

# PUBLIC

## **LEGISLATIVE COUNCIL SELECT COMMITTEE ON TASWATER OPERATIONS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON MONDAY, 23 AUGUST 2021**

**Mr MICHAEL BREWSTER**, CHIEF EXECUTIVE OFFICER and **Mr MATTHEW PIGDEN**, CHIEF FINANCIAL OFFICER WERE CALLED AND WERE EXAMINED.

**Ms AILSA SYPKES**, GENERAL MANAGER GOVERNANCE & ASSURANCE and **Mr MATTHEW DERBYSHIRE**, GENERAL MANAGER ASSET MANAGEMENT SERVICES WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

**CHAIR** (Ms Rattray) - Can I welcome TasWater back to the table, and I will reintroduce our members. We have Sarah Lovell, myself Tania Rattray, and Jo Palmer. I would like to acknowledge the former member of the committee, the Honourable Ivan Dean, and thank Ivan for his fine contribution to the work of this committee prior and also his well-earned retirement. He is probably enjoying more leisurely time than perhaps we have. I want to get that on the record and you have what is called quality at the table, in regards to the Legislative Council Committee, not quantity. Thank you. And I will ask Matthew Derbyshire take the statutory declaration.

**Mr DERBYSHIRE** - I, Matt Derbyshire do solemnly and sincerely declare that the evidence I am about to give the committee is the truth, the whole truth and nothing but the truth.

**Ms SYPKES** - I, Ailsa Sypkes do solemnly and sincerely declare that the evidence I am about to give the committee is the truth, the whole truth and nothing but the truth.

**CHAIR** - Thank you very much, and obviously welcome to the public hearings of the Legislative Council Select Committee on TasWater. All evidence taken on this hearing is protected by parliamentary privilege and I remind you any comments you make outside of the hearing may not be afforded such privilege. And you all received a copy of the witness information available. Have you all read that?

**Witnesses** - Yes

**CHAIR** - Thank you, the evidence you present is being recorded and the *Hansard* version will be published on the committee website when it becomes available. By way of introduction, I advise the procedure we intend to follow today is firstly, to provide you with an opportunity to make some opening statement. Then we begin with the questions we have and acknowledge the responses to previous evidence the committee received and certainly very much appreciated. And for any other witnesses that have provided information I also acknowledge theirs also.

There is always the opportunity to take evidence in camera if need be, but as a committee, we are not able to do anything particular with it, certainly not publicly. So, we like to get as much on the public record as we possibly can. Thank you very much.

**Mr BREWSTER** - Thank you Tania. First, I would like to thank the committee for inviting us to give further evidence today. I am happy to update the committee members on

several matters you have taken evidence on and which we have previously discussed. To begin with I would like to highlight the comments made by the economic regulator and the state of the industry report, published in May of this year and covering the 12 months to 30 June 2020. And I quote:

TasWater has continued, in the reporting year, to achieve improved performance outcomes across the industry. This has been despite the challenges of COVID-19...TasWater had some major achievements in 2019-20 that have, amongst other things, improved services for customers, and reduced TasWater's environmental impact.

With respect to Tasmanians having access to safe drinking water, in 2019-20, and for the second consecutive year, TasWater achieved 100 per cent microbiological compliance across its network of reticulated water supply...

...Compliance of treated effluent with regulated limits for discharge to the environment... continued the upward trend of recent years.

... Tasmanian bills for water and sewerage services are typically lower than those on the mainland... residential customers in Tasmania on average were paying around \$47 less per year than their interstate counterparts... TasWater's customer service performance for 2019-20, in terms of response times, was third best by comparison to similar size utilities nationwide...

...In 2019-20 TasWater received 1138 complaints, down 57 per cent from...the previous year. Almost 98 per cent of complaints were resolved within ten days

I won't read the rest but I wanted to give you and the committee a sense that the report, which is completely independent of us, for the last financial from the regulator was pretty clear we are on an upward journey to improving our performance right across the state and it is a very thorough and forensic analysis of every aspect of our performance.

Now, having said that, there are areas we can improve this performance and some of those are significant - as with any business - but we have plans in place to deliver those improvements and in years to come we will still be improving, because any business that stops and thinks, I am already there are probably going backwards, not forwards.

One of the areas we put a lot of effort into recently is our accelerated \$1.8 billion capital program that we committed to with the state government through our capital delivery office. The Office of the Tasmanian Economic Regulator report noted the CAPEX spend was \$129 million, an increase from \$110 million in 2018. While that was below our target of \$143.5 million, that was primarily due to the large proportion of projects we put through the planning process. The primary focus in the early years was on planning and investigation, so we can accelerate the program. We will talk about that later but in the year just gone we have achieved \$173.5, I think -

**Mr PIGDEN - \$177.6.**

**Mr BREWSTER** - \$177.6, thank you, Matt.

**CHAIR** - That's why you bring him along.

**Mr BREWSTER** - Yes. I've got to have the numbers man. I'm old, I forget these things. We had a significant uplift and will continue as that number will continue to increase and the way we are positioned now we would expect to achieve, not just the \$1.7 billion we committed to the state Government, but the best endeavour of a \$1.8 billion target over 10 years. As I stated last time we spoke, we simply could not deliver this volume of work without some form of partnership and the alliance model that we put in place is delivering for contractors. There has been a very strong focus on our relationship with the contracting community and I am confident we have addressed many of the issues raised with this committee by the Civil Contractors Federation. I know for a fact we will never agree on everything, there is always going to be a healthy and constructive dialogue in place with the industry members and CCF.

I note our fourth price and service plan was submitted to the economic regulator on the 30 June for consideration and that outlines the proposed outcomes for customers, our pricing and our planned capital investment for the four years from 1 July 2022. Importantly, in that plan, it proposes a new category zero for low risk trade waste customers, such as primary schools, hairdressers, churches, beauty salons, medical centres and coffee shops. Of the 1182 trade waste customers that are currently category 1, we project 555 will become this category zero. These customers in category zero will only pay a standard sewerage treatment charge once the pre-treatment is fitted.

