



PARLIAMENT OF TASMANIA

TRANSCRIPT

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Tasmanian Water and Sewerage Corporation Pty Ltd

Thursday 5 December 2024

MEMBERS

Mr Street MP (Chair);
Mr Behrakis MP (Deputy Chair);
Mr O'Byrne MP;
Mr Willie MP;
Mr Winter MP; and
Dr Woodruff MP

OTHER PARTICIPATING MEMBERS

Ms Burnet MP;
Mr Ferguson MP;

WITNESSES IN ATTENDANCE

Kevin Young, Chair

George Theo, TasWater Chief Executive Officer

Tony Willmott, General Manager Project Delivery

Matthew Derbyshire, General Manager Sustainable Infrastructure Services

Kane Ingham, Chief Financial Officer

Wayne Johnston, Mayor of Meander Valley, and Chief Owners' Representative

PUBLIC

The committee resumed at 5 p.m.

CHAIR - The scrutiny of TasWater and Sewerage Corporation will now begin and I welcome the Chair, CEO and staff of TasWater along with others at the table. The time for scrutiny is one and a half hours. As is normal practice, any questions to be taken on notice need to be agreed by the chair of TasWater and then provided to the secretary down here next to me. I'll ask the CEO or chair to make a short opening statement and then we'll open for questions.

Mr YOUNG - Thanks Chair. My name is Kevin Young. I'm the new chair of TasWater since 1 December. I'd like to introduce the rest of the team here today, George Theo, the CEO, Kane Ingham, the chief financial officer, Tony Willmott is the general manager of program delivery and Matt Derbyshire, who looks after sustainable infrastructure services.

Coming in as new chair, I just wanted to take a short period of time just to thank Steve Gumley, who has been the previous chair of TasWater and served TasWater with some distinction through difficult times. COVID hit Tasmania or Australia, the world, and also the revamp of our capital program where we delivered some excellence in delivering projects on time and on budget, particularly the Bryn Estyn Water Treatment Plant, \$243 million delivered under time and on budget.

The committee would be aware we're not a GBE or a SOC. We're formed under the *Water and Sewerage Corporation Act 2012* (Tas), and also we follow the *Commonwealth Corporations Act*. We're owned as a shareholding, 90 per cent by the 29 councils and 10 per cent by the state government. Just lastly, excited about what we can deliver as an organisation. We've got a new strategy in place, Unlocking Water's Full Potential for Tasmania, and it's all about four things: customer value, water forever, we're better together and healthier environments. Thank you. George, do you want to say something?

Mr THEO - If I could take a couple of minutes just to make a couple of statements. Firstly, I'd just like to say we welcome the opportunity to be here to answer your questions. Just in the way of background, TasWater was formed in 2013. Some of you may or may not be aware of that and over the last 10 years, TasWater's invested roughly in the order of about \$1.5 billion in water and sewerage infrastructure across the state.

In the last 12 months, we've invested \$269 million in water and infrastructure and that investment over the last 10 years has very much been driven by what has been our reality and that is, an under investment in water and sewerage infrastructure across the state. Now that's been a historical under investment and as I mentioned, that is our reality and we're responding to that under investment. It means that over the next five years, we're seeking to invest roughly about \$1.9 billion to address some of the issues we'll speak to during the course of the next hour and a half.

I'd just like to remind the committee, it wasn't until 2018 that the last of the boiled water notices, 'Do not consume' notices, were removed in Tasmania. That's just six years ago and consequently, for the last six years, TasWater's provided 100 per cent microbiological compliant water with the Australian drinking water guidelines to all of Tasmanians.

So we're now turning our attention to other matters. Some of those matters are around leaks and hidden leaks. I'm pleased to say that in the last 12 months we've reduced leakage

from 28 per cent to 24.5 per cent and we're on a journey to be roughly around 13 per cent within the next six years.

We're also turning our focus to sewage treatment and water security across the state, which is important to everyone. I think the message there is we've got to be really careful not to recreate the water quality crisis that we've come out of, as recently as 2018, in the sewage treatment space. We have 110 sewage treatment plants across the state to serve a population of just under half a million people, which is equivalent to about 1770 water connections per treatment plant across the state. So that's our reality. There's a lot of treatment plants that we need to be able to ensure are compliant. Now as a matter of interest, one quarter of our sewage treatment plants that are regulated by the EPA are having a negative impact on the environment, so it is really important that we actually address those issues.

