



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE A

Tasmanian Water and Sewerage Corporation Pty Ltd

Monday 14 December 2020

MEMBERS

Hon Ruth Forrest (Chair)
Hon Mike Gaffney
Hon Sarah Lovell
Hon Dr Bastian Seidel
Hon Rob Valentine MLC (Deputy Chair)
Hon Meg Webb MLC

WITNESSES IN ATTENDANCE

Owners' Representatives' Group, TasWater

Mayor Doug Chipman

Board and Governance

Mr Stephen Gumley AO, Chairman of the Board, TasWater

Mr Michael Brewster, Chief Executive Officer, TasWater

Mr Matthew Pigden, Chief Financial Officer, TasWater

Ms Ailsa Sypkes, General Manager, Governance and Assurance, TasWater

Ms Ruth Dowty, Department Manager, Corporate & Community Relations, TasWater

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CHAIR - Thanks, Doug, welcome to the GBE hearings for TasWater for this year. I will introduce you and your fellow compatriot at the table, then I will invite you to make an opening statement, if you wish, and then we will have some questions from the committee.

Mr CHIPMAN - I'm Doug Chipman. I am mayor of City of Clarence but also chief owner's representative for TasWater. With me is the acting CEO of the Local Government Association of Tasmania, Dion Lester. I do have an opening statement.

In the first instance, let me thank you for the opportunity to meet regarding TasWater Pty Ltd. Although little has changed since last month when I met with the Legislative Council Select Committee Inquiring into the Operations of TasWater, the local government owners of TasWater welcome the scrutiny of the company on an annual basis by the parliament of Tasmania. Our attendance today comprises me as Chief Owner's representative and Dion's role is with LGAT. LGAT now provides a formal secretariat and provides executive support services to the owners. I point out the constitution for TasWater provides for a secretariat operation.

It should be noted while the owners of TasWater take a keen interest in the activities, performance, practices and economic management of the company, they have no direct responsibility for the operations of corporations. In accordance with the Corporations Act, all decisions relating to the operations of the corporation are made by or under the authority of the board. The shareholders' letter of expectation however provides a vehicle for the owners to communicate and give guidance to the board regarding high level performance expectations and strategic priorities where these do not conflict with TasWater's legislative and regulative obligations.

The owners appoint the chairman and directors to the board and oversee the annual review of the board's performance. We also meet with board members and senior executives on a regular basis through two general meetings each year, quarterly briefing sessions and other meetings as required. For example, each year the owners meet to adopt TasWater's five year corporate plan, and separately to receive the annual report.

Both Dion and I are happy to take a question.

CHAIR - Thank you. We haven't got a lot of time with you, Doug, but I am interested overall in the owners' view of the performance of TasWater, and in that, the financial return to the owners, which I understand has been a bit of a bone of contention. If you could talk to us about interactions with TasWater around that and what your expectations are going forward.

Mr CHIPMAN - Certainly the owners have been very disappointed with the way it turned out from the dividends point of view. We originally started off several years ago with dividends around \$30 million across the councils. That was reduced under the MOU with the state Government to \$20 million for a finite period of time. Since then with COVID-19 the dividends fell to zero.

To the councils, that has been very much a double whammy. In the first instance it is a big hit to the revenue side for councils; some councils more than others. It has been up to 8 per cent of the total revenue for some councils, so it has been a major hit. The double whammy comes about because with COVID-19 the councils also - in response to the request from the

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state Government - have by and large set the rate increase to zero. So we have taken a double hit in that regard as well.

There is no doubt that over the last 12 months the dividend policy has probably been the biggest issue that the owners have had with TasWater. A secondary one has been the valuation of the company. We have seen the valuation swing, what we believe is fairly wildly, over the last two years, one up one down. That has an impact on the council's books as well because the value of our shares changes accordingly and that reflects on the balance sheet of the councils as well.

They have been the two big issues. In our negotiations with the board, when we have been talking with them about the corporate plan and also the annual report, those two issues have been at the forefront of our mind. We have been seeking consistency on both of those fronts and a return to profitability for the corporation.

CHAIR - This year has been a particularly difficult year. We are not out of the COVID-19 environment yet, but what are your expectations going forward? What do you think we should ask TasWater about it?

Mr CHIPMAN - We want to see the company return to profitability as soon as possible. It is in the interest of all Tasmanians that TasWater operates on a sustainable basis so that the costs of providing water and sewerage services to Tasmanians is paid for by Tasmanians. We can't have a situation where the company is not operating on a commercial basis in a profitable manner.

CHAIR - The government directs at times, the same as they do with electricity prices, so have you had discussions with the Treasurer? No-one is a shareholder minister of TasWater. I understand minister Ferguson has some sort of responsibility as minister for Infrastructure but nothing hands-on. How do you deal with that in government discussions to cap prices or cap increases or, I could say, interfere in the pricing?

Mr CHIPMAN - It is fair to say that the owners have responsibly understood the government's position. We have understood that during COVID-19 it has been a very difficult time for all Tasmanians and there is a reasonable expectation that measures were taken. We are optimistic, I think, in that we believe it has been managed, there's a vaccine on the way, and we would want to see TasWater emerge from this period of crisis into a profitable scenario again where it's operating on a sustainable basis. We are lobbying the government, and I believe the government actually understands that and -

CHAIR - From what I hear you say, that requires Tasmanians to pay reasonable prices for their water and sewerage services?

Mr CHIPMAN - It's in their interests that they pay a sustainable price for water and sewerage services. We can't underwrite it forever without taking the cost of running the business from other places.

Mr GAFFNEY - Doug, have you had many councils say they want out of TasWater? What has been LGAT's response to that, or the corporation's? You sometimes hear that around the traps.

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Mr CHIPMAN - Over the years since TasWater has come into being, I'm aware of only one council that was talking about selling its share, and I'm not sure that that's even possible. I haven't heard of it recently.

Mr GAFFNEY - Sometimes new councillors don't fully understand the journey that TasWater has been through. That's one of the number of things that worries me about all-in or all-out elections, that lack of succession knowledge that is lost through newbies coming to the table and not having had any experience. What does LGAT, or you guys, do to make sure that the new councillors understand how that operates?

Mr CHIPMAN - That's an exceptionally good question. Up until now, until COVID-19, I guess the key players around the table had been there from the start. There was a lot of corporate knowledge embedded in all the owners and, indeed, in the board.

What is interesting though, and it has become clear to us over COVID-19 - first of all, there are no original members of the board left. We have had a total turnover there, including the chair, since TasWater first started.

Second, we had a number of councils not understand how the dividends could be cut off. They were hurting, understandably hurting, and they didn't understand the shareholders' letter of expectation or the whole processes around that. To meet that problem, the members of LGAT have tasked the LGAT secretariat to form and provide services to the owners. Up until that decision earlier this year, there had been no formal framework to provide that support to the owners.

LGAT has convened an expert advisory group which is supported by consultants and comprises general managers and chief financial officers for councils to, for example, go through each annual plan, to go through the annual reports, to measure how TasWater is travelling against the shareholders' letter of expectation. That corporate knowledge that you're talking about is now embedded through LGAT with the expert advisory group and will be there to advise the owners, for example, after the next election, on where we are and why we're there.

Mr GAFFNEY - Okay. Is the responsibility now so that when somebody stands for local government that they are required - it is mandated - that they must attend a two-day conference or workshop where they can get the information? It's not a requirement of them. Therefore, you get some councillors at the table making decisions about something they know very little about. I think it's an issue with TasWater, with planning, that sort of thing, that, as an organisation, you have to look at. Especially now that you don't have that half-in, half-out election every two years - there's a bigger gap - and people can now become a mayor without having had any experience in local government, talking about these things. As an organisation, how do you handle that sort of conundrum.

Mr CHIPMAN - It is a conundrum and I'm aware that -

Mr CHIPMAN - It is a conundrum and I am aware there is a review of the Local Government Act coming through the parliament in a moment. I believe there are matters in that revised act that will attend to the level of training or whatever for new councillors coming on board. I will ask Dion to expand on where that proposed legislation is at in regard to training.

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Mr LESTER - We are expecting the first sight of the draft bill in April-May 2021. The concept of compulsory training was considered throughout the directions paper, but it was not taken forward and it will not be within the first bill, apart from councils' role in the planning authority. What it will do is look at competencies and various other aspects to try to scaffold around that issue. It will deal with part of your question in the roles of planning authority, but on the matters we are dealing with today and understanding of TasWater, that sort of training will be offered, but it will not be compulsory.

Dr SEIDEL - Mayor, you mentioned earlier, you wanted to see TasWater as profitable. Are you concerned if that is the main point from a shareholder's point of view TasWater may cut corners? I would like to refer to page 8 of the annual report, where they say the health and safety targets were actually not met in the last financial year. In fact, they [inaudible] quite substantially. Are you concerned the drive for profitability would be potentially meaning we are cutting corners when it comes to health and safety of TasWater workers?

Mr CHIPMAN - No, absolutely not. If I could draw your attention to the guiding principals the owners have for the corporation. They were taken from the act, but also reflected in the shareholder's letter of expectation, that -

- (1) To efficiently provide water and sewerage functions in Tasmania.
- (2) To encourage water conservation, et cetera, and manage that.

To be a successful business,

and to this end,

to operate its activities in accordance with good commercial practice.

I think is the key.

CHAIR - Earlier you talked about you appoint the chair and directors of TasWater. Do you undertake annual performance reviews of the board members?