The regulator's report also noted the financial constraints we felt last year and as you know this saw partial payment of dividends to councils. We plan this year to pay the dividends as per usual and subject to sufficient underlying profits, we will repay the \$4 million per year over five years to return the loss of \$20 million in dividends brought about by COVID-19. That is subject to not being hit by another COVID-19 episode, which could occur but at the moment our forecast financial scenarios allow us to do that.

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

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

**CHAIR** – Also in the electorate of McIntyre.

**MR BREWSTER** – Couldn't get it better, could we, Tania? There is a lot for us to be proud of but still a lot to do, as I have said regularly. The simple fact is we service over 222 000 properties with over 2.8 million customer interactions in the last financial year and only saw 1012 complaints. That is a significant improvement in our business and focus on our customers, which is where we have intended to go.

The committee has heard a lot of evidence and we very much support the notion that individual voices are important and valid, but where we have got it wrong we have acknowledged that and will continue to do so. I hope the committee, in preparing its final report, considers all the evidence including the most recent report by our regulator which is detailed, comprehensive and evidence-based.

On a personal note, talking of the future, as the committee will no doubt be aware, last week I announced my decision to retire in the new year. Personally, I feel this is the right time for me to make this change and am looking forward to seeing more of my family after what has been a pretty rewarding career, having had its challenges. It is time to do something different.

For TasWater, the time is right for a new leader to continue the journey that started in 2013. The new CEO will usher in the next price and service plan, which will deliver even greater levels of service to our customers. They will oversee a capital program of unprecedented scale and scope for the organisation that will continue to transform the state's water and sewerage infrastructure. They will be fortunate in joining a team of around 850 talented individuals who are genuinely committed and dedicated to delivering the best outcomes for our state.

**CHAIR** – Thank you very much. I might take the opportunity to begin. I really appreciate that updated information. Can I take you to the Economic Regulator report? I know a lot of the aspects you spoke about in that overview will be covered when we go through this document TasWater has provided this committee in response to the previous hearings. In regard to the regulator, it did say the regulator stressed the importance of the leakage issue and states the consequences of the issue of pricing considered in the current pricing review. Can you give us some expanded information? That was one of the issues raised and is still a focus of the regulator.

**MR BREWSTER** – We do have the highest leakage rate in the country of large water businesses. We deliberately, in the early years, did not focus on leakage as much as we focused on water quality because people simply could not drink the water and that was our primary focus. In the last two years - particularly in the last 12 months - we have now moved our focus to addressing leakage, but it is not a quick fix for us. The leakage is 4500km - it might even be a bit more - of water pipe. Much of it is ageing and needs replacing and ageing pipes do tend to crack and leak.

We also have pressure issues across the state with our network. Higher pressure means, if you have a slight crack or a leak you have more water leaking. We are determined to bring this down to a more sensible number.

**CHAIR** - What would that number be? It is 28 per cent, if I am correct at this point in time.

**Mr BREWSTER** - I do not think we did it in percentage, Matt. I would expect to halve that over the period. We have a Leakage Infrastructure Index which is a more accurate estimate. Some of that number may not be real because you simply cannot sit there and accurately measure everything and know where all your leakage is. Some of it is apparent

losses through metering that may not be accurate. We have to go back through those meters and determine how accurate are they. It may be that those losses are not real.

Matt, is there anything you would like to add?

**Mr DERBYSHIRE** - Those meters are our meters. They are not the customers' meters but we have employed a subject matter expert on leakage and, like Mike said, we are looking to reduce it by half over the coming years. It is a big legacy issue for us with old infrastructure.

**CHAIR** - So half of what then if it is not 28 per cent?

**Mr DERBYSHIRE** - We measure it in litres per kilometer of pipeline.

**CHAIR** - Do we have a number.

**Mr BREWSTER** - I can look it up in a minute.

**Mr PIGDEN** - It can go from 11 down to 7 over the period of the corporate plan.

**CHAIR** - Not necessarily half?

**Mr BREWSTER** - We will halve it. That is the intent, but that is over the period of the corporate plan which is a five-year period. To think we are going to get further in that period is probably unrealistic.

**CHAIR** - In regard to the residential sewage comparison graph, Malcolm Eastley presented that the City West and Tasmania has a \$650 ET, equivalent tenement charge and for others that comparison is around \$375. Are you happy to make a comment around that?

**Mr BREWSTER** - I am not sure of the \$650 number.

**CHAIR** - A \$650 charge.

**Mr PIGDEN** - A \$650 charge for one ET?

**Mr BREWSTER** - I am not sure of the exact dollar, but the reality of it is TasWater bills are lower on average than the median across the rest of the country, so it is really just how you split the bill up. The ET charge is just a function of what is the cost to provide the service. We then work out a cost per ET. It is as simple as that. The only other difference would be in Tasmania we have a higher fixed charge than some of our contemporaries on the mainland do so we are higher fixed, lower variable. Some of the mainland utilities have a higher variable, lower fixed, but the overall bill, as it I come back to, comes back to being about \$47 on average lower than the median. I do not think there is anything out of the ordinary in terms of the cost per ET and I can't recall the \$370. I am sure it is there but I will have to go back.

I think we did the comparison. We did some analysis and did not find anything out of the ordinary in our charges and what is reasonable, but it always a cost recovery process. Our fees, what we get to charge by the Economic Regulator, undergo a pretty forensic analysis and we have to demonstrate the charges are fair and reflect our true costs.

**CHAIR** - Thank you. Follow up questions, members in regard to the overview?

**Ms PALMER** - Why is it in Tasmania that the fixed price is overall higher than the mainland and the variable is lower? Why is that?

**Mr BREWSTER** - First of all, whoever set the business up first up determined there needed to be certainty of revenue to cover the enormous cost of fixing the infrastructure and that also reflects our relative costs of our infrastructure. Most of our costs are fixed costs.

**Mr PIGDEN** - On to the pricing principles, we try to match our charging structure with our actual cost structure. We have higher percentage infrastructure compared to other mainland water authorities due to both the nature of Tasmania and its geography, but also through the prior ownerships being so dispersed across councils. There is a lot of fixed infrastructure we have to maintain and operate, so we need to reflect that in our cost structure to ensure, as Mike said, we do recover our costs of operations.