I mentioned that over the next five years we're planning on investing \$1.5 billion and it's addressing issues that have been around for many, many years. I believe it's important that we face the reality we're confronted with and not ignore it.

We've had an extensive customer engagement process over the last 18 months which will inform our price and services plan to the Economic Regulator in June 2025. The Economic Regulator will take into consideration TasWater's proposal and will deliberate over that plan for the following 12 months and make a determination that will take effect on 1 July 2026 on what prices might be in Tasmania for water and sewerage.

In closing, I want to reinforce the point that we must face our reality and not ignore it. Our reality is that we have much work to do and we need to bring sewage treatment up to modern standards and we need to provide water security to communities right across the state. We would welcome any questions the committee may have.

Mr WINTER - Thank you and thanks for being here today.

I'd like to start firstly with congratulations on Bryn Estyn - delivering a project on budget and under time. It's fantastic. I've been out and had a look.

The next big project is the transformation around Macquarie Point and the relocation. Page 93 of the annual report lists an agreed plan of \$314 million in which the state will contribute \$224 million and the rest from TasWater.

Not every project, unfortunately, is delivered on budget. What are the arrangements between the state and TasWater in terms of who pays for the cost overruns?

Mr WILLMOTT - I can answer that. Thanks for the question.

We are in a risk-sharing arrangement, certainly with the government over the delivery. The government is paying around 72 per cent of the cost of the project, which is at \$314 million, as you said, and we paid about 27 per cent-28 per cent of the difference. We are delivering that project exactly the same as how we delivered Bryn Estyn - the same Target Outturn Cost Process (TOC) and we're highly confident that we have the right number for that program, because the program of projects are three.

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Mr WINTER - I am sure the aim for it is to not go over budget but in terms of the arrangement between the state and TasWater, who has the liability? Who wears the risk for any cost overruns? Is that in the same percentage as is -

I'm getting nods - just for *Hansard*.

Mr THEO - Yes, that is correct. The split is two-sevenths, five-sevenths. Clearly within our contracting arrangements, there are risk-sharing arrangements with the contractors delivering the work. The model that's been adopted is the same as the Bryn Estyn model. We had a very good outcome there with respect to projects being delivered on time and on budget and we're working to make sure that that is the same outcome.

Mr WINTER - One of the suggestions that's been made to me on a lot of occasions around Macquarie Point is that we have the *Nuyina* that can't refuel and that you have a major project going to relocate. Have you had any discussions with TasPorts or anyone else about collocating the refuelling for the *Nuyina* as well as the project you're undertaking?

Mr THEO - No, I haven't.

Tony, if you have, please let the committee know.

There is a real issue putting in the same trench a water pipe and another pipe that has petrochemicals in it, for obvious reasons. If there's a fracture, you'll end up tainting the water supply and then we're going to be trying to recover from what's going to be not a very nice situation, so the answer is no. I haven't spoken to anyone and secondly, I will not be supporting two pipes of that nature in the same trench.

Ms BURNET - I will ask some questions and thanks for that introduction, Mr Theo.

When is the Macquarie Point treatment works going to be decommissioned?

What's the timeframe for that?

Mr THEO - We are working to have the treatment plant at Macquarie Point decommissioned by the end of 2026.

Ms BURNET - Okay. I understand that there is a pipe running from Evans Street diagonally across to Macquarie Point. Is that right?

Mr WILLMOTT - Correct.

Ms BURNET - What sort of concerns do you have with decommissioning? Are you decommissioning? How are you going to reroute that?

Mr WILLMOTT - That is just like any other development that wants to undertake development around our pipelines. The Macquarie Point Development Corporation are actually relocating that, down Evans Street and around in front of the TasPorts land and into the pump station where we're building it.

Ms BURNET - So, that is not costing you anything?

Mr WILLMOTT - No. That's not our project.

Ms BURNET - That is all MPDC?

Mr WILLMOTT - That's correct, because they're the developer.

Mr WINTER - I want to ask about headworks charges or developer charges. One of the big concerns I hear from builders, developers and local government as well - some of your owners, has been around headworks and the disadvantages of being first mover. I understand that this is currently covered by your developer charges policy. Are you considering any of that feedback regarding the way you approach developer charges going forward?