Mr CHIPMAN - Certainly, Chair. In fact, we have recently completed one. The board undertakes itself. It usually employs an external consultant to assist it through that process. We as a Board Selection Committee are briefed on the outcome of that process.

CHAIR - And the CEO?

Mr CHIPMAN - The CEO is reviewed by the board, not by the owners.

Mr VALENTINE - With respect to the dividends issue, can you give us an understanding as to how the significant drop to zero dividend will hit some of the councils? Obviously, larger councils can cope to a certain degree, but there might be smaller councils. What percentage of their budget are we talking about does this dividend represent? At its proper level, as opposed to what it currently is.

Mr CHIPMAN - Thanks for the question. I will make a brief comment, then call on Dion to make a comment in regard to member councils.

The degree of pain depends on how a council is using it. Some councils, for example, use it to underwrite their operating expenses to some extent. Clearly a hit there will have a direct impact on their overall income and operating account. Probably have either an impact on the services provided or the rates they assign. Other councils inoculate themselves by ensuring the dividends are regarded as something extra and might use it on capital, for example. So, the hit there is taken to the capital program rather than to the operating.

Dion might like to comment further.

Mr LESTER - I cannot give you a council by council breakdown, but those that are impacted, there is a number of councils that fall within a 3.5 per cent to 8 per cent of their budget sort of range. Typically, that would be medium to smaller councils. It certainly is not anywhere near that for Hobart or Launceston, but I do not have those figures to hand.

Mr VALENTINE - That's okay. I wanted to get a general understanding for the committee.

Mr LESTER - But, 3.5 per cent to 8 per cent of a number of councils' budgets.

Mr VALENTINE - You meet and adopt five-year plans. I know when this first came into being there was an issue about stormwater versus sewage and potable water. Quite clearly there is an intersection with illegal connections to stormwater. Has there been any discussion with respect to TasWater taking over the stormwater as well, or not?

Mr CHIPMAN - I am not aware of any discussion about changing the law and making TasWater responsible for stormwater services. I am acutely aware that with the Launceston combined system, for example, there are issues with illegal connections.

Mr VALENTINE - And in Hobart.

Mr CHIPMAN - Yes. I can say that the shareholders' letter of expectation does expect TasWater to collaborate with councils in relation to all sorts of infrastructure issues. Ongoing discussions are taking place, but it hasn't really emerged to the owners as an issue.

Mr VALENTINE - Okay. You are not getting any sort of push from councils to make that happen? They are keen to keep it, or not keen to keep it?

Mr CHIPMAN - I have not been lobbied as the chief owners' representative about that. It hasn't come up at general meetings.

Mr LESTER - There has been no mention whatsoever.

Mr VALENTINE - Thank you.

CHAIR - I am sure other members have had similar representations around concerns regarding the CDO and their contracting processes. Were the owners involved in any decision about the establishment of the CDO?

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Mr CHIPMAN - We were kept abreast of the formation of the CDO, and I might say we have become aware of the issues with the CCF. We held a meeting with the CCF and listened to their concerns, which we conveyed to the board. I received a letter this morning from the CEO, Mike Brewster, saying that TasWater is now going to, and I quote -

TasWater will resume business as usual in regard to the small urgent and less complex works and the CDO will now be concentrating on the larger undertakings of a more complex nature.

That will probably defuse the issue. As I understand, it will be back to business as usual for most of the CCF members, the smaller contractors working for TasWater. It is a matter for the next interview with the board, but I can say the owners are aware of the issues.

CHAIR - Were the owners aware of the establishment of the CDO? Were you engaged in that process? Were you asked for your opinion? Were you informed of the structure and the intent of the CDO?

Mr CHIPMAN - We were informed of the structure and the intent to create the CDO, but it was seen to be an operational matter, and not something the owners should really meddle in, I guess.

CHAIR - You can answer this next one, or not.

Mr CHIPMAN - I shall try.

CHAIR - I can't remember what year it was, but the former government sought to make Tasmanian water and sewage services a state-owned company, and there was a lot of push-back. The decision was meant to be taken with the three regional water organisations and it was amalgamated into what is now TasWater. It has been an ongoing issue all that time, with discontent in various quarters.

Do you see any merit in reconsidering the state-owned company, provided that it actually offers some sort of support for local government? You haven't actually got any support this year financially anyway, but you normally expect to have a financial return? Is it worth having a look at that, to have a more organised structure that is a recognised entity - as a government business, as opposed to this nebulous sort of thing where you are the owners, but you do not seem to have much input?

Mr CHIPMAN - I will contest that and I will certainly answer it. First of all, I think the owners are really very proud of TasWater, and really value the fact that we are involved with TasWater. A normal GBE is accountable to the parliament, basically. TasWater is actually accountable not only to parliament, but to the councils, and through them to the communities, and there is value in that connection.

Councils have three roles. First of all, we are owners, and therefore we are interested from the owners' point of view in dividends, but we are also there as representatives of the communities right across Tasmania. As Mayor of Clarence, and I know for other councils as well, to be able to engage with the board and senior executives in TasWater and explain our problems and have them responsive to our local concerns is something that we have no chance

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of doing with, for example, TasNetworks or a company like Telstra. That level of engagement through the councils to the community is just brilliant, and we would never want to lose that.

CHAIR - Do you believe it is effective?

Mr CHIPMAN - Absolutely it is. There is no doubt. As Mayor of Clarence, there have been a number of occasions where I've contacted either the Chair of the board or the CEO and explained a problem within my municipality, and it has been attended to very quickly. I cannot do that with TasNetworks.

Mr VALENTINE - I suppose the old complaint about trade waste comes to mind. How are the councils themselves feeling about how TasWater is handling that particular issue?

Mr CHIPMAN - Most of the trade waste issues across the state have been resolved. There are still several. I am aware that the local councils in which there are existing problems are able to raise that, but it has not been on the formal agenda for owners' reps meetings for some time now.

Mr GAFFNEY - Doug, how long have you been in local government now?

Mr CHIPMAN - Twenty years.

Mr GAFFNEY - Doug, would you like to make some comment here. I've been in local government from about 1993/1994 and I think people sometimes forget what it was like before TasWater. Councils were spending a lot of time on lots of water and sewage issues, and some just did not have the resources to adequately address some of the issues with their water. Some councils were spending not even close to enough. Do you think the move to TasWater has, overall, lifted the standard of water services in Tasmania, across municipalities and across the councils? I would be interested to hear that, because you were there when it was a different system.

Mr CHIPMAN - I believe the creation of TasWater as a statewide utility that is able to deliver the services has been a brilliant outcome for all of Tasmania. We saw the 24 councils, regions, towns, that did not have potable water. Without the resources of a statewide body such as TasWater, they would still be where they were, because small local councils simply do not have the resources to provide those services that a statewide corporation has. I am unashamedly biased. I think it has been a brilliant outcome for Tasmania, and it is a great governance model, which is far more responsive than a straight GBE would be.

Mr GAFFNEY - You used to have reservoirs that were open to possums falling in and dying in the water supply, and all that sort of stuff. That is where people can sometimes forget the journey that it has been on.

With the trade waste, it is interesting how you get pockets of communities that will have it as an issue. I like the idea that you can respond to whatever issue you have in Clarence with erosion or water and that sort of stuff. Can you see anywhere where the structure could be improved long-term, five, 10 years down the track? Where do you think TasWater is heading and the relationship between local government and TasWater?

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Mr CHIPMAN - It has been a long journey. With the state Government on board now as one of the owners it has been a real plus. We are now at a point where local government and state government are collaborating with TasWater to deliver these services across the board. I do not see the need to change it much from here. We have now reached a stable point. It has been a long journey but has been a good outcome.

Mr GAFFNEY - One of the things put forward some years ago about having a TasWater, would mean one body applying for federal money for water and sewage infrastructure, instead of one council versus another council versus Cradle Coast Water versus Southern Water. Has that proven to be beneficial in accessing federal money to assist or not been fruitful?

Mr CHIPMAN - It is still a work in progress. Accessing federal money really depended on collaboration between TasWater and the state Government. While we were having a contention over the ownership issues all of those possibilities just dried up. Now we have this new structure in place, we are well-positioned to lobby the federal government and believe we are making progress there. Projects for example like the Launceston Combined Scheme, has every chance of attracting federal money to support TasWater's operations in the future.

Mr GAFFNEY - Because now you have the state and the local government working together?

Mr CHIPMAN - We as a state have our act together and the feds can sign up to us.

CHAIR - On that one point Doug made, he said, 'The state are now owners'. I understood the state were equity partners, not owners. There is a difference.

Mr CHIPMAN - They have a separate class of membership, I agree, which means they can, for example, vote and they participate on the board selection committee with one of their representatives, but they do not have dividends.

CHAIR - They do not sit on the board?

Mr CHIPMAN - No, none of the owners have a board member. We have an expert board, but we have a board selection committee and there are two reps from the south, one from the north, one from the north-west. There is me as Chief Owners' rep, the chairman of the board - unless we are dealing with the chairman's position - and the state Government has a representative on the board selection committee.

Mr VALENTINE - I thought they did not vote?

CHAIR - Only on that committee, I assume - is that what you are saying?

Mr CHIPMAN - Can I take that on notice? I will let you know.

Mr VALENTINE - I am pretty sure they do not vote?

CHAIR - That is what we were informed by the Treasurer when it was put in.

Mr CHIPMAN - Can I just ask -

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CHAIR - We need to get this put on the record properly, Doug.

Mr CHIPMAN - Ailsa is TasWater's Company Secretary. She can advise us and she will be here shortly. I know that state Government definitely do not get dividends.

