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Hon Rosemary Armitage MLC
Chair
Legislative Council Select Committee into TasWater Ownership
Legislative Council
Parliament House
HOBART TAS 7000
Per: two@parliament.tas.gov.au

Dear Ms Armitage

LEGISLATIVE COUNCIL SELECT COMMITTEE INTO TASWATER OWNERSHIP

Please find enclosed the Central Coast Council's submission to the Legislative Council's Select Committee to inquire into and report upon the concept of ownership of TasWater by the Government.

The Council has been a strong supporter of TasWater in its current form. While there have been issues with TasWater operations, the majority of these have now been addressed with an independent board which has allowed for due diligence and a wide range of skills to ensure that we are moving towards 'best practice'.

Central Coast Council does not believe that the proposed takeover of TasWater by the State Government is in the interest of our ratepayers. The process has been flawed, has not included a consultative approach by the State Government, and has lacked data coming from the State Government to TasWater and its owners to support their assertions.

Please feel free to make contact with me if you wish further clarification.

Yours sincerely

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MAYOR

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SUBMISSION FROM THE CENTRAL COAST COUNCIL
Legislative Council Select Committee Inquiry into TasWater Ownership

The Central Coast Council strongly rejects the hostile takeover of TasWater by the State Government based on the current information available.

When the State Government requested that councils look at amalgamation and/or shared services, it was to be based on the following four principles:

- . Is in the interest of ratepayers;
- . Improves the level of services for communities;
- . Preserves and maintains local representation; and
- . Ensure that the financial status of the entities is strengthened.

While the State Government is looking at a 'takeover' and not shared services and/or amalgamation, these four principles would still be relevant in this case.

It is on this basis that we make our submission.

Is in the interest of ratepayers

The Council can only conclude that, in the absence of transparency, absence of a detailed 10-year forecast, misleading information, and since the structure will not be set up like current Government Business Enterprises, the takeover is underpinned by politics and not based on serving the best interests of ratepayers and the Tasmanian community.

TasWater is currently run by an independent, skills-based board and a management team of experts in their field. This structure is free from political interference, enabling decisions to be made based on community needs, not political imperatives.

TasWater's development priorities are determined based on needs and professional engineering considerations, not political desires. This ensures that the unbiased interests of ratepayers are being fully met and the networks will be appropriate to all residents.

If the State Government was working in the 'interest of ratepayers' they would not be taking these assets from the ratepayers who paid for them without adequately compensating them for the cost of the assets they paid for and the Council built on their behalf. There is a distinction between ratepayers and taxpayers. Ratepayers statewide are being offered just six cents in the dollar for their investment in TasWater!

Improves the level of services for communities

It is very doubtful that the current infrastructure upgrades can be completed faster than currently planned by TasWater. If the state of our water and sewerage is such an urgent priority for the State Government, why didn't they simply agree to work with TasWater and its Local Council owners when requested, rather than launching a public and very negative assault on local government and TasWater in a bid to take over ownership.

Taking control of TasWater away from councils and into the hands of the State Government only increases the distance between the user and the water and sewerage entity and limits the ability of the user to change that level of service.

Engagement at a local level is more likely to improve the level of service than at a State Government level.

The supply of water and sewerage infrastructure remains an essential service, one that is essential to community life and one that needs to recognise the individual requirements of local communities – removing any local control makes it far more difficult to deal with local issues.

Changing the current financial arrangements will result in weakening the financial status of the councils themselves, and certainly reduce the amount of capital available for major projects resulting in either a reduction in capital works, an increase in rates or a reduction in services. It will also weaken the balance sheet of the councils.

All water-related public health alerts across the State are on track to be removed by August 2018. TasWater has a fully funded plan to upgrade water and sewerage infrastructure across the State to meet the contemporary needs of the community and this will stand the State in good stead for future population growth, as well as the massive increase in visitors to the State.

A recent report on town water quality across the eastern seaboard of Australia revealed that towns in western New South Wales and Queensland also experience boiled water alerts, regularly or continually in the case of some towns. The comments from the report indicated that little was being done about this, whereas here in Tasmania, TasWater will have removed all boiled water alerts and 'do not consume' notices by August 2018.

Many of the current public health alerts in Tasmania are for very small communities, whereas on the mainland the communities with reticulated water and sewerage are usually considerably larger in population.

Preserves and maintains local representation

TasWater is currently owned by the 29 councils in Tasmania.

Each council is regularly informed by various means, including council representatives meeting with the Board and Management of TasWater, Board and Management representatives visiting council meetings and workshops, and regular written and verbal communications between TasWater, the Local Government Association of Tasmania and councils.

This means that local representation plays a big part in the governance of TasWater and ensures that it is accountable to its owners, the ratepayers of each local government area in Tasmania.

Transferring control of water and sewerage away from councils to the State Government reduces rather than preserves or maintains local representation.

Ensure that the financial status of the entity is strengthened

TasWater has made significant progress since its formation in 2013 and has a fully funded plan to upgrade infrastructure across Tasmania, while keeping water bills as affordable as possible. The Government is making unrealistic promises with an election in sight. While they say they will fix water and sewerage infrastructure faster and cheaper, they plan to spend \$140 million of taxpayers' money on council dividends as a result of the takeover and will borrow more than \$600 million with no detailed plan or finance modelling.

Long-term financial projections show TasWater will generate significant returns into the future. These returns will be reinvested directly back into our local community, funding roads, footpaths, parks, recreation, new capital projects and many other services.

Under State ownership, these returns will go towards consolidated revenue and ultimately, unless there is an unconditional guarantee that they will be available for TasWater future needs, then the assets of the corporation could be allowed to become rundown and not able to meet the requirements of the ratepayers.

All Government Business Enterprises are required to pay a dividend to the State Government and this can be increased each year to unrealistic levels for political reasons.

Funding for the entity would be based on State Government budgets where it would be competing with other services such as health and education.

Central Coast Council's equity in TasWater is around \$74 million, assets which have been paid for by our ratepayers, built by Council and retained through our ownership

of TasWater. State Government ownership gives no guarantee of a return on ratepayer assets after seven years or that future pricing will be cheaper. These assets are effectively being robbed from the ratepayers of Central Coast and given to the taxpayers of Tasmania, without the ratepayers being adequately compensated for the pillaging of their assets.

Conclusion

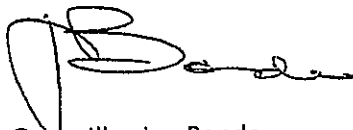
Councils, along with major businesses, do not make important decisions without due diligence and full understanding of what the long term will look like. The State Government has not produced detailed information/data to support their rhetoric.

Councils are closest to the community and best understand community needs in relation to water and sewerage services. They would be in the best position to oversee TasWater.

If the State Government is so worried about the water and sewerage infrastructure in the State, the more proactive way, which would be best for all ratepayers, would be that they work with the councils and TasWater to achieve the outcomes required.

As a shareholder of TasWater, we have been treated with contempt by the State Government in relation to this matter, along with local government being continually denigrated by the Minister for Local Government. As the Treasurer and Minister for Local Government, it would have been expected that the Minister would work with councils, not against them.

We appreciate the opportunity in making a submission to the Legislative Council Committee and would be pleased to hear from you if there are areas in our submission which are not clear.



Councillor Jan Bonde
MAYOR
CENTRAL COAST COUNCIL

7 September 2017