Mr THEO - Yeah. Matt might want to elaborate on that, but part of our pricing and services submission to the Economic Regulator - one of the chapters within that, if you like - is how we treat developer charges and contributions. We hear that there's a first mover disadvantage. That is not always the case. Matt, can I ask you to elaborate on that?

Mr DERBYSHIRE - What we do in the case of installing infrastructure for developers to service a development, where we believe there is going to be growth in that catchment, is we can apportion the cost to upsize that pipe for the next development, which doesn't disadvantage the first or second developer.

Mr WINTER - Are you are considering that change at the moment?

Mr DERBYSHIRE - We have done it. We have got a live case of this right now in Brighton, where, we have got stakeholders that all were looking at different developments in the one area. Rather than them all building individual pump stations, which is inefficient, we apportioned the cost across all of the developers in that area by equivalent tenement.

Mr WINTER - That sounds like a pretty sensible approach. Is that something you would be looking to make an example out of and potentially use more broadly? If so, how are you going to communicate that with the developer community?

Mr THEO - We have regular dialogue with the community. I think Matt also fronted, I think six months ago, where we had a developer's forum where these matters and others are discussed. We are bringing in the development sector, along with their consultants, into a conversation.

I think what's really important - and on a case-by-case basis, we are able to respond appropriately. One of the things I will say, is that TasWater does not speculate on development. It is really important not to have TasWater put in a position where development may or may not occur. These developments that are out of sequence, hence, why people sometimes refer to them as first mover disadvantage, they are actually quite far away from existing infrastructure. Therefore, if development doesn't occur, it is not responsible for TasWater to have speculated that development would occur and, therefore, funded infrastructure that would end up being stranded and development does not occur. So, it's a case-by-case basis. In the example that Matt spoke to, there was a high degree of confidence that development would occur and we were able to play our role in that process.

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Ms BURNET - Back to Macquarie Point. You talked about the project for the treatment works removal likely to be ending by 2026. There are at least three other significant projects slated for Macquarie Point. There is the northern access road. It hasn't been funded but, presumably, that is down to the port and the Antarctic division. There is the rebuild of berth 6 for the *Nuyina*, which Mr Winter mentioned. I think we heard yesterday that it will take about three to four years to finish that. If it starts in February of next year, getting everything in place, then we'd be looking at that being delivered at the same time as your project. Then there's the Macquarie Point stadium. Given that this is a fairly small area, how confident are you that you'll be able to decommission your treatment works in that time and with everything else going on?

Mr WILLMOTT - Yeah, look, we're very confident that we can fit within the timeframes that have been allocated to us. We work really closely with MPDC and State Growth. Certainly, on the northern access road, we've been in discussions with them because of the pipeline that comes up out of the site. All the agencies are working together really well on this project to make sure it's a success.

Mr THEO - I was just going to say there's multiple activity currently on foot.

Mr WILLMOTT - There is.

Mr THEO - There's activity happening at Selfs Point as we speak. Just last, I think it was last weekend, we had an open day for the community.

Mr WILLMOTT - Yep, that's right. For the community.

Mr THEO - There is work currently happening at Macquarie Point, and the pipeline alignment clearance has occurred along the Domain.

Mr WILLMOTT - Correct.

Mr THEO - So, you know, those three fronts will be occurring concurrently to make sure that the project is completed by the end of 2026.

Ms BURNET - I suppose my concern, given the recent history of the QuayLink project, is that moving parts landing the way they ought doesn't always happen. The stadium's a mega-project. These are pretty big pieces that you're looking at as well. Do you envisage any problems or blowout of time?

Mr WILLMOTT - No, not at the moment we don't. We're quite confident that we've got the right timeline. We work really closely with Anne Beach and her team at MPDC on these projects.

It's got to be noted, though, the treatment plant itself is very well clear of where the stadium will be, and so is the pump station that we're constructing. We're on the far river side of the property from the MPDC side, certainly just outside the boundary there, so I don't see any issues with us being in the way of the stadium build.

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With the plant, we have to be decommissioned by the end of 2026. That's our plan. We'll demolish it soon thereafter, once we have confidence in our new treatment plant that we've got going at Selfs Point, and then, yeah, we're out of there altogether.