Mr VALENTINE - That is right. They have a vote.

CHAIR - Where can they vote?

Mr CHIPMAN - For example, at the owners' reps' meetings where we vote for example to accept the annual report or adopt the corporate plan. The TasWater representative has a vote at that.

CHAIR - The Government representative?

Mr CHIPMAN - Sorry, yes. Government representative has a vote. They are one in 30; 29 councils plus the state Government is your voting college.

Mr VALENTINE - I thought we were told they did not.

Mr CHIPMAN - You tested my memory there, I must admit.

Mr VALENTINE - With respect to lobbying federal government assistance, et cetera, where does that primarily sit? Does it sit with the member councils or the council body, representative body or does it sit with TasWater itself? How does that work?

Mr CHIPMAN - All I can say is the owners are not directly engaged in that.

Mr VALENTINE - They are not?

Mr CHIPMAN - Are not directly engaged in that but, clearly, as councils, we are in a position to lobby along with any - in a coordinated manner, if necessary, but we are not engaged in negotiations as such.

Mr VALENTINE - Okay.

CHAIR - Thank you, Doug and Dion, for your time. I appreciate you fronting up.

Mr CHIPMAN - Thanks very much, Chair.

CHAIR - We will change the guard for TasWater.

Mr CHIPMAN - Okay. Thank you.

CHAIR - Thanks.

The Committee suspended from 11.45 a.m. to 11.49 a.m.

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CHAIR - Would you like to introduce your team, Mike? Then I invite you to make an opening comment and then we will get into some questions.

Mr BREWSTER - Steve, the chairman, might introduce the team and he'll make the opening comment.

Dr GUMLEY - Mike Brewster, chief executive officer, and Matt Pigden, the chief financial officer, and me as the chairman of the board. Just the three of us.

CHAIR - Would you like to make an opening statement?

Dr GUMLEY - Chair, the 2019-20 financial year was one of two parts. During the first eight months everything was going to plan and the company was profitable. From March, COVID-19 cause enormous disruption to TasWater and to all Tasmanians. Amongst the disruption, the most important mission for TasWater was to keep essential water and sewerage services fully operational. I am proud of how well the TasWater staff achieved that in very difficult circumstances. There have been localised issues that TasWater is dealing with, but overall customer sentiment remains high.

During 2019-20 financial year our customer service team continued to deliver strong outcomes. For the full financial year we responded to more than 168 000 customer calls - an increase of more than 14 000 compared with the prior year. The total number of complaints reduced by 57 per cent from the previous year and represents about 0.5 per cent of our 220 000 connections. This downward trend in complaints is reflected by good results in the reduced number of breaks, bursts, spills and leaks.

We are meeting service standards set by the Economic Regulator for the number of water and sewerage main breaks and the response taken to fix them. This is a result of the continued investment in maintenance and renewals of the ageing infrastructure. As well as working hard to provide the quality services our customers deserve, we are also acutely aware of the extra financial pressure that has been placed on some of our customers this year.

To provide immediate support the TasWater board made the decision to freeze prices for the 2020-21 financial year and to give a 100 per cent rebate of the quarter four bills to eligible small businesses. Coupled with a projected drop in revenue as hardship levels rose, this saw TasWater anticipating a \$24 million underlying loss for the financial year. This saw the very difficult decision made to suspend dividend payments to our owner councils. The TasWater dividend policy states -

Dividend payments will be paid on a quarterly basis during the financial year in which the profits are generated.

This financial year, the one we are in now, we have budgeted for a net loss of \$8.7 million and an underlying net loss of \$24.3 million. We are forecasting profitability to recover to \$36.9 million the year after, and ultimately \$57.6 million by 2024-25. The board of management are making every effort to see TasWater is in a position to pay some level of dividend again this financial year. Provided there is not a major resurgence of COVID-19, the quantum will be known by about March.

Work is under way on our next price and service plan, called PSP4, and significant community and stakeholder consultation has begun. As well as direct support to our customers through the price freeze and the rebate, we also made the decision to increase the net borrowing limit by \$75 million to \$735 million to ensure we are able to continue our capital work program without any delays. Apart from dam upgrade works on Flinders Island where the community requested temporary cessation of travel to the island during the peak of the north-west coast COVID-19 outbreak, capital projects have mostly stayed on track.

A significant amount of planning, investigation and project development activity was undertaken during the first five months of this current financial year on projects spread throughout the state. This is expected to result in an acceleration in expenditure through the Capital Delivery Office over the coming months, providing an economic boost.

Some of the major projects representing about \$100 million are on track for a significant 2020-21 forecast spend including the new water treatment plant upgrade at Bryn Estyn, sewerage system upgrades in Longford, Smithton and Latrobe, as well as the Mikany Dam upgrade in Smithton. Major capital projects such as the work in Longford and the Prince of Wales Bay continued throughout the year despite the lockdown.

Planned and unplanned maintenance of our assets has not stopped and our plants have remained operational because of the tireless efforts of our essential workers. At a daily, practical level this was made more challenging due to social distancing. Early next year we will see the tenders released for the design work to be undertaken to deliver reticulated water to the community in Pioneer.

The Tasmanian Budget includes an allocation for work to commence in moving the treatment plant at Macquarie Point. Work is currently out to tender for the first stages of moving the treatment plant at Macquarie Point. Work is currently out to tender for the first stages of the TERHAP program of works that will see \$130 million spent addressing some of the issues impacting the Tamar Estuary. It is important that the Waratah Dam situation be resolved. After an extended and, unfortunately, unsuccessful effort to locate a new owner for the dam, we recently lodged an application to commission that dam and, if successful, that work is proposed to begin in late March. We will also continue to develop and improve our relationship with key stakeholders.

We're developing stronger ties with the state's oyster growers to make sure we're hearing their concerns and providing them with the information they need.

The separate Legislative Council committee recently heard that work done with the hospitality association and its members over the last year has significantly improved that relationship and the industry's understanding of the issue of trade waste compliance. The same committee has also heard concerns from civil contractors in the state and we're working closely and constructively with that vitally important industry sector on how we can address some of the issues they have raised with us. For example, we have reviewed the current operating model and have decided that TasWater will take direct responsibility for some of the simpler and lower cost works including those that require an urgent response. This will free the CDO up to focus on what it does best - delivering medium to larger scale projects where detailed planning and construction experience is essential for success.

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I think we all hope to never see another 12 months like the last 12 months we've lived through but I'm confident that some of our plans, which we can hopefully share with you today, will see us return to parliament in a year's time with an improved financial position, an increasingly high standard of delivery of water and sewerage services, major capital works well under way across the state, and a price and services plan that will enable us to deliver on our promise to Tasmanians. Thank you.

CHAIR - Thank you. Did you want to add anything, Mike? No. I will start off looking at the financial position which has been a challenge and you're not alone in that; I think you all know that. Note 3 refers to the lower future cash flows.

Mr VALENTINE - What page?

CHAIR - Page 69 in the annual report. There are a couple of things I want to ask about this. Are these due to COVID-19 - I'm sure some of them probably are - but, to be clear, can you explain, does it mean that due to the pricing policies adopted after COVID-19, or is it due to changes in consumer demand in some way or a combination of both? The fall in asset prices -

Dr GUMLEY - I'm a bit confused where you are.

CHAIR - It's in relation to events after the balance date.

Mr VALENTINE - The annual report, page 69.

Mr BREWSTER - Matt should be in a position to answer the questions, anyhow.

Mr PIGDEN - Would you like me to respond to that?

CHAIR - Yes.

Mr BREWSTER - Matt, could you answer that?

Mr PIGDEN - For background, the asset valuation model that we use is based on our future net cash flows. Because there isn't a comparable market such as a direct comparison like a stock on the Australian Stock Exchange, or property with comparable sales, we use a future net cash flow approach. The biggest impact on the valuation wasn't the changes in the cash flows; it was the change in the discount rate applied to those cash flows.

Obviously, the cash flows did have an impact as well but it's certainly the less material of the two and it's to do with the COVID-19-related loss of revenue - \$13 million in the current financial year from the price freeze - and you don't necessarily catch that up as well so there's a compounding effect of that.

Dr GUMLEY - Could I just add something there - we didn't put the 3 per cent price rise into the system so not only do we lose it this year, we actually lose it every year because it's not compounding and so that actually affects your asset valuations.

CHAIR - Going back to the point you made about the asset valuations. I note the fall in asset prices is due to changes in future revenue, as you have just said, and the rise in the discount

rate which you mentioned. Why has the discount rate risen at a time when interest rates are falling? I don't quite understand that.

Mr PIGDEN - At the end of last year we did a bit of a review. We've had lots of reviews undertaken over the last three or four years, independent reviews at the direction of the Auditor-General as well. What we understood and determined from that revenue was our discount rate compared to our counterparts on the mainland, was quite a bit lower than theirs. We engaged another review to determine are there changes we need to make as a result. In the end it turned out as a result of historically low government bond yields - which is a key input into the discount rate, so that risk free rate, that ongoing low level was impacting that discount rate significantly. We found that other entities started to move to a more prospective looking view of that. So, taking a blended rate from the spot rate on the day as well as the longer term view of what the future projections of that risk free rate might be and the weighting shifted from the spot rate to the future forecast, this resulted in our discount rate increasing and becoming more in line with other discount rates.

CHAIR - By adopting a higher discount rate that led to the fall of the value of the assets, which then in turn leads to losses, which then means a reduction in returns to the owners. What engagement with the owners did you have about this?