**Mr BREWSTER** - If I go back to some of the comparisons I've provided before, we have more pump stations than Sydney Water but we are servicing 200 000 customers, effectively, they are servicing 2 million or thereabouts. Melbourne is similar. We have 113 sewerage treatment plants and Melbourne might have half-a-dozen and Sydney might have a dozen. I can get the exact numbers. That creates a lot of fixed costs, a lot of dispersed plants that then have to be maintained, and replaced, over time is a big driver.

**CHAIR** - Economies of scale and the actual number of connections.

**Mr PIGDEN** - Density of connection also.

**Mr BREWSTER** - It is a real problem because in Sydney and Melbourne everything is close together and our network is spread out in all the small towns across the state. That and, exactly as you say, the scale is a real issue here in this state and will continue to be for decades.

As I have said many times, our big challenge will remain ensuring we keep our prices at a maximum at the median, when we have this big scale disadvantage that will go on for decades. We can't just start again and say, well, we would love to have only 10 water treatment plants and 10 sewerage treatment plants from the 200 or thereabouts we have at the moment. That would be fantastic in terms of an outcome but you can't just write all those plants off and start again.

**CHAIR** - If there are no more overview questions, we will go straight to the document provided. I will start on page 2 under submission 7 that talked about a tiered system of charging customers based on the type of business. Is it possible to expand on that tiered system? Can we be provided with the assessment of each tier? That might be useful for those people who have raised this question. We are happy to take anything on notice. You might not have it at your fingertips.

**Mr BREWSTER** - Which tiered system are you talking about?

**CHAIR** - This is in response to submission 7 under section 56ZI of the Water and Sewerage Act. In your response you note that a statewide audit determined 3700 commercial

trade waste customers and 78 percent of them, which you touched on earlier with the category 1 and category 0. That may well be the information we are looking for.

**Mr BREWSTER** - I did not connect the trade waste. A tiered system is a category system. You have commercial customers, which are split up into four categories at the moment - 1a, 1b, 2a and 2b - and then we have industrial customers who make up categories 3 and 4. In effect, the tiers or the categories reflect the impact they have on the sewerage system; in other words, the strength and the volume of their waste. It is pretty much as simple as that. We then create a cost-reflective charge to reflect the cost we have of operating and maintaining our systems to treat that waste.

**CHAIR** - You did say in your overview you feel the numbers are going to be changed.

**Mr BREWSTER** - Yes, the industrial category, but the numbers in the category 1, the small end of town, we have looked at those over a number of years and done quite a bit of analysis and determined, in reality, for many of those customers they do not generate a lot of trade waste. We can see that as long as they have put in some basic trade waste, small traps, grease, or hair if a hairdresser, some basic equipment, we would class them as category 0 and just charge them for sewerage services.

The other things we are going to do that is different, subject to the Economic Regulator approving our price and service plan. There are some customers, as you have raised before in this committee, for whom the cost of implementing trade waste devices is substantial. We would normally just work with them and try to find a way to avoid that cost, but some we believe would prefer to have a simple increased charge where you pay this charge and do not put in any grease trap. Basically, instead of you doing it, we are taking the money and applying that back into the systems to deal with the high stream waste. We do not expect to be a lot of them, but at least it gives some flexibility to some people who really find it difficult.

**Mr PIGDEN** - Importantly, this is where the cost to install that pre-treatment is abnormally high. They have three quotes which far exceed what the reasonable average cost of a grease trap might be, which could be around \$15 000. Our annual fee tries to reflect what the total cost of a grease trap would be to someone on average, what the maintenance costs are of that grease trap, the annual cleaning out of the grease trap, then equating that back to a charge so there is no competitive advantage for anyone that might access that site constraint fee, which is what we are referring to it as.

**CHAIR** - In effect we should see some of those smaller businesses that do not put out any normal waste into the system reduce their cost?

**Mr PIGDEN** - Yes, the categories Mike mentioned before, around 500 customers that will only receive the sewerage charge going forward, should the economic regulator approve our pricing submission.

**Ms PALMER** - Do those businesses know they are on that trajectory?

**Mr PIGDEN** - Certainly in our submission, which is a public document, it is outlined within there the categories of costumers that will change. Whether every one of those customers is aware of that, we cannot say.

**CHAIR** - I doubt they read it.

**Mr BREWSTER** - I would doubt it. But the economic regulator encourages people to review our draft. We also encourage it, we publicised our draft price and service plan and it will be clear in there what we are proposing.

**CHAIR** - Will small businesses who believe they might fit into that new category contact TasWater? Or will TasWater make contact with those businesses? How is that going to work?

**Mr BREWSTER** - The process of evaluating our pricing services plan is a matter for the economic regulator. If the economic regulator supports our proposal, TasWater would - when the new pricing services plan comes into play - then contact those customers and adjust their bills to reflect the new charging regime.

**CHAIR** - Can we talk about low-cost submeters? There is a response in our information around low-cost submeters could be installed by business and there is a response talking about it would need to meet TasWater standard. Is that a viable option for some tradewaste costumers? Low-cost submeters. Any submeter installed for billing purposes would need to meet TasWater standards.

**Mr PIGDEN** - I am not sure.

**CHAIR** - It is on page 8. This is our new bible. It was suggested by one of our submissions low-cost submeters could be installed. And then, this response from TasWater has been provided.

**Mr BREWSTER** - What we said is in regard to trade waste, if we were to install submeters for billing purposes, they would need to meet our standards, obviously for safety purposes and security reasons. We are saying here it is a notifiable plumbing work and only qualified plumbers can legally take the work. The last point is the key point: metering of all trade waste premises across the state and variable billing arrangements would most likely cost customers more and the administrative burden would be significant, because we manage a fleet now of meters per water would need to be passed on to our customers at our next price and service plan bids. I suppose what we are saying there -

**CHAIR** - You can have them but they are going to cost you more.

**Mr BREWSTER** - We have to do the full analysis, but our expectation is there would not be a benefit to customers in doing that.

**CHAIR** - I do not want to be taking over this hearing today, but we thought it would be useful to go through what we had.

Over the page, on page 9, is the 15 per cent cost increase over the last 15 years correct? Is 15 per cent over the last three-year period correct? It wasn't actually answered in your response?