Mr WINTER - I want to ask about the revenue assurance project. I couldn't find it in the annual report. Correct me if that's wrong. Is that an ongoing program?

Mr THEO - That's a project that came to an end, and that was based on cleaning up data that was inherited from councils at the formation of TasWater to ensure that when it came to charging for sewerage, which is based on equivalent tenements (ET), which we're moving away from as part of our pricing submission to the regulator, that we had an accurate ET count for the calculation of sewerage. That project ran for the best part, you know, at least four or five years, and that came to a conclusion.

Mr WINTER - What was the reason it came to a conclusion?

Mr THEO - We exhausted - we basically went through all those sites that we were of the view needed to be audited. Having said that, if we have missed a site and someone brings it to our attention, we will look at it. But the project had a defined date and defined budget, and we concluded that project.

Mr WINTER - Was the project's revenue positive or negative for TasWater, in that, did it identify that more people were being overcharged than undercharged, or vice-versa?

Mr THEO - Based on the data that we inherited from councils, what we found was that the project, as a whole, returned more money to the community.

Mr WINTER - To the community.

Mr THEO - Yeah. So, it was an overcharge, but it was an overcharge based on the data that we had. That's been corrected, and it cost TasWater more, much more, than what it actually made from having incorrect data where the ETs were understated.

Mr YOUNG - Just something on that: I think there was a different approach, too, that if we found out that we were overcharging, we would refund. We went back further than if we found we were undercharging. So, that made a difference in the amount as well. We were fairer to customers who found out we were overcharging, compared to if we were undercharging.

Mr THEO - Correct. I think we went back as far as 2012 or 2013.

Mr YOUNG - Yes.

Mr INGHAM - It was 12 months. We limited it to 12 months.

Mr WINTER - That explains why it was cash positive for community, then.

Mr THEO - But I just want to make the point that while the project has been concluded, if we come across a site or a customer makes contact with TasWater and they wish to have their ETs audited, we will do that.

Mr WINTER - Do you have an amount - that total amount - that was overcharged as part of your winding up for the project?

Mr THEO - We do. I can't tell you what it is off the top of my head. I'm happy to provide that information.

Mr WINTER - Take it on notice?

Mr THEO - Yeah, absolutely.

Mr WINTER - Thank you, that would be good.

Ms BURNET - Thank you. You mentioned, Mr Willmott, that you have regular discussions with the MPDC and Ms Beach and you mentioned the northern access road. I'm just curious to know how the pipeline and so forth is impacted by that northern access road?

Mr WILLMOTT - With the design that we've taken to come up out of the site there, we've taken into account the proposed road and it's not finalised. We've put the pipe out of the way so it doesn't impact that access into the port.

Ms BURNET - Okay. So, the pipeline's currently going across the domain, is that coming out on the Queen's Domain Road? Is there a lot of work? There seems to be a lot of work, as I went past there the other day.

Mr WILLMOTT - It is. So yeah, George mentioned about the clearing. We looked at all routes to get that pipeline from Macquarie Point to Selfs Point. We looked in the river. We were going to submersible pipe; we couldn't do that. So, we've taken the least impact route for, certainly, weighing up aboriginal heritage, European heritage and impact on the public. If we didn't go through that fire trail - because there's a fire trail there where we went through. We've cleared around it. The pipeline is a big pipeline; it's 700 millimetres in diameter. We need fairly large machinery to get into there.

Ms BURNET - Future proofing?

Mr WILLMOTT - That's right. To have that machinery in that area, we couldn't leave those trees where they were. We'd also have the spoil running down the hill and getting amongst the trees; we wouldn't be able to clean it up. We've got a full revegetation plan for that area once we complete. That has all been approved by the Hobart City Council as well. We've gained all approvals to do that work and it is the least impact on all of those criteria.

Ms BURNET - And it's probably sheoak mainly through there, and Casuarina?

Mr WILLMOTT - Casuarina, yeah, they were.

Ms BURNET - Was there any other sort of major environmental concern, grasslands or anything like that?

Mr WILLMOTT - No, no major concerns in there otherwise we wouldn't have gone through there. So, yeah, we've been really selective on the route, certainly at the other end of

that roadway down towards the Domain Highway there. We've had to come fairly well out into the road past the old Tasmanian Zoo there because of that Aboriginal heritage and the European heritage there. We've also had to worry about the impact on the trees there 'cause they're quite old. So, we've taken all steps to make sure that's limited.