Mr PIGDEN - We had a series of meetings with owners during COVID-19 where this was all played out. Admittedly, a lot of those meetings were on line by video conference which is a little challenging. A number of financial updates were given including the prospect of a significant write down. It is certainly a big impact on the FY19-20 financial results. What it does do as a side effect is reduce the ongoing depreciation impact on future financial results. This then leads to a high level of profit being reported than otherwise would have been the case had we had higher asset values that were being depreciated.

CHAIR - I understand there has been a variety of reasons why you have dealt with this this way as it has effectively helped meet your capital expenditure requirements, that is your capital intensive business, the expectations you will deliver infrastructure.

Mr PIGDEN - First off, the reason why we undertook the valuation was because under the Australian Accounting Standards we are required to fair value our assets every year. That is why we did the exercise. As a result of that it does produce high profits in future years. When we look at our asset base and what we need to spend to renew it, we look at the replacement costs of those assets, which is our regulatory asset base and what we used to determine our pricing and the return we need on the pricing to renew those assets. The statutory value is somewhat independent of that process.

Mr BREWSTER - We should add, Matt, going back to an earlier point, we pay profits out of underlying net cash flow driven profits so the valuation per se does not go to the heart of our ability to pay dividends. We could not pay dividends, because basically we lost cash in that year. We did not generate an underlying profit and that's why we did not pay. Last year we had a valuation adjustment for a different reason. Some went up and things that go up go into the balance sheet, and the things that go down push through the P and L. Up until COVID-19 we were on track to pay our dividends because our underlying profit was still solid.

CHAIR - Do you consider the sensitivity of profits and equity to change in parameters when you are doing all of this. I could find no mention of it in your annual report, but Aurora

Energy do and they can have interference from government and price setting at times. Do you have a process of looking at the sensitivity measures?

Mr PIGDEN - What we do is look at a base case example when we are doing our modelling. Some of the key inputs are the discount rate, the revenue, operating expenses and then capital renewal that is put into that model. We model sensitivities up and down on the base case and come up with a range of reasonable values. If our book value sits within that range - provided that range is sufficiently tight to be sensible; it can't be too broad - then we can intentionally elect not to revalue the assets. With the significant movement in the discount rates in the last financial year, that wasn't possible, but with the new methodology to determine that risk-free rate, the blended rate with the forward-looking view, that will bring about less volatility than in the past.

Mr VALENTINE - How do you approach customers' capacity to pay when you are putting these sorts of things together? It is all very well to say we want to be here in five years or 10 years, but how do you deal with people's capacity to be able to afford increases down the line?

Mr PIGDEN - Part of our Price and Service Plan (PSP) process is to engage with customers to understand what impact price increases may have on them. We are not at our maximum allowable revenue - quite a way off our maximum allowable revenue - and we need to come up with a plan to transition up to that, in a way that can be affordable and avoid price shocks.

Mr VALENTINE - Especially at the moment, with COVID-19.

Mr PIGDEN - That is right. Under our PSP3, the one we are currently in, our maximum allowable revenue would have seen price increases of around 8 per cent. We are required, through regulation, to examine the affordability question. As a result of that, the Economic Regulator presented pricing increases of 4.6 per cent, and we ended up charging 4.1 per cent. This was before the MOU with the Government changed those prices. We ended up having a price freeze last financial year, and due to COVID-19 we have kept that price freeze for the current financial year as well. It is a core consideration in setting prices.

Mr VALENTINE - At that rate, do you think you will be able to satisfy your debt repayment going forward?

Mr PIGDEN - We have a long-term financial strategic plan. We are reassessing and renewing that plan at the moment. We want to understand the impacts that COVID-19 and decisions around COVID-19 have had on that. We need to balance price increases with the ability to deliver our capital program and meet our owners' requirements for dividends as well.

Mr BREWSTER - It is worth noting that prior to COVID-19, we had a fully funded long-term plan. There was not an issue. We had declared the scheduled price increases in that plan, which was part of the MOU with the Government. It mightn't necessarily have played out that way, but they were capped at 3.5 per cent until FY 2025-26. Our debt profile was manageable, and again we declared it. Our interest cover ratio looked solid, so the issue here is the impact of COVID-19 in terms of increased debt and the associated loss of revenue, as the chairman pointed out.

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Mr PIGDEN - That pricing path would have seen us at full cost recovery, at maximum allowable pricing, by FY 2027-28 - but as I say, we are reassessing that now post-COVID-19.

Mr VALENTINE - As a result of COVID-19, has your capital expenditure reduced, or not?

Mr BREWSTER - There has been some impact. There is no question. In the middle of COVID-19, we had a project on Flinders Island with contractors ready to go, but the people on Flinders Island didn't want visitors and we had to stop.

Mr VALENTINE - Was that a costly exercise?

Dr GUMLEY - It goes to delay more than anything. Yes, there is a bit of cost associated but mostly the project is delayed, so you don't get all of your capital spend away in the time period you expected.

Mr VALENTINE - I thought contractors might have come to you and said, well hang on a minute, this has cost us at this point, and the delay is going to cost more.

Mr BREWSTER - There will absolutely be costs associated with that. We are working our way through those as we get the claims, as you would with any other claim. Yes, there have been some costs associated with that. Where we had challenges and impacts, we tried to put more of our time into planning, so that as we come out of it we are better positioned - particularly for next year's program, which looks really solid.

Ms WEBB - In relation to the new pricing plan - the PSP4 I think you said it was - can you be a bit more specific about the time line for that, and who specifically is being consulted as part of developing it?

Mr PIGDEN - The time line was pushed back a year due to COVID-19. We had initially planned to develop the Prices and Services Plan for submission by the end of this financial year. That has moved out to the end of next financial year, and that is where, I guess, feedback is requested.

Leading up to that, there's a series of different events where we consult with different stakeholders, depending on what topic we might be discussing. Developer chargers is one. Willingness to pay for different types of services that could get introduced and reused, and so on. There is a range of different mechanisms for that.

Ms WEBB - How about residential customers, and vulnerable customer groups?

Mr PIGDEN - Yes, we engage with different industry groups. We engage with customer panels as well. Business, residential.

Ms WEBB - And within that, vulnerable residential customers? The COVID-19 impact is obviously quite high, so do you have a specific advisory group that you go to?

Mr BREWSTER - We do. Part of the process is to engage through more than one mechanism. Some of it can be surveys. We do get survey data, but we also have specific groups, and we have also built long-term relationships within the broader industry for

supporting those who are most vulnerable in terms of pricing increases. They are engaged as part of the process.

It is quite a wide-ranging process. It is also important to note that we have quite a strong vulnerable customer program, which we regularly monitor. To be frank, one of the biggest impacts on us, in this financial year, has been the increase in the size of the anticipated support that we will have to provide to vulnerable customers.

Ms WEBB - Could you talk a bit more about what that increase has looked like, from the normal setting, to what you are experiencing now during COVID-19? Have you had a higher incidence of people having to be disconnected or restricted in their water usage, as a result of not being able to make payments, or those sort of arrangements?

Mr PIGDEN - We made some decisions around the different tools we have to collect a debt. During COVID-19, we understand that there are a lot of impacted people, so no, we haven't placed any further restrictions on people. As Mike said, we have expanded our customer hardship program, which traditionally was only offered to owner-occupiers. Now businesses are able to access that. People who may have a secondary property, an Airbnb, and are perhaps unable to lease it out with travel restrictions and so on. It is open to a lot more people. We also expanded some of the offerings under the customer hardship program, allowing deferred payments without attracting interest, and entering into longer-term payment plans as well, to give people more time to get back on their feet.

Ms WEBB - Do you have some figures to show, compared to usual, what increase has occurred due to COVID-19 on those measures you have had to take?

Mr PIGDEN - Yes. At this stage, we haven't had the level of bad debts come through that we had anticipated. We have been providing pretty heavily each month for new bad debts to come onto the books. Our overdue debt to revenue percentage did gradually rise over the COVID-19 months, but only marginally. As of the end of November, it returned to almost pre-COVID-19 levels. We are a little bit cautious with that, because we understand there are still some financial support measures out there.

Ms WEBB - We haven't seen JobSeeker and JobKeeper drop away yet.

Mr PIGDEN - That's it. At the end of September we planned to do a new review, as they were meant to disappear.

Ms WEBB - You would be looking ahead, then, to when they are meant to be rolled back?

Mr PIGDEN - Correct. At this stage we have provided pretty heavily. We want to reassess that at the start of the next calendar year, or throughout the first quarter of the next calendar year. As Stephen mentioned, we might then be in a better position to determine what our financial result is looking like, and what that means for any potential dividends in the future.

Dr GUMLEY - Perhaps I might add how we modelled it. We had three scenarios. Remember this was going on in March and April. Scenario two, the mid one, you would probably describe it more closely as what happened in Victoria. Of course, scenario three you might describe as what is happening in America. But scenario one is closer to where we have

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ended up. It looked like we ended up about scenario one and a half there for the first three or four months and now it is sort of drifting back towards scenario one. All that means is we are very hopeful our bad debt provision will not go up as much as we anticipated.

Mr VALENTINE - Further to Meg's question, have you the split between assistance to residential customers versus business customers?

Mr BREWSTER - I could probably go through to Matt. The simplest way to look at it is we provided direct support to the residential customers in the order of the price freeze of \$13 million, which went straight through. We then put a further \$35 million aside for bad debts which can be basically anybody, as well as customer hardship I mentioned earlier. That is the net impact and last financial year we took the additional impact which is that \$12 million - Matt -

Mr PIGDEN - \$11.8 million.