**Mr BREWSTER** - I would have to go back and have a look at the cost increases to get the exact numbers. What we have said is we are always conscious of the need to fully recover our costs and there has been no change in our pricing for the last three years. The net result is



I would have to have a look and see what our exact cost increases - which I have taken this to be. Most of our cost increases have been associated with accelerating our capital program because, in order to accelerate the capital program, not all but a lot of it, is because if you move from the \$110 million to \$178 million you have added 40 per cent to your capital program. That means more people are required. That means increased depreciation, increased costs to construct all of that. This is really the point we are trying to make here.

I do not think we have quoted on whether it is 15 per cent or whatever it is without putting in front of it. What we are saying is we have managed all of that without increasing the prices since 1 July 2018. We have also focused on reducing our costs through productivity gains across that period. At the end of the day all this infrastructure cost is a real cost to it.

**CHAIR** - A couple of the submissions we received were from local government in regard to their dividends. Obviously, you made some statement in your initial opening statement on that dividend so I am sure those councils will be pleased to have had that information, although they probably already have it.

A question from the Glenorchy City Council talks about COVID-19. We know that COVID-19 doesn't appear to be leaving us any time soon, certainly not in other states as most would well know. Given the COVID-19 challenges we continue to be living with, have there been further requests to waive the owner obligations? On page 13 you talk about that. I am wondering if there has been any further request from owners in regard to this.

**Mr BREWSTER** - Sorry, I am on page 13 but what is the exact question?

**CHAIR** - It says here there have been requests: 'we ask owners to waive our obligations under the Shareholder Letter of Expectations.'

**Mr BREWSTER** - What they are talking about is very early in 2020 after COVID-19 hit we were, like every other business in this state and probably across the globe, trying to work out exactly what the financial implication of all of this is. We have obligations in our Shareholder Letter of Expectations for reporting -

**CHAIR** - And in your corporate plan.

**Mr BREWSTER** - Exactly, and our constitution. What we asked the owners to do was defer one of our standard reporting meetings so we could come to grips with what is the true financial impact, what will our debt situation really be like, what does that mean for you in terms of dividend? That was the request we made. From recollection that request was granted.

**Ms SYPKES** - No. We basically asked for the owners to endorse the changes to the timing around the quarterly report and also the changes to the timing around the quarterly report and also the provision of the corporate plan. We sought for them to approve that through a resolution. We did not get approval on the resolution to do so.

**Mr BREWSTER** - To be entirely accurate, we did take it to the owners in a meeting, which was not a formal meeting and said to them, "Look, we would need to defer,". That is what my poor memory is recalling, we would need to defer the meeting. There was no opposition from recollection to that. When we followed up to formally ask for a response, we did not get that agreement and we have not - from recollection - asked for any further deferrals

of dates for reporting. We report to the owners effectively once a quarter and provide a standard update to all owners on a regional basis and we have an annual meeting and a planning meeting. That was the only deferral.

**CHAIR** - Right. Okay. Thank you. Obviously, we are still living with COVID-19 challenges. I do not have any further till we get to page 15. I was going to ask the member for Rosevears.

**Ms PALMER** -In regard to the kanamaluka/Tamar Estuary could you give an overview as to where it is at right now with regard to the situation when with heavy rainfall we have - I accept it is diluted but - still an overflow going into the river. Last time we spoke in these hearings I believe you said it had now become a priority of TasWater. Could I have an overview of exactly where that is at a few months down the track?

**Mr BREWSTER** - Sure. The state Government has provided interim funding to enable us to continue the project. We have gone out to market for a number of the design packages, from recollection. Matt, you might want to add to this, you are probably more across the detail than I am. We are moving forward with that committed project.

**Ms PALMER** -What are the specifics of the project?

**Mr DERBYSHIRE** - There are a number of retention basins around Launceston. It is roughly a \$130 million project, so that when it rains we can buffer the rain, hold it in storage and when the rain stops or reduces we can treat the effluent rather than it overflowing. There still will be some overflows, but much less. Following that we are currently working on the business case for the Launceston Sewerage Improvement Project, which is a circa \$300 million project following that will increase treatment in that catchment. There are two really large projects focussing on the health of the Tamar.

**Ms PALMER** -Yes, okay. Does the Stormwater Intrusion Program come under TasWater?

**Mr DERBYSHIRE** - To some extent. We have an inflow and infiltration program, so that can include stormwater into our sewerage pipes.

**Ms PALMER** -Yes, looking at some comments made so far there had been 11 stormwater catchments across Launceston and it identified 40 cross connections of which more than 60 per cent have now been rectified. Please correct me if I wrong, but my understanding is the other 40 per cent is actually putting raw sewerage into the river, is that -

**Mr DERBYSHIRE** - It is actually where there is what is called an illegal connection from a stormwater pipe to our network. What that does is increase the volumes in our network which makes it harder to treat. We proactively look for those and try to remove them, which is in the text you have there. And we actually have an inflow and infiltration program around the state to do that. We send to the EPA for review each year and we prioritise which catchments are the worst.

**Ms PALMER** -Yes, okay.

**Mr DERBYSHIRE** - In every catchment we will find plumbing works that did not comply or a legacy connection - that is one part - and will also find where our infrastructure has cracks in it, maybe a crack that we will also repair. The idea is to try to remove as much stormwater from our system as possible.

**Ms PALMER** - You are aware of 40 per cent that need to be rectified. What is the timeline around that? Is that a work in progress?

**Mr DERBYSHIRE** - It is. I do not have the exact numbers in front of me, but it can be difficult if there is no stormwater infrastructure in the area. Trevallyn in Launceston is an area much like that. And it can also involve the council working with private property owners to actually remove some of those connections.

**Mr BREWSTER** - We cannot direct the private property owners, only the council can. We have to work closely with council to arrange for those disconnections to be made. Historically, Burnie is another classical example where a lot of the infrastructure was plumbed directly into the sewer. As Mr Derbyshire was saying, we have lots of problems because a heavy rain can overwhelm the capacity of the sewage treatment plant. We have to work hand in hand with the councils to address these things. Kingborough Council is a classic example where we have both worked pretty closely to make a big difference.