Mr WINTER - The Economic Regulator's Report, back some years, 2019/2020, talked about the revenue insurance project and said that it was expected to run until June 2025. Has the Regulator raised any concerns with you about the cessation of the project?

Mr THEO - No.

Mr WINTER - You've got the smart meters that have been rolled out. I know you were asked some questions about this in the Legislative Council as well. Can you explain in terms of the Sensus iPerl meters, how many different models there are of those meters and which ones are being used?

Mr DERBYSHIRE - As far as the iPerls, there's only one model that I know of for domestic use, the 20-millimetre meter.

Mr WINTER - And how many of those have been rolled out across the state?

Mr DERBYSHIRE - That's a good question. I think we have a fleet of 84,000.

Mr WINTER - How many of those have failed?

Mr DERBYSHIRE - I think we only have 3100 iPerls that have failed. That's where our battery fails.

Mr WINTER - You're still rolling that meter out? That's still the current model?

Mr DERBYSHIRE - Yes, until we have completed the 12-month pilot of our next generation meters. So, we're in the market now to select a supplier and work with them to install a pilot of up to 10,000 meters around the state domestic 20 millimeters plus some larger diameter meters, and depending on that, that will inform a business case. We will obviously quantify the benefits of those digital meters. This is not unlike anything else that is going on around Australia; most utilities are moving into this space.

At the moment, our meter fleet consists of meters that require a meter reader to drive down the street to collect the meter reads from customers. They have to be in proximity of say, let's call it 100 metres, but the next generation of meters just rely on a communications network to send the information from the meter once a day back to the server, and then we bill from there.

Mr WINTER - The advantages of the newer model, or the smarter meters, are that the meter readers don't have to be as close, or you don't have to have the meter readers going down the street? Are there any other advantages?

Mr DERBYSHIRE - There are a lot of advantages. One is that, as we look to work with the regulator to move our variable charge to represent a higher proportion of the customer's bill, having information on daily water consumption, not unlike what Aurora has done with

their electricity meters - because a lot of other utilities have a customer app that they can log in and look at their water usage - they will be able to influence how much water they use.

It also has an advantage where it can detect a customer-side leak on premises and fire off a text message to the customer to say, 'You might want to investigate. We've noticed some abnormal water consumption on your property'. Then we can do things like put them in contact with a plumber that is able to help them out. As a water utility, we can do studies on which suburbs are water efficient, which ones are using more water, where the growth is occurring and then plan accordingly.

Mr YOUNG - For example, if they are using a lot of water at nighttime when most people would be asleep, the computer will trigger and say, 'You probably have a leak here somewhere on your line, and it is costing you money'.

Mr WINTER - What's the impact on your workforce likely to be?

Mr DERBYSHIRE - I thought you might ask that. It's a good question. It's not like we start the pilot and then straight away we don't need meter readers. It would actually take us 10 years to replace our fleet of meters around the state. What we don't want to do is go and replace 200,000 meters in two or three years, because it makes a bow wave, and then you have to massage that expense for our customers in our capital works program. The idea is to replace around 20,000 meters per year - 200,000 metres, so a 10-year program to replace meters around the state.

Mr WINTER - You mentioned talking about moving to a larger acknowledgement of use. From memory, at the moment it is variable use rather than fixed use. Is it 10 per cent variable at the moment?

Mr THEO - No, about 16 or 17 per cent is the variable component at the moment.

Mr WINTER - Where are you wanting to take that to?

Mr THEO - We're working through our modelling exercise. We're looking at around about 35 per cent. We are still working through that. One of the key recommendations from the Water Futures Customer Panel - and I made reference to the fact that we received their report a few weeks ago - was to give the customer more influence over the size of their bill.

In order to make it more variable, we have been modelling what that could look like, which means we reduce the fixed access charges, or the service charges, increase the volumetric component, but depending on how much water you use, you'll get a real saving.

That's what we're working towards and modelling. We need to conclude that piece of work and that will inform part of our proposal to the economic regulator. Kane, did you want to add anything to that?

Mr INGHAM - No, I think that covers it. It's something we've been looking at for a while. We want to give our customers more control over their bills, and 16 per cent doesn't, in our view, provide that incentive. The customer panel that George spoke about made a number of recommendations, and this was a standalone one about wanting to have a pricing structure that allows them to make decisions in their home that can reduce their bill.