Mr BREWSTER - Which was associated with the price freeze to small business. Last year we gave to small business support. This year we gave to a residential price freeze and we put aside bad debt and hardship funding to the tune of \$35 million. As Matt said, if that does not eventuate, and that is a tricky issue for us, then that puts us in a position then to potentially have underlying profits that could fund some form of dividend. The tricky piece for the board and management is, at what stage do you have the confidence that there is not either a second wave of COVID-19, or what happens when the support programs run out nationally? Will that suddenly see an eruption of claims. It is a challenging judgment and why the board has made the decision in February/March we will have another assessment of where we are and the impact on our bad debt and hardship.

Ms WEBB - Vulnerable residential customers who may be struggling to pay a bill, is it the requirement they come to you to request assistance through that allocation you have made for bad debt, or do you have a way that you trigger for particular vulnerable customers, a piece of communication to them about the availability of support? How does that interaction look?

Mr PIGDEN - It is an area we have done a lot of work on recently and still are. I guess we have a target for what we call controlled debt, which is essentially overdue debt, where we are actively communicating with the customer, trying to generate that conversation. Our systems are getting more sophisticated and we are looking at ways where changes in payment patterns are alerted to us more swiftly than in the past, which allows us to reach out and make those contacts where we see this person has traditionally paid their bill on time or slightly late but now that is slipping. We are doing a lot of work in that area.

Ms WEBB - That is in place now where you can proactively identify that through your system and then reach out in a proactive way?

Mr PIGDEN - It is getting developed further. There are instances of where we have done that, but I would not say it is fully in place at the moment. It is something we are developing through our billing system. The other thing we do is communicate through the bills we send out what our programs are. We advertise it where we can also and encourage anyone having difficulty to contact TasWater so we can develop a response going to fit their needs.

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Ms WEBB - Do residential customers have to demonstrate some tangible COVID-19 impact on their circumstances the way you might expect a business customer? Will they be able to access these support allocations without having to demonstrate some specific COVID-19 impact on their financial circumstances?

Mr PIGDEN - We certainly have conversations with the customers to better understand what the impact has been on them through submitting financial information to us. That is not overly onerous for what we require. It is more a conversation and understand what the impacts are. Some people might have the house pending sale and they might only need a short-term extension until the house is sold and then they can pay their bill. Others definitely need much longer support, depending on their circumstances.

Mr BREWSTER - It is worth noting pre-COVID-19 we also put quite a bit of investment into how to help customers with hardship through places like Anglicare and the not-for-profits, because some people will not come to us. They do not feel comfortable ringing up and saying, 'I cannot pay my bill'. We developed this in conjunction with Kildare about two years ago. From a process perspective we were reasonably well set up, but this additional work Matt is talking about, we can get in contact and if we can see they have been a really good payer, never had an issue and suddenly struggling with their next couple of bills. We can either put someone in contact with them from our business or, if they do not want to talk to us, can talk to one of the agencies.

Mr VALENTINE - How many residential customers have been disconnected through not being able to pay bills?

Mr BREWSTER - Virtually zero, I think.

Mr PIGDEN - None.

Mr BREWSTER - That is an absolute last resort because usually when people cannot pay their bills, there is a good reason.

Mr VALENTINE - I just want to get it on the record.

Mr BREWSTER - It is a good reason usually when they cannot pay it.

Ms WEBB - Part of the gap we have understanding the COVID-19 impact is those in rental properties. It is a bit less clear there as you are not billing the tenant. You are billing the landlord and the way that arrangement is then dealt with is between the landlord and the tenant. Would it be fair to say payment of bills is a bit unknown, or do you somehow track how that is dealt with?

Mr PIGDEN - From a business sense, our quarterly rebate from last financial year was offered to eligible small businesses based on an electricity tariff. We were provided with information from the electricity providers as to who those people were. About 18 000 businesses qualified. The issue we had was there weren't 18 000 direct matches in our billing system because, as you quite rightly mentioned, we bill the owner, the landlord, and the electricity providers bill the tenants. We ended up matching around 7000. I think about 6500 of those were automatically matched. There were 7100 matched up after the customers come forward and self-identified. That resulted in rebates of just under \$5 million. The rest, we have

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been trying to communicate with those tenants to let them know via email, via advertorials, via any means we can, to get them to come forward to claim those rebates. It is challenging.

Ms WEBB - Are you talking about business tenants?

Mr PIGDEN - Correct.

Ms WEBB - I was mainly speaking about residential tenants in rental properties also. I guess that is where there is a gap in our visibility, because from your side of it you would not be aware of how that is dealt with. Would residential landlords have qualified for one of your business assistance rebates?

Mr PIGDEN - No, it is only small businesses on a small business tariff from an electricity perspective.

Ms WEBB - For residential tenancies there was not assistance available to either the landlords or the tenants around water costs?

Mr PIGDEN - Certainly, the price freeze we have for the current financial year and our customer hardship program is accessible to the customers we bill.

Ms WEBB - Which would be the landlords?

Mr PIGDEN - Which is the landlords, correct.

CHAIR - We might move on now.

Ms LOVELL - I had some questions about the people and culture section of your annual report starting on page 20. You have identified a number of health and safety initiatives implemented, but your results in lost time injuries is worsening. Essentially, you've got some pretty significant changes there, that are not heading in the right direction. How do you explain that and what is the company doing to address that?

Mr BREWSTER - Our loss time injury rate has actually come down significantly since we commenced. It did go back, you're absolutely right. We started with a loss time injury rate in excess of 20. We are down at 2. It did spike back up and the bigger issue for us is our total reportable -

[Technical issues]

CHAIR - I don't know what that is but we are going to get IT to come and have a look at it. We might need to pause. So just stop the broadcast.

The Committee suspended from 12.25 p.m. to 12.31 p.m.

CHAIR - I will get the broadcast to recommence. Sorry for the interruption.

Mr BREWSTER - Thank you. As I said earlier, at one level in terms of context where we come from it's a massive improvement. Was it a disappointing year in terms of safety?

Absolutely. We found we were going quite well; as Stephen said, we were tracking well even in safety until around September and things started to turn.

It was very difficult to nail why that was. Then COVID-19 hit. We didn't see a massive increase, as you see, in lost-time injuries, but we saw an increase in our total number of injuries, mostly soft tissue injuries. We have an ageing work force. In the end it is interesting because since about September when senior management has been able to get back in the field, our numbers have driven back to where they should have been.

We have to sustain that. There are two elements to that. One is, yes, obviously leadership presence in the field makes a lot of difference, but also we are still working our way through what is in the culture that allowed that to come back up. Having said that, our staff are very focused. We have a plan; it is multi-year program. Our aim has always zero harm. It is an aspirational vision, and that is where we are going. As senior management and the board, our biggest issue are our near-misses, so that is where we are putting much of our focus.

Yes, there is a financial impact from the soft tissue injuries, but my number one focus in safety is when things occur that could have resulted in a serious injury. Why are we all over-fatigued? That striving is pretty much our number one safety risk. What can we do to reduce the fatigue risk?

Our other big risks, apart from driving, are around operating machinery, working at heights et cetera. It is an industry with significant risks. The board and management and I don't think it is overstating it to say we were pretty disappointed with our safety performance last financial year.

Dr GUMLEY - The board has restructured the board pack each month so that instead of safety being part of the overall operational reporting, it now has its own section right at the front of the board pack to get immediate attention every month.

Mr PIGDEN - I think in the last hearing there was a question around whether we were forced to cut corners as a result of COVID-19 and the financial implications on TasWater as a result. Certainly, we looked at our discretionary spend and where we could save some money, and safety wasn't one of the areas. Our recently endorsed health and safety strategy was funded, so we have increased funding to health and safety, not reduced it.

Ms LOVELL - Mike, you mentioned culture in that. Does the company conduct regular workplace culture wellbeing surveys amongst your employees?

Mr BREWSTER - Every two years we do an organisational-style inventory program which effectively is a culture program, but it has a lot of research. We go with that because it is internationally recognised.

Ms LOVELL - Does it include surveying your employees?

Mr BREWSTER - That is the whole purpose of it. It gives you a very good insight into your culture and breaks it down into certain attributes, cultural attributes. Since then we do regular surveys, what we call pulse surveys, nominally every quarter - although we're starting to think that's probably a little too close together - to get a pulse survey of: Are things getting better? Are we addressing the cultural gaps?

We want a highly constructive organisation and that's what your target culture is - people who are affiliative, who are achievement-focused, humanistic and encourage styles of operation. Frankly, we're probably more in the avoidance style of culture; we're trying to move the organisation with our employees to that, and I think the recent results have been very promising, quite frankly.

COVID-19 probably helped us in a strange way because that's a time when you really have to communicate closely with your staff to keep them involved in what's happening and how you're making decisions. Our results did peak very quickly and we think that was probably a bit of overshoot from COVID-19. Our last survey gives us a picture of where we're at and I think we're on a pretty good journey.

Ms LOVELL - In terms of that two-yearly survey, where are you at in that cycle at the moment? When was the last -

Mr BREWSTER - We're just coming up - I think next year - we run again next calendar year.

Ms LOVELL - Okay.

Mr BREWSTER - That will give us another data point to cross-check our pulse survey data points.

Ms LOVELL - Okay. I have some questions about the Blue Bus program. Who designed that program and who runs that? Is that an in-house program or was it designed externally or -

Mr BREWSTER - It was designed externally. The program came out of New South Wales, out of the steel industry -

Dr GUMLEY - Newcastle.