**Mr DERBYSHIRE** - That number you have is a changing number where we will do smoke and dye tests in the catchment and find new connections that might have been made. It is something you have to do continually.

**Ms PALMER** - Thank you.

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

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

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

After that I think we had an ongoing discussion with the regulator on how do we address this longer term, what is the most feasible solution. We agreed that initially we would repair the roofs but then we found that repairing the roofs did not only involve repairing the roof as basically in some cases we had to go as far as rebuilding the structure. Then we found that was

not economically or even possibly legally possible because we cannot force people to allow us to come in and address the structure.

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

**CHAIR** - Thank you. The next question is around the property owners who were advised verbally of the results. This is in the second box of page 17 of the report. Why would a verbal response have been given? I would have expected that always there would be a written paper trail around that. Some sort of explanation, please.

**Mr BREWSTER** - All I can say is that possibly in 2014 maybe that is what we did. I would have to go back and check, Chair. Maybe we just advised them verbally. As it goes onto say:

Residents are provided with test results in writing each time their tank water is tested.

So maybe in 2014 we did not provide them the formal test results, we only provided them verbally but since then we provide everything in writing.

**CHAIR** - Always in writing. I would have expected that would have been the case. I know you cannot speak on behalf of the TasWater chairman, but I am interested in why Mr Slade was not advised by letter there was no further information to provide. That probably would have been a useful process to undertake.

**Mr BREWSTER** - I think the chairman rightly responded, from recollection, to Mr Slade's concerns in writing and then he reiterated them again in a slightly different format. I think the chairman said, 'Well, I've already answered these, so I don't intend to keep writing back saying the same thing in a different language'.

**CHAIR** - Okay, thank you. Again, there has been a significant delay - in the last box in this for Pioneer: 'residents in February 2020 and the advisement of the decision to provide pipe water supply to the town', but then it updates in May, and then a community information centre session, March 2021.

I want to clarify was that delay because of the COVID-19 situation where there could not be community gatherings at that time?

**Mr BREWSTER** - I imagine that is correct in terms of the timing for a COVID-19 session. I can have that checked, but the delay is just simply because we made a decision. It is one thing to make a decision; the next thing you have got to do is actually work out how you are going to do it. It is not an inexpensive exercise and there are a number of options. One of the things I was clear as CEO, we were not going to make promises we could not keep. I was quite clear we needed to do the homework. We also need to schedule it in with other projects and we have literally hundreds of other projects in. I just cannot just toss other projects out. I also have to make sure we can deliver on the commitments we already had. It was simply a matter of just tying down the timeframes and making sure that whatever we promise we can do we can actually deliver on. As I said, that is the information and I cannot say for certain looking

at the date, but I imagine if you want us to confirm we will, it would have been due to COVID-19 and spacing.

**Ms LOVELL** - To clarify, the last sentence says: 'The community will receive treated water within the publicly committed timeframe'.

Can you remind the Committee what that timeframe is?

**Mr BREWSTER** - I do not have that in front of -.

**Mr PIGDEN** - May 2023.

**Mr BREWSTER** - Yes, that sounds right. May 2023.

**CHAIR** - Any other questions with regard to the Pioneer community? I note the 'Your Drinking Water' app was down for a while but all up and running now. I can see some nodding there so the community is able to access that in a timely manner. Thank you.

A question from Submission 32, page 19, of your response: the financial impact and the loan limit. I note at the time of writing this, it said the loan limit had not been reached. Is that still current?

**Mr BREWSTER** - That is still current.

**CHAIR** - Thank you. The Civil Contractors Federation provided some quite detailed information to the committee. You did touch briefly, Mike, on that relationship with the CCF, but given they are such an important part of delivering that infrastructure upgrade in Tasmania we need to spend some more time and really flesh out the issues raised.

Again, you talk about how you will never reach consensus, in your view, about what industry believes TasWater should be doing, and yet what the industry sees - can we talk about that a bit more from your perspective?

**Mr BREWSTER** - My point was more to say these things are always a judgment and negotiation. We have to protect the interests of our customers to ensure we get best value for money which keeps our costs and the charges down for our customers.

At the same time, we need to have the industry in a position where it feels our contracts are fair and reasonable and that they can work within those contracts. The negotiation we talked about and those discussions have been entirely about that. In most cases, we delivered on a lot of the things they asked for, but there are some things where we felt it was not in the best interests of our customers. There were some cases where they wanted a standard clause. We tried to explain that what we provide is a template and many of the risk issues are dealt with in the actual contract. Writing a standard clause wasn't always a sensible outcome. Ailsa, is there anything you want to add to that?

**Ms SYPKES** - I think there has been some productive discussions about ability to negotiate for whatever reason, perhaps there was a bit of a perception that there was a lack of willingness to negotiate contract terms. Certainly not the case but contracts need to be tailored for the particular risk profile that they present and deliver the value.

**CHAIR** - We have received some evidence that while the contracts have some improved conditions, the industry still remains concerned that there are onerous terms. Do you ever see an opportunity where the contractors - and we know that often they are small family businesses, if you like for some - to be able to comply with those onerous conditions? That almost puts people out of the opportunity to tender for work. Do you see some compromise there?

**Mr BREWSTER** - I think we need to separate out a couple of things here. One is it is very difficult without knowing specifically what the onerous condition is. Maybe you could read one out later.

I would say this: what we did, the larger projects are still run by the Capital Delivery Office and they do tend to be more onerous because there is more risk on all parties. The smaller contracts that most of the supplier types you are talking about, they are operating under the TasWater conditions. We separated them out reflecting the lower risk environment for smaller 'mums and dads' type businesses. We changed our conditions. We have had very few people who have had -

**Ms SYPKES** - Both the Procurement team and the Legal Services team report to me and very little has been escalated to me in terms of requiring some sort of further change. We have been able to negotiate outcomes.

**Mr BREWSTER** - I do think the early version of the contract, we acknowledge, was an issue for small 'mums and dads' businesses because there were things in there that were never going to be used, like references to director company guarantees, those sorts of things which really did concern them. All of that we went through. We removed all of that and we simplified the contracts for small businesses. TasWater now delivers the small end of the market, the renewals, et cetera, that most of those small 'mums and dads' businesses would supply into.