Mr THEO - If I can add to that, our modelling to date shows that 62 per cent of Tasmanians will be financially better off. We then look at the 38 per cent who will not be better off, we need to understand the impact on those customers. Who are they and what's the reason for it? One of the things we have uncovered through this process is that many of the customers who would be financially paying more, it's because of the size of their meter. It is a residential property - they need a 20-millimetre meter, but they might have a 32-millimetre meter. A downsize will deliver significant savings to them.

The point is that, as we conclude our modelling and as part of lodging our proposal to the Economic Regulator, we'll be talking to those customers who are in a position where they'll be paying more, should the Economic Regulator adopt our proposal, and saying to them, 'You don't need this size water meter; downsize because you can get a real financial benefit by doing so'.

CHAIR - Before I give the call to Mr Ferguson, one of those new smart meters would have saved me \$400 last year. My quarterly TasWater bill was double what it normally was because my hot water cylinder was leaking downstairs and I didn't find out until I got my next bill.

Mr DERBYSHIRE - You should get in contact with us, because we offer a rebate if you find a leak and you can show that you've fixed it. We rebate half of that cost.

CHAIR - It's funny you should say that, because I asked if I could get a rebate and was told, 'No, you used the water, but you used it to heat the dirt under your house, not yourself'.

Mr DERBYSHIRE - You got a double whammy; you got an electricity bill as well.

CHAIR - Anyway, moving on. Mr Ferguson.

Mr FERGUSON - I'm sorry for your loss.

CHAIR - Thanks very much.

Mr FERGUSON - First of all, thanks, Chair. I'd like to congratulate you, Mr Young, on your appointment. Also, I heard what you said about Mr Gumley, and I agree he was an excellent servant of the organisation.

Can I just take the committee and you, Mr Young and Mr Theo, to West Tamar? I am a big fan of what TasWater is doing with the Tamar River Health Action Plan. I think it's probably undervalued in the community, might be my observation. I think quite honestly, it's exciting and really good for the environment, and future generations will really benefit.

Further up the river towards West Tamar - and I'm thinking of Legana in particular - there's been some discussion with me locally about the Legana Wastewater Treatment plant being over capacity. I think it's something you're quite familiar with, and I understand that it sits somewhere in the priority list for a future upgrade.

Now, no doubt Legana just needs to find the right position, in all fairness to other communities, but I wonder if you could comment on the observation that one constituent has

made to me that Legana is over capacity at the figure of 190 per cent, and that it sits about midpoint through the upgrade list at about 38th position on a list of 79, even though it's exceeding its capacity by much greater multiples than other communities that are higher up the list.

I wonder if I can just take you to the urgency question of that particular region, when TasWater intend to upgrade and in what way that upgrade occur?

Mr DERBYSHIRE - I can respond to that question if you like, George. I might have met with that constituent last week. We invited him into our office to discuss concerns with Legana, and I've also presented information to West Tamar Council on the Legana Sewage Treatment Plant. There are a couple of things going on here. One is that, when a treatment plant is built, it comes with a nameplate. I liken this to buying a Datsun with a four-cylinder engine and then putting a V8 in it later. It's not the same capability as when it was first constructed.

Over the years at Legana, we've spent several million dollars upgrading electrical infrastructure, putting aerators in to improve the performance of that treatment plant. We've changed the dosing. We've put baffles in the lagoons which make the effluent take longer to go through the lagoon. That's the first part - the nameplate, 190 per cent. Don't let that mislead you.

Mr FERGUSON - If I may interrupt briefly, you're not disputing the volume of treatment that is passing through, but you are saying to the committee and me that the nameplate is an unreliable guide today?

Mr DERBYSHIRE - I think at that level, yes, but what I would go on to say, which answers your question about the priority of Legana and its rationalisation to an upgraded Ti Tree Bend sewage treatment plan, is that we work with our regulator, the EPA (Environment Protection Authority), to determine the priority of our high-risk sites. What I mean by 'high risk' is, rather than look at the capacity of the treatment plant, we look at what the risk to the environment is. The seven treatment plants in Launceston - the six that will be rationalised to Ti Tree Bend; I think Legana is the fifth site to be rationalised. It has a lower risk to the environment because if it's receiving environment where the outfall goes once the effluent has gone through the treatment plant, than say Prospect Vale, which we've done first, that discharge to a point above the gorge and basin where there's recreational swimming.