Mr BREWSTER - Newcastle. Yes, thanks, Steve. That's where it came from. It ran through Sydney Water. They had a lot of success with it. We looked at our culture survey results and we said, 'Well, okay, what can we do that will make a real difference here?'. Because we're a member of the Water Services Association of Australia, we looked at what other water utilities and other businesses were doing, and this program was flagged as driving - it's aligned completely - so the Blue Bus goes to the blue constructive styles.

It was aligned directly to what we were trying to achieve. It's an independent, external organisation that we engage. Because of COVID-19, in the last nine months - it's very difficult to make it work online - we have continued to drive the program internally because we couldn't get everyone together and couldn't give half our organisation direct exposure to the trainers, but we will bring that back next year to take the rest of our workforce through that experience.

Ms LOVELL - How does it work? Can you talk us through it?

Mr BREWSTER - In essence, being on the Blue Bus is being on a journey to be constructive. You get a cohort that slices right through the organisation. So, from the CEO,

you might have some of the people in the field, some of the people in the office. I went with a big mix. You do a preliminary workshop to give everyone a little bit of comfort - that took about half a day - and then a two-day workshop.

That basically breaks down some of the barriers as to why people don't do the things they [should] do and why they do things. It reinforces at the end of the day that people can actually make choices about most of their decisions and the things they do. It also sent back to management some pretty direct feedback about where we had constrained decision-making - sometimes your culture is often driven by decisions you make at a senior level and you don't understand their impact.

That's how it rolled down to the bottom. You get a lot of engagement at all levels in the business, and that does make a big difference because things get brought to the fore and people have to make a choice - are you going to be a victim or are you going to be part of generating a new culture? The new culture will only work when the staff embrace it. Senior management and the board are just the starting point.

Dr SEIDEL - Looking at the Blue Bus website, it seems to be a private organisation. It clearly states it bridges the gap from their current performance to beyond what they thought was possible. Is it just a performance-measurement program? Isn't it a concern that you are driving your staff towards more and better performance, and the ones who are not on the Blue Bus are just missing out and then they are performance-managed out of the organisation?

Mr BREWSTER - No. That -

Dr SEIDEL - Is it a concern? What strategies do you have in place to make sure they are inclusive rather than targeting some people with an external program?

Mr BREWSTER - No, we do not do that. We do not say if you are not on the Blue Bus then we are going to move you out of the organisation. That does not happen. The whole point of the Blue Bus is for all of us starting from me, all the way through the organisation to understand the challenges together. There is a series of check-ins on the way through. I keep connected while it was running down here, all the way through to ensure there is support. There is also coaching support for those people who need it through the program.

When we say performance, of course if you are a business you want better outcomes for your customers. That is your primary aim. They are paying money, they want service. I have found over the years to get great outcomes from the business your starting point is to have a great strategy. But a great strategy with a poor culture does not take you anywhere. What we are trying to do, and what this program does, is to align the culture of the organisation with the strategy and the outcomes, then the whole point of it is to assist people to be successful.

We have had a lot of successes so far of those who have been through the program and certainly shared their stories. We share our Blue Bus stories at the senior executive table. We share the great things happening from others that come up through the organisation and we also share our failures.

Ms LOVELL - You talk about being on the Blue Bus where people can choose to be on the bus or be a victim. There is a lot of talk about personal responsibility and personal choice. For those people who might be identified as not being on the Blue Bus, what work is done to

identify what obstacles are in the way and working with those people to overcome those obstacles? It is not always about personal choice or personal responsibility. There can be a whole lot of factors that influence people's mental health at work. What part of the program addresses those aspects?

Mr BREWSTER - Once the workshops have been done, there is check-in coaching, but fundamentally, that is what leadership and management of the business is there to do. We have coaching programs sitting inside the business. We will follow up. I personally followed up a couple of people who were not happy through the program, who felt that on the way through it was not addressing some of their issues. It is really about managers and leaders engaging with their people. Usually the success comes when your direct manager has that conversation. It is not just one conversation. It is always a number of conversations to get underneath why is someone behaving the way they are and why don't you support the Blue Bus? Is that an issue? I never support it may be the way for some people. Largely the success we have had of the vast majority who have been through with an improved sense of what they have control over and how they can make a difference. It is not going to be for everybody and it is not going to be perfect for everybody.

Ms WEBB - Do you feel under this program it is less likely your employees will bring up negative experiences or issues to their manager or into the system?

Mr BREWSTER - I think it is more likely. It has been my experience, people write to me directly and tell me what they think is not working. I have had more of that since. If people want outcomes they write in a respectful way. I encourage it, I get it. Some people won't when you are the CEO, I know through the workshops. We have also tried to have more team workshops and team discussions, because ultimately people are influenced by their direct manager. That is the person with more influences on their work experience, trying to help the leadership.

Hand in hand with this has been a significant investment in coaching and leadership. You cannot just do the Blue Bus and hope it is all going to be fabulous. If you do not train your leaders and coach them on what it means to be a great leader you are only doing half the job. We invested heavily in the last two years in coaching for our senior leaders, the next level down through the organisation and hired an external coach to assist us. The next level is to improve our performance development systems to make sure people get meaningful feedback. Feedback is about getting that balance so people trust you.

Ms WEBB - I presume you have an EAP - an employee assistance program - in place. Since you have had the Blue Bus and coaching model rolling out, what have you noticed about your stats, in terms of access to your EAP?

Mr WEBSTER - They haven't gone up, but if you want me to provide the exact numbers year on year, I would have to take that on notice.

Ms WEBB - It's really only if there had been an up or a down change, or is it sort of the same?

Mr WEBSTER - I am not aware, but I would usually be notified if there was a sudden significant increase. I expect there would be an increase through COVID-19, but I can't recall there being any evidence of that, so I would like to take it on notice.

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Dr SEIDEL - Is the Blue Bus compulsory for all your staff, and have your board and senior executives participated?

Mr WEBSTER - The senior execs have all participated in both the half-day introductory workshop and the two-day workshop. The board also participated in it, but we have to make sure there is some independence with the board from management. So, they participated, but not to the same level in the workshop, because the board needs to understand that at the end of the day, management is responsible for delivering results.

Dr GUMLEY - There has to be some governance. The board is fully across it. We are briefed on it in the board meetings, but there needs to be a little bit of an air gap to make sure the program is running as everyone hopes it is running.

Mr VALENTINE - If you have a manager in the system who is not performing, how do you pick that up?

Mr BREWSTER - That is why you have a performance management system.

Mr VALENTINE - But in this Blue Bus program?

Mr BREWSTER - We don't target that way. The people who have been running this program have been doing it successfully for some time. If anyone has an issue - whether it's the CEO, manager or employee - it is generally pretty easy to pick up, because when you are doing the program, it is not sitting in a seat being lectured to. It is quite interactive. It is very evident when someone is not engaged, and what they tend to do is encourage people to speak their mind. They certainly spoke their mind when I was in the room and had no fears. From there, if there is still a lack of engagement, the people running the Blue Bus will talk to them during the breaks and will try to work with them to work out what is really happening.

In some cases it was, 'We need to push this back to senior management', or to management. There is some underlying reason why that person doesn't want to participate, but we didn't have many. Most people by the end of it found it a really enlightening and enjoyable experience.

Ms LOVELL - I had some questions about the Capital Delivery Office.

CHAIR - Can I deal with the workforce ones before we go to that? What impact has the COVID-19 period had on employee leave entitlements - particularly recreation leave - and how you are managing that?

Mr BREWSTER - The leave has gone up. The balance of their leave has increased, because people were not taking leave. This was a problem right across industry, so we checked in with other GBEs and what was happening on the mainland. Everyone is struggling with this, and particularly in our case, we can't direct people to take leave under our enterprise agreement.

CHAIR - What are you doing to try to manage it?

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Mr BREWSTER - First of all, we got behind the program the Government is running to encourage people to holiday in Tasmania. Senior managers and managers are expected to talk to people with excessive leave levels. I get a report once a month. The board gets a report on top of that. We are seeing it starting to finally come down now. Our excess leave numbers are reducing, but we have to keep on top of it all the time.

Dr GUMLEY - Could I just add to that? During COVID-19, TasWater maintained all its outputs, but the inputs were higher, because people weren't taking leave. We decided, from the board down, that the single most important thing we had to do during the COVID-19 period was maintain essential services. That was more important than leave balances.

CHAIR - I am not disputing that. I am just asking how you are seeking to manage it.

Dr GUMLEY - Now we have to encourage people to take their leave.

Mr PIGDEN - Leave in October was up 60 per cent on the first quarter of the financial year. It has turned around. I don't have the numbers for November, but I suspect there are much higher levels of people taking leave as well.

CHAIR - I notice on page 20 of the annual report -

This is our first year working proactively toward a more diverse and inclusive organisation.

Why it has taken so long? Also, what percentage of women in leadership positions are you working towards? I note you have three women and five men on the board, but only one of those women chairs a committee.

I am interested in what your key performance indicators - KPIs - and expectations are around this?

Mr BREWSTER - I don't have the KPIs in front of me, but I am happy to table them. I will send them through.

At our executive team level, at the moment it is about 40:60 or 50:50. I think I have three women on the executive team, and four men, including myself. So, it is 3:3 at the moment.

Coming back to your question about diversity. Yes, we weren't doing enough. We identified that a couple of years ago. We felt we weren't doing enough, so we hired someone specifically to help us with how to go forward. We were doing things, but they were sort of ad hoc and not making enough of a difference.

One of the positives has been that the remuneration gap between women and men has virtually been removed. There is very little difference now, but as you get further into the organisation, particularly in the field service areas, it is very male dominated.