The larger contracts, starting from \$1 million upwards, are delivered by the Capital Delivery Office and yes, they do have a different set of terms and conditions but they still have been following the consultation we modified from the original conditions that the CCF raised.

**Ms PALMER** - As a point of clarification Mike, the changes you are talking about with regard to the requirements, as we have said, mum and dad type businesses, is that the change that would have been referred to just recently?

**Mr BREWSTER** - In terms of the changes we made?

**Ms PALMER** - Yes.

**Mr BREWSTER** - There were some things we didn't, to be entirely accurate. Yes, for smaller business we made quite a number of changes to take on board their feedback, as we did for the larger business.

**Ms PALMER** - And the time line you are talking about at the end of last year?

**Mr BREWSTER** - Yes, we started the process really in about November from recollection. I think at that time we made the decision that the Capital Delivery Office was trying to do too much. We had put too much on to them and it would be better to separate out.

We felt we could probably better position to do the smaller projects, allow them to concentrate on the big projects, so there was an evolution or a process that went on for quite a number of months to work through, not just with the CCF, but with other parties on what is a good set and a fair set, for both parties, on what contracts look like.

The only thing we have said is non-negotiable is safety. We are very strict on our safety requirements, whether you are a 'mum and dad' business or whether you are a major business. We have had some near fatalities in the past and we are determined that can't happen. That's the one place we have said no, our expectations around safety, we won't be watering those down. That has been difficult for some small businesses and indeed some of the tier 2 businesses. We acknowledge that because we are asking and have asked for an increased level of safety awareness and the way they operate on our sites going forward. We have asked for a step up from what we had accepted in the past. We try to work with them but we certainly won't be going backwards in that. Everything else we have worked our way through. As I said, we won't agree on everything but we have tried to be flexible. In recent times, I think we have had maybe two or three, maximum?

**Ms SYPKES** - I think there's perhaps one contractor who hasn't signed up.

**Mr BREWSTER** - Out of how many contracts? I think we had over 1000 contracts.

**CHAIR** - Are these negotiations or this consultation, is it ongoing with the industry? It's not, this is it, we're not going to move on our position? Is there more opportunity for negotiation?

**Mr BREWSTER** - We had a dedicated - it did go on longer than I anticipated - we had a focused consultation and negotiation that went over a period of months. I went back, we got their feedback, we developed a draft, we went back to them and said we're not going to publish these until you've had a look at the revised conditions. We then got another set of feedback, we acted on that feedback and then we said this is as far as we can go, we need to get on with things, here are our conditions.

As with everything, we meet - and Tony Willmott, who is unfortunately not here today, who heads up our project delivery division, and Ruth, who you have met before - with the CCF on a regular basis. If there was something there, new information that suggested we'd missed something, we will always look at it. We don't intend to, and I don't see any value in going around and around the same loop when you've already been around it two or three times, unless there is a fundamental issue that we can't see at the moment.

**Ms PALMER** - Can I go back a little bit, you were talking about the smaller businesses that are now dealing directly with TasWater instead of with the CDO, that's correct? What's the dollar figure on that amount of work that would have come away from the CDO and is now directly with the smaller businesses?

**Mr BREWSTER** - I'd have to get it for you but it would be, I did have it. In the last year, because we've only just ramped it up, it's probably around \$10 million. That would be my estimate. We can confirm it. We only separated it out in December, so then you've got to take the projects out, move them over -

**Ms PALMER** - You would know roughly what the project projections were, wouldn't you?

**Mr BREWSTER** - I know what the project projections were but it depends on how I've interpreted your question, Jo. In terms of what we actually did, my recollection is about \$10 million went over in the last financial year that would have been done by the CDO. That will grow as more and more of the renewals program comes over. Some of the projects are already partway through, so we chose not to take everything over. I can get you the forecast breakdown for next year, if you'd like.

**Ms PALMER** - The reason I'm asking the question is that it's been raised a number of times through this inquiry about the money for infrastructure spends that's actually going to Tasmanian companies. We've been given examples of contracts being given to mainland companies who've then come to local companies to try to get them to work on the project. The spirit behind my question is to see what amount of money is now bypassing the CDO and going directly to those small businesses.

**Mr BREWSTER** - Okay. I'd like to come back and address how much work is going to Tasmanians, if I could, in a moment.

The minor works program typically, this is the TasWater, typically undertakes works from \$50 000 up to \$500 000. There are approximately 100 minor works anticipated to be completed in this financial year, starting from 1 July, and we expect it to be \$40 million. My guess was about \$10 million last year, which would make sense. In terms of the percentage going to Tasmanian business, from recollection it is over 90 per cent of the business from the CDO and TasWater in terms of project delivery that has actually gone to Tasmanian businesses in the last year.

**Mr PIGDEN** - There has been a number of packages awarded to Tasmanian based companies; it is 95.4 per cent and in terms of dollar value it is around 81 per cent. There will be times where we aren't able to get certain services and supplies from Tasmanian based businesses. The Bryn Estyn Water Treatment Plant is a good example of that, where there is some equipment you can only purchase from overseas. It is highly specialised equipment that we have had to bring in. It will fluctuate at times due to things like that, but there is still a very high percentage that goes to Tasmanian-based firms.

**Mr BREWSTER** - Thank you, Matt. There were 417 packages awarded to Tasmanian companies to date - sorry, 417 packages in total, and 95.4 per cent of those were to Tasmanian companies. As Matt rightly says, the difference between the 81 per cent by dollar is almost all Bryn Estyn, because we have had to buy specialised equipment from overseas. The vast majority of work is going to Tasmanian firms. That has always been our intent.

**CHAIR** - Is that the premise of your 'buy local'?

**Mr BREWSTER** - In effect; because we could have gone for a different model. However, when we picked this model, one of the benefits was that the partner we hired - which is a large construction firm - brings all the skills, knowledge and ability to manage costs effectively and have confidence in your estimates; but it does not get to build anything.



One of the reasons we did this was because we could then use their skills. In effect, they hire all the local companies and then we build the capability of the local companies. Looking at the data that I've just provided, it is quite evident that is exactly what is happening - that Tasmanian businesses are getting the lion's share; probably more than they would have got under any other model that we would have put up. They also get the protection of the experience of a large construction company, which we have used to lift our quality, environmental and safety performance.

