this matter please contact me on ☎ 6269 0006.

Yours sincerely,



**ROBERT HIGGINS**  
**GENERAL MANAGER**