Again, courtesy of our person who has been leading this - who is on maternity leave at the moment, so it has sort of dropped away a little, but it will come back - what we did was to recut our trainee program

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In the past, we've put out programs for trainees, and attracted a bunch of young males, to be honest. Sophie Fahey, who was leading the program, said we need to recut it - we needed to target it and make it attractive to women as well as men. We had a lot of success; I think 40 per cent of the applicants were women.

CHAIR - You haven't made appointments from those applicants yet?

Mr BREWSTER - Yes. Over a year ago, I think we brought on about 11 trainees.

CHAIR - How many were women?

Mr BREWSTER - I will doublecheck the number, but I think either four or five women went into the trainee program.

CHAIR - I note on page 39 of your annual report for 2019-20, it says, 'TasWater does not have an equity based remuneration scheme'. You mentioned the gender pay gap almost being closed. I am just interested in what that actually means.

Mr PIGDEN - Equity base as in share base? There are no shares offered in the company, in terms of remuneration.

CHAIR - Right, okay.

Ms LOVELL - When the Capital Delivery Office - CDO - was established, at the GBE scrutiny hearings in 2018, a statement was made that alliance partners would be brought to Tasmania, and that you wanted them to be on the ground in Tasmania. Are all the alliance partners in Tasmania now? If not, how many are still on the mainland?

Also, what level of expenditure in actual delivery of projects is the CDO taking carriage of? Not labour costs or staffing, but actual infrastructure delivery.

Mr BREWSTER - I am happy to get the exact number, but very few, because I asked for this detail a couple of months ago. Very few of the CDO people are fly in, fly out. The only ones in recent times were impacted by COVID-19, so part of the deal was they would bring people down to basically live here. That has been the majority of the exercise, except where we have short-term contracting arrangements - then, yes, they will come in and they will fly back sometimes, and that happens on projects because you need a specialist skill.

In terms of your numbers - so I am accurate, maybe someone could find that page for me, but from recollection, it is about \$140 million from the CDO since its implementation. We also continue our own capital projects as well on top of that.

That is under management. A large share of their projects were planned and prepared prior to the Capital Delivery Office some of these projects take two of three years in planning. That share go out under the TasWater contracts. Of the projects that have been developed completely by them and gone out, the expenditure has been around \$45 million to \$50 million of that number. The last year we did about 140 from recollection.

Mr PIGDEN - One hundred and twenty-eight.

Ms LOVELL - That is on the actual infrastructure.

Mr BREWSTER - That is a combination of infrastructure, IT and other capital projects we undertake. Some IT projects are capitalised and not necessarily infrastructure. That is the case every year. Those numbers I provided are pretty accurate.

Ms LOVELL - Is that in keeping with what was expected?

Mr BREWSTER - No, it's about \$20 million below what we had anticipated last year. We took that \$20 million and added it to the \$170 million or thereabouts we targeted for this year. This was the key reason for the CDO. We had a massive step change required and did not have the capability to deal with that step change in that period.

Ms LOVELL - So you have rolled that over to the coming year. Are you anticipating any problems with meeting that new target?

Mr BREWSTER - Possibly, we went from \$170 million to \$190 million. Some of it is COVID-19, but I certainly would not put it all down to COVID-19. Some things have taken longer to get out the door than we had anticipated when we originally set it up, particularly the smaller projects. It has taken longer to get them out, but we are really strongly positioned for the following financial year.

One of the things we have done through COVID-19 is invest as much time as we can in planning. The more planning you have, the more estimation you have done, the better the following year becomes. Our intent is we are looking to get over \$200 million. Why we went down this model is this does not include in the next couple of years, we also have to deliver Macquarie Point not included the transfer. There is another \$150 million to \$160 million we have on top of that to combine system, another \$130 million we have to be included and we have our Launceston Sewerage Improvement Project which was about \$200 million that is not going to happen without a different model.

Ms LOVELL - How many employees have now been moved into the CDO from other parts of TasWater.

Mr BREWSTER - Let's say about 90, so it will be 50/50. It is about 180 in the CDO half TasWater half partner.

Ms LOVELL - Will those TasWater employees have a role within TasWater to go back to and will it be the same role they were moved from.

Mr BREWSTER - Probably not in terms of the role because part of this is upskilling them to create new opportunities.

Dr GUMLEY - In many ways you would hope not. The whole purpose of the CDO was to have a learning effect.

Mr BREWSTER - One of the benefits is they have a lot more security than the partner employees. The intent for us is when we roll off the Capital Delivery Office we build enough capability to deliver with a partner. We still need a partner of that size until your program

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drops back to the one ten, one twenty, but if it does a million per annum, but that is how we are approaching it.

CHAIR - You said in your opening you are changing the projects being taken on by the CDO and you are pulling out the smaller simpler projects. What is the bar?

Mr BREWSTER - We do not have a bar right now and there is a reason for that.

Dr GUMLEY - You can do a really simple project that costs quite a bit of money as to put a pipe in and it is very simple to dig up the ground long distance no complexity. Similarly, you can have a small project that is highly complex and it is really the complexity.

CHAIR - I will reframe the question: how do you determine which projects will be outsourced to local contractors rather than done within the CDO?

Mr BREWSTER - To be clear, all projects are out sourced to local contractors.

CHAIR - Managed then by TasWater as opposed the CDO?

Mr BREWSTER - Right now we're undertaking a risk assessment of all the current projects. We have 65 projects under way plus our programs, and then we've got a whole bunch on top of that. What we do is go through line-by-line and assess where it's at. We will assess the level of risk and complexity. If it's multi-disciplinary and it's relatively complex, we would definitely leave it in there because that's what our alliance partners are great at. That's why we brought them. If, as Steve said, it's a linear renewal, so, it's an underground pipe, there's little to it, we would probably take it back because we're better positioned to quickly do it and probably take on a bit more.

CHAIR - You do a risk assessment; that's what you're telling me?

Mr BREWSTER - We would do an assessment of risk and size - so, not just the risk but, also, a much larger project tends to invite more disciplines. If you get more - you get civil, you get electrical, you get mechanical - then that's when an overlay - the sort of systems that our partners bring are absolutely essential, which is much more challenging for us to do. So what we're trying to do is to - given, as I said earlier, we've got Macquarie Point, LSIP, a combined system all coming towards us which need to be delivered plus our program, we're saying how do we free them up to do what they're best at, what can we do then - so, what do we take back that allows them to concentrate on that and we can do with little risk and get more work out to the market more rapidly. That's exactly what we're doing.

Ms WEBB - I'm going to move onto another area if anyone wants to follow up on this.

CHAIR - Are there any other questions on the CDO? No? Okay, Meg.

Ms WEBB - I want to ask a couple of questions about - obviously during COVID-19 you closed your face-to-face customer interactions across your counters in your physical sites, but my understanding is you're keeping those public interfaces closed from here on in and re-deploying staff. Can you talk a bit about that decision and the implications that has for customers or members of the public who may have utilised those face-to-face services?

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Mr BREWSTER - Yes, we are - just like Aurora, Treasury, et cetera - removing the front counter in having someone there at the front counter but we're setting up interactive centres for customers when they come in, so they can get the information themselves. Some people will still want to come in, and they do now, and when they do we try to help them, but there is not a large number of them.

We've assessed what's driving this; why do people come to the front counter; what things can we do to help them with self-service? Who is coming in regularly? We're writing to all the people who do come in regularly to say, 'This is what we're doing; this is why we're doing it; this is what will look different for you; if you have any concerns, please contact us'. We're also setting up a means for someone to make an appointment to come in if they need to. In the last eight or nine months there really hasn't been too much issue with the offices being closed but we understand there are some people who do like coming in.

The benefit of that has been, obviously, we've been able to take those people and we didn't let those people go. We didn't go through a bunch of redundancies or say, 'We've got nothing for you'. We retrained them as customer service officers and they've done a fantastic job - and you will see that if you look at our customer statistics in terms of the customer support levels, and the complaint numbers are dramatically down.

Ms WEBB - To come back to the members of the public, the customers who were coming in, I appreciate that you said that there were some who liked to come in. There would have been also some for whom that was the appropriate way for them to interact because they may not have had access to technology, for example; they may have other issues that make it more difficult for them to contact you by phone or other mechanisms' so it's beyond just preference for some people. In terms of those people, if they now just come into your physical offices, there's still a way that they are provided with service, face-to-face -

Mr BREWSTER - We're still working through it but there will be a customer service interaction centre where the current front desk is in each area. They can come in -

Ms WEBB - Does that mean a computer?

Mr BREWSTER - Yes, it does mean computers.

Ms WEBB - Right. It requires literacy and computer digital literacy?

Mr BREWSTER - It requires, if you can't solve it, to dial our number and we'll help you. That's the net result. We start with the data, Meg, so we don't just say - exactly as you say - that everybody has the same need'. You have to go through your data and ask why are people coming in. We've also looked at what companies have done, such as I said, Aurora, Treasury, others, to ask how are they managing it. We are not necessarily going down the same paths. We have learned from them and adopting their learnings and we will see how that goes over the next 12 months. I have walked down to the bottom of the building and there has been someone on the outside desperate to get in. We do not just say well that is tough luck, off you go. We open the door and say how can we help you? But they are not lots of numbers.

Ms WEBB - We are at that sort of tipping point, aren't we, where we still are going to have a residual cohort of people who will still want, but also need in many cases, to interact in that face to face way rather than the other more technologically based way.

Mr VALENTINE - This is more an infrastructure question. With respect to your re-use schemes. You have 32 of them. What sort of a return on investment are you getting from those?