Our Capital Delivery Office at the moment has a total recordable injury frequency rate of basically zero. People are not getting hurt, and projects are now being delivered on time. We are expecting to do in excess of \$200 million next year. One of the advantages of this model is we have projects ready to go now. We are not having to race out get a design done and hope we can get the work out the door. We are building up a massive bank that gives us a lot of confidence in price and value for Tasmanians.

**CHAIR** - Mike, we have been provided with some evidence around the PI insurance. One particular case study, a small structural engineering business that provides services across Australia, previously paid a \$60 000 premium for \$3 million PI insurance cover. The renewed policy in 2020 has a premium of \$250 000. We do not know how big that business is, but that is a 400 per cent increase. Is that some of the feedback you are receiving as well from the businesses in Tasmania? Everyone knows that insurance has gone crazy; but how is TasWater addressing that type of requirement, when businesses would not be able to afford \$250 000 worth of insurance?

**Mr BREWSTER** - Alisa, do you want to go to the PI insurance and talk about the market? I can talk about the rest.

**Ms SYPKES** - As you said, Chair, everyone knows the insurance market has been incredibly tight, it has been getting tighter for the last few years. There has been a number of events on the global scale as well as nationally, and more locally, which have dampened insurers' appetite.

**CHAIR** - There are less of them, aren't there?

**Ms SYPKES** - There are less of them, and there is less appetite to take on risk, particularly in certain types of industries or for certain types of activities. We have also experienced that as a company that takes out insurance for ourselves. We are not immune to it.

**Mr BREWSTER** - I can't comment on individual costs of professional indemnity insurance -

**CHAIR** - That was my case study for you.

**Mr BREWSTER** - unless I have read it; but the net result is the cost of PI insurance, from the days I was a consultant, is rapidly increasing and that's where the market is at. We can't run our projects, if we are going to hire someone, without requiring they take on professional indemnity insurance. We certainly have worked through the professional indemnity insurance issue with the consulting market as best we can. However, at the end of the day, we also have to make a commercial decision about how much risk are we going to

then take on by engaging consultants and then potentially self-insuring professional indemnity. It is pretty risky for us if we were to do that. That's the issue - and like everyone, we are subject to a global market for insurance and that includes professional indemnity.

**CHAIR** - Is there any way that TasWater can make changes to their procurement practices to break things down more so you do not need as much of that level of insurance? I don't have a lot of knowledge in that area, but I'm interested in how TasWater, as an organisation, might be able to assist those businesses we need in Tasmania.

**Mr BREWSTER** - I'm not sure how we would, because at the end of the day we're clear on what our requirements are. What you are taking insurance against is effectively a duty of care failure or a negligence failure when someone does a design for you. Designs are a function of the projects we build. When you bid, you know what sort of project you are bidding for, and therefore, at the time they do their renewals, they will be not just looking at us - any company will be submitting their renewals request through the market, setting out the types of work they do. The only thing that we would impact, I imagine, is the minimum amount of professional indemnity insurance that we would require to undertake our work. We have certainly had a look at that, and there have been debates about whether companies should come to us with \$20 million, with \$5 million, \$1 million, \$10 million. Where do you draw the boundary, and on what basis do you draw that boundary? Beyond that, I can't think what else we could do, Chair. Effectively the only other choice, if we are not going to run it that way, is that we would have to somehow scope the work, where we carve out some accountability for design negligence and then take on board, on behalf of the customers, that risk of the private contractor. I just can't see how that would work.

**Ms SYPKES** - We would effectively become the insurer.

**Mr BREWSTER** - I'm not sure that would be right, because at the end of the day you are a professional, you take on a job and that is part of it. That is what I did when I was a consultant. You take on the design risk. The real question, is have we got our limits right - the minimum amount of professional indemnity insurance that we would require? I'm happy to have another cast through that, but I think we have already been through it two or three times.

**Ms SYPKES** - And it is one of those factors that we consider whenever we are looking to take something to market, in terms of the risks associated with that particular project. We will try to find an appropriate limit for insurance in that space.

**Mr BREWSTER** - I think I do recall in a recent request, I reviewed some of these and said, "No, I don't understand why we are asking for that insurance," and scrubbed that insurance out in that example, where I felt there wasn't a design component. For what it is worth, when the projects get to a certain size, I review them personally and check that they make sense and "I think we should be asking for that" or, "No, I don't think there's a requirement for PI insurance because there is no design component". However, most of what our consultants provide is pretty black and white. They are providing design services, so they are required to provide professional indemnity insurance. That will be no different for any other water business in the country or around the globe.

**CHAIR** - We have also received some information relating to existing construction panel contracts and believe that they will be extended; however, exact details might not be as clear. Is that something that you can address today?

**Mr BREWSTER** - We are continually going through our panel contracts. We had some feedback that some of them could be improved. I don't have all the detail, but I would expect our procurement team to be looking through those panel contracts, having a look to say which of these needs a re-write. Often if they need a re-write you need to buy time so we would extend the contracts. A couple have come to mind right now where I know that we have written to the panel members and asked for an extension because we think we can do it better into the future with the panel contracts. That will be factual; there will be some of those for certain.

**CHAIR** - It is interesting to know what to ask when we do not have a huge amount of time and we have a lot of information.

**Mr DERBYSHIRE** - Tania, while you are looking, can I respond to Jo's earlier question about sewage intrusions because I have just realised something that NRM North actually have a sewage intrusion removal program? They are at 60 per cent. I cannot tell you what the end date is but that is an NRM North program.

**Ms LOVELL** - I just wanted to go back to one of the matters we were discussing during the last hearing and I believe at the time that Mike you said if Ailsa was sworn in next time she might be able to provide some more information.

It was in relation to the identification of assets and you probably recall that conversation. Particularly where TasWater assets are identified and on private land, I think it is the Link Project, is that it?

**Ms SYPKES** - The Link Project is one of those.

**Ms LOVELL** - What is the process to work with landowners about easements or recording of those assets? What happens next, essentially?

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

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

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

**Ms SYPKES** - There was nothing when he did his searches.

**Ms LOVELL** - That is right. So, in those instances where those historical assets are located, what is the process now?

**Ms SYPKES** - I think that we are always open to having a discussion with the impacted landowner to see what is or what is not possible, what options there might be.

**Ms LOVELL** - Is that something that TasWater is doing proactively, looking for a finding and recording those assets, or is it more just something as they are found?

**Ms SYPKES** - I think it is probably more reactive, or it is a bit of a mix really, reactive and proactive.

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

**Ms LOVELL** - I can imagine.

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

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

We take note of them when we find them but - and this has been an ongoing issue - we're not in a position to put easements right through everyone's property. You can imagine if we started doing that and the cost to relocate all of those. It is mostly sewers, from recollection. The cost to relocate all those sewers to the front - you remember, these things are about fall as well. So to try to get them out to the front of the property or over the back of the property is beyond the affordability. We would not be able to maintain our price increases if we started doing that.

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

**Ms LOVELL** - Can you just elaborate for me, Mike, on the Link Project? That started in Latrobe, I imagine that was fairly localised to Latrobe. Is there an intention to expand that or rollout similar projects? Given that it is such an issue for TasWater and also for these

landowners, a proactive approach would seem sensible as much as possible. Is that part of the plan?

**Mr BREWSTER** - Yes, that is. We have what we call strategic funding each year that we allocate to strategic improvements. We have to be careful how much money we spend on strategic improvements because again, the customers are paying. We separate them out. We have a system where we identify what we think is going to give the best bang for buck for our customers and we put aside a certain amount of money. In this year and last year, we put money aside dedicated to expanding the Link Program across the state. As I said earlier, it's not going to be fixed in the next few years. Matt, I think this might be in your space. I think this is a decade-long project.

**Ms LOVELL** - I don't know that you'd ever be sure you'd found everything.

**Mr BREWSTER** - We'll never be sure but you think about how many towns we've got. We started with Latrobe as a pilot. Imagine once you hit Hobart and Launceston.

Just to give you an example of where data really matters and how challenging it is, we've got a seven-year program or thereabouts to correct all the customer data for billing as well. We've had to hire a bunch of people to go through every piece of data we've got because not all the data that came across was accurate. These are the sorts of things we're trying to do. Every time we invest in these things it's increasing the bills. It goes straight to the bottom line so we've got to try to get this balance right. That's where those things fit.

**CHAIR** - Thank you very much. Well done on getting back to that original question. We talked about KPIs last time and there were some issues with receiving some information. We wrote in February and asked for the current schedule of KPIs between TasWater and the Cimic Group and we haven't been able to find that information. It hasn't arrived.

**Mr BREWSTER** - I thought I read that. We'll put it back in.

**CHAIR** - We have checked our records.

**Mr BREWSTER** - A list of KPIs, if we come back to that one, I'll grab that in a minute. I know it's here in my notes. Here it is.

**CHAIR** - Yes. Is that something you can table?

**Mr BREWSTER** - I can't see why not. I'm happy to table that. That's just a list of all the KPIs.

**CHAIR** - Thank you. I note a tabled document and we'll include that. We've been advised that the CDO have a KPI to negotiate terms and award within three weeks of tender close. If not achieved, an escalation process is now in place. Can you share with the committee what that means?

**Mr BREWSTER** - I am not across the detail, but we had a similar KPI prior to the CDO. We were concerned a number of years ago, often for good reason, that the award of tender can be delayed so it can be that some information comes out through the tender process but the next thing you know, four months has gone by, all the parties are thinking what is going on so the

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reason we have that and we had it in the TasWater days was really about a discipline process that these things are going to happen but we want to know -

**CHAIR** - When?

**Mr BREWSTER** - Not just when, why? I said this is not just about the CDO, TasWater as well, if there is a delay and we have not always got it right. You should be out there telling the tenderers why there is a delay, what it means for them. Ultimately, they will move on to other projects and we will be worse off, so that is what that is about. It is simply about us making sure we are aware, that we are not letting tenders slip out too far and keeping the market informed. I want to know as CEO, not just the CDO, but from our minor works program how they are going.

**CHAIR** - And the other question that we believe that we are still waiting for an answer is around the total current cost to TasWater as a result of its partnership with the CIMIC Group.

**Mr BREWSTER** - I am happy to do that but only in camera. As I said to you last time, that is a commercial negotiation. I think Mr Dean raised it last time and I said I would be happy to answer it. I have the details here but only in camera because it is obviously an arrangement with a private company.

**CHAIR** - I will check with my committee colleagues to see if there are any other questions, particularly relating to the document that we received. As I said I did find that response to the evidence provided to committee very helpful and I trust that that will - well, it will also be part of the report but it will be useful for those who provided submission to the inquiry.

In light of that then we will suspend this broadcast. We will move in camera to take the evidence that we were looking for in regard to that quantum and any other information you believe the committee would be well apprised of, if we are in camera.

**Mr BREWSTER** - I want to make sure I get this accurate for you. I know the percentages but I have also got some dollars. I just have to find where I printed it.

### IN CAMERA EVIDENCE RECEIVED

### PUBLIC HEARING RESUMED

**CHAIR** - Thank you, we resume the broadcast. We are back on the air, and again we appreciate the evidence that has been provided.

On behalf of the committee, the honourable member for Rosevears, the honourable member for Rumney, and myself, the member for McIntyre, we sincerely thank you for making yourself available this morning.

This is a public hearing. What has been provided does have privilege but outside of these walls of parliament, that does not exist. So, please always be mindful of that. It is part of our responsibility to share that.

## **PUBLIC**

I would like to particularly thank my colleagues here as well. It has taken a while to get back to here, but we know that sometimes life circumstances just dictate what we do. So, again, thank you.

Also, we would like to acknowledge your announcement, Mike, of your retirement. As we all do, our focus on family and doing something else, we sincerely wish you all the best. We know it is not for a few months; we will certainly see you around, I am sure. We want to acknowledge that. The work you have put into the TasWater organisation and beyond has not gone unnoticed. Thank you and thank you to your team this morning.

We will conclude the broadcast, and thank you Gay, thank you to our secretariat, Julie and Ali, and Natasha who is not with us today. Thank you.

**THE WITNESSES WITHDREW.**