Mr BREWSTER - We do not get a return on investment from our re-use schemes. Most of them are loss-makers.

Mr VALENTINE - I suppose at the end of the day it is saving water. Are there any complications with them? Any costs to you apart from the main infrastructure cost of putting the lines in, I suppose? Are the irrigation schemes putting the lines in?

Mr BREWSTER - We are in favour of re-use schemes and we would like to see more re-use, more recycled water, but we have to work within the framework we have. There are a couple of issues. One is we have historical pricing, very low historical pricing, which is not full cost-recovery pricing. You can't just double and triple peoples' prices overnight. When we tried to increase it farmers then say, 'We are going out of business, how can you do that to us?' We try to get the balance right and incrementally move it up.

The other issue is that when we are using recycled water often you have to locate an irrigation customer, a single farmer, et cetera, you put it on to their property. They have a dam and they take it. There are certain constraints they have to meet which is fine. Then it rains in the winter and it rains heavily, and they say, 'We do not want your water now'. Then we have to say, 'What are we going with that?'. The next thing you know we have built an outfall. In effect the benefit you get in terms of the capital program and savings for customers longer term, is defeated. We are working with the EPA at the moment on how might we look at restructuring this to encourage more recycled water in an economically sustainable manner. Where we do see opportunities, we continue to pursue them. We were hoping to have a large recycle scheme in the Pittwater area in the near future, but we have a long way to go to get there.

Mr VALENTINE - Storing it for significant periods of time when it is not being used causes problems with the quality of the water too, doesn't it?

Mr BREWSTER - I am not across the extent to which it causes quality - I would have thought probably less so because you have more time - but I think the bigger issue is when it rains. We have an obligation to deal with the excess and that is where we get into trouble. So, okay, what are we going to do when it rains because our recycle dam fills as well? What do we do with all of this? We have to push it through an outfall and put into a receiving water which then makes it tricky for us. As I said, it is a long way from doom and gloom. We are determined to make this work for the state and the starting point is to work with the EPA, which is what we have been doing.

Mr VALENTINE - Water security with regard to a couple of things. Ridgeway Dam, what is the status of that? That has a bit of an issue, hasn't it, one of those dams up there? And Bryn Estyn happening at the same time. How are you going to handle that so that there is a security of water for greater Hobart in general terms?

Mr BREWSTER - Ridgeway Dam is about five metres below its top level at the moment. We won't bring it above four metres unless we get independent expert advice to say

that it is safe to do so. That is the net result. Once we understand that extent of the problem we will then upgrade the dam but that will take a number of years to do so.

Mr VALENTINE - What work is happening in relation to that dam?

Mr BREWSTER - We had two independent consulting views that were largely at odds on what work needed to be done. When you are spending \$30 million and the alternative might be \$5 million, I am not saying they are exact numbers, you do not just go and spend the 30. You make sure you understand the full extent of the risk because we can't afford to have the dam fail. It is a 100-year-old dam and you want to be confident you are spending the money wisely. At the moment, the independent consultant is working and looking at the two alternatives. They will provide a final view in the next few months as to where we go from here. In the meantime, the big issue at Ridgeway is that when it rains, a lot of dirt is washed in, which changes the quality of the water and then we are at risk of not being able to supply Kingborough. Effectively we are putting silt covers around the dam. It is a short-term measure to prevent that from happening and then we are going to put some further investment in for the long term.

Mr VALENTINE - Is that fed from the mountain or from Lake Fenton?

Mr BREWSTER - It can be fed from all of them, but mostly the mountain. We can basically push water in from Bryn Easton, from Fenton et cetera because of the configuration. However, there are constraints as to how much you can put into it. Going to your BE question, it is a challenge to ensure we are on top of it every day. We have done a lot of work on understanding the risks. The biggest risks are that when we get heavy rain in Lake Fenton, we cannot use that supply. That heavy rain also washes through into the Derwent River, which means we have to slow our plant down in BE significantly. At times, we have been down to 20 to 30 ML a day as against our needing about 120 ML. If we have problems on the mountain, it is very challenging to manage.

Mr VALENTINE - And fire access?

Mr BREWSTER - Yes, exactly. Hence why we have put our absolute efforts into getting the new plant underway and building it alongside the existing plant to the extent we can maximise the quality of water and our storage as we do around Hobart. There is always the opportunity of restrictions and ultimately you will not run out of water. Ultimately, you would have a boil water alert, and you would push the water through because that is the critical issue. Restrictions are possible in the next 2 to 3 years when we have built this plant. We are building it for 160 ML all the time. We are building it for much worse conditions than it was built for back in the 1960s and with the upgrades in the 1980s and 1990s.

Mr VALENTINE - Any advance on stormwater incursion into sewers? That was happening over quite a number of years.

Mr BREWSTER - We probably have not come as far as we would like because it is a matter of investment. It has gone really well in the Kingborough area. I give credit to the council, which has invested heavily in sourcing where we have sewage going into the stormwater system. They also help by working together. That is why Blackmans Bay Beach has improved. It is quite tricky and one of the programs I am looking at next year is increasing the number of people dedicated to inflow and infiltration to try to reduce it. The problem is we

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could spend a lot of money reducing the amount going in and then in two years time find ourselves back where we started again. I am quite cautious of that.

Mr VALENTINE - It does have to be addressed, though.

Mr BREWSTER - It has to be addressed, but we have to look at where our best bang is for our buck. We have to identify the pipes most at risk, but sometimes it is as simple as manholes - and we have lots of manholes - and high-level rain - in it goes and floods the system.

Right now our target is on the oyster industry. We have to do everything we can to keep it afloat. Most of our focus on where inflow and infiltration - I & I - has been in the areas where we have oysters.

Mr VALENTINE - What responsibility are councils supposed to take in this? Obviously, it is a collaborative effort.

Mr BREWSTER - They are the only ones who can disconnect people who have stormwater connected straight into our systems. You would know this from your days in council, it only takes a few roofs connected to the sewer to make a massive difference that then results in a spill.

At the last owners' meeting coming from the owners as part of their new expert advisory group was a desire to work more closely with us on how we can reduce stormwater inflow into the network, which is pleasing for us. We are happy with that.

CHAIR - I have some quick questions that you might want to take on notice. With regard to the Waratah Dam, has the interested party completely withdrawn? When is the period of public input into DA for the decommissioning?

Mr BREWSTER - I'll take the exact timing of the public input on notice, if you don't mind, and write back to you because there's a set process that -

CHAIR - It hasn't started already then? Don't tell me that.

Mr BREWSTER - We can't do anything unless we've got approval, so we've asked for approval.

CHAIR - Yes, I know that, but I'm interested in when. I've tried other means to get this answer so let me ask you again: has the period for public input into the DA for the decommissioning of the Waratah Dam commenced?

Mr BREWSTER - I will just take it on notice, Ruth, because I don't want to guess. I'm happy to give you the answer and I will give you the answer, right, but I'm not going to guess it here because there is a process and that process is quite well-structured, so I'm not going to run over the top of that by guessing.

CHAIR - Right.

Mr BREWSTER - Regarding the other proponent, at this stage we understand they're still interested, but they didn't get the federal funding for their feasibility so I don't really know

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what that means for them in the longer term, whether they will proceed or not proceed. It's not known.

CHAIR - This one you might want to take on notice if you can't provide the detail - what was the initial budget for the Henderson Dam works awarded to a Tasmanian contractor? What was the final budget? How much was paid to the CDO? I want the same information regarding the Mikany Dam and the Duck River Pump Station and pipe mains.

Mr BREWSTER - I'm happy to take them on notice, but I can say that it's commercial but there is a fixed margin for our partners in terms of what they get to manage our program. That's it and that was a -

CHAIR - Fixed margin on what? On the overall -

Mr BREWSTER - On the overall program. That was tendered nationally and they were the lowest tender, and that's what determined the margin they receive with a small amount of risk and upside limited to the size of their fee. That's for all the major projects. That's how that works. In terms of Mikany and Henderson, both those, I think, were - and I will go to Mikany because it's the best example of what I can give - what the CDO did extremely well. It did increase the price; because they do first principles estimates, they were estimating the design provided by our people and other consultants.

As they built it up, they identified that the interim design would have meant, in terms of the spillway, that we didn't have enough water potentially to supply the customers while we're doing the dam upgrade. That's a really big deal for us. Had we found that out when we were well into the project, it would have been a massive impact so that's why we took it back to the consultants and our own dam safety people and re-estimated it, and that price did go up significantly.

CHAIR - You can provide that clarification when you provide the answer.

Mr BREWSTER - Yes. I'm happy to give the numbers.

CHAIR - Meg?

Ms WEBB - No, it's not urgent. I'm mindful of time. That's fine.

Mr VALENTINE - The status of Macquarie Point - just a quick summation.

Mr BREWSTER - We have a deed being prepared right now for short-term funding to get us through to the end of this financial year. In parallel with that, there's a larger deed for the full funding of the Macquarie Point transfer underway by Treasury. We're not losing time because the interim funding will keep us going through the planning and we are currently underway with the project and have people on the project.

Mr VALENTINE - Delivery time?

Mr BREWSTER - Four years from signing up to the deed. That has always been our position.

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Mr VALENTINE - Thank you.

CHAIR - We have run out of time. We caught up the time that we were off the air for a moment. Thank you for coming. I know you still have other presentations, no doubt, to make to another committee. TasWater warrants a fair bit of attention from the community at large. Thank you for your time.

The committee suspended at 1.19 p.m.