We have, on the North Esk, Hoblers Bridge, Norwood, and Newnham further down the river. So the sequencing of the rationalisation of the Launceston sewerage improvement program is based on the health of the environment and it's something that the EPA basically signs off as part of our regulatory submission to OTER and they're comfortable with the priority that we've sequenced the program in.

Mr FERGUSON - Can I just get a couple of quick bites of the cherry, if I may, without irritating the other committee members? Are you saying that the main cause of that potential risk of inundation would be because of heavy rainwater, for example, or some other mechanical failure? What's the point that you're making there about chance of risk?

Mr DERBYSHIRE - So once the effluent has been treated in the treatment plant, it needs to go to the receiving environment. In the case of Legana, we have a recycled water scheme and 60 per cent of the water from that treatment plant is actually beneficially reused as

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irrigation water with nitrogen and phosphorus. So it's a nutrient-rich water used on farming land. Whereas somewhere like Prospect Vale just goes to the receiving environment. There's no beneficial reuse.

Mr FERGUSON - What would be the trigger or the cause of a release that was beyond the capacity of the plant. Would it be weather or would it be mechanical? What's the risk that you're mitigating?

Mr DERBYSHIRE - Certainly, flows increase in wet weather.

Mr FERGUSON - Okay. So perhaps it's sort of argues that there's so much water in the environment already, it's going to be so diluted. Can I just then ask you if you could indicate what's the timeframe for that future upgrade?

Mr DERBYSHIRE - Legana gets rationalised in 2033, I believe.

Mr THEO - Can I just make a point there? A couple of points. One is, we will continue to work at Legana to make sure we can accommodate any growth that happens between now and 2033. But Legana is going to disappear. It's not going to be a treatment plant post-2033. Matt outlined in detail the fact that we're going from seven sewerage treatment plants to serve a population of about 90,000-odd, I think, in Launceston, to one, which is Ti Tree Bend. So Legana's not going to exist and we've been in dialogue with council because we want to make sure that between now and 2033, we have no intention of getting in the way of development, whether it's industrial development or residential development, finding sewerage down to Legana.

Mr FERGUSON - You just answered by last question, so thank you.

Mr DERBYSHIRE - Just to add though, that investment at Legana, we've just installed two new aerators in the last couple of months. Now we're monitoring their performance. To improve compliance in the future, we have plans to install more aeration so it gets oxygen into the lagoons and improves compliance.

Ms BURNET - I want to go to the Selfs Point proposed treatment works. So greater capacity from Hobart, is that going to be collecting from other parts up the Derwent?

Mr WILLMOTT - Yes. The treatment plant, once it's put into place, it'll be treating all the areas such as Lenah Valley, New Town, where the Selfs Point Treatment Plant already captures. So we'll be augmenting those two treatment plants together. We did have a look at continuing to treat through the old treatment plant, but the technology is just so outdated and worn out that it was far better to build a treatment plant with more capacity. This also sets us up for the Selfs Point Sewer Transformation, it was used earlier. We're investing additional money into that program, so it sets it up for the future. We'll see treatment plants such as Prince of Wales Bay; the one at Cameron Bay which is right next to Mona; and the one at Risdon Vale which is near the Aboriginal land there - they'll all get reduced into Selfs Point. That'll be in future though.

Ms BURNET - Thank you. Just a similar question to Mr Ferguson. I was at Beacon House for a Christmas lunch earlier this week and somebody was talking about how he grew up at Austins Ferry and Windermere Bay or -

Mr WILLMOTT - Windermere Beach.

Ms BURNET - Beach, yes. It was a lot less degraded than it is now. Presumably that's effluent and a lot of pollution that's occurring from runoff. Is that in your purview as well, and is that going to be improved?

Mr WILLMOTT - Yes, we'll see significant improvement as we start to treat down at Selfs Points instead of further up into the estuary there. Once we decommission Cameron Bay, we'll see the sewage treated at Selfs Point. That is discharged through the Blinking Billy outfall. But there's a real kicker with the Selfs Point project in that there'll be 132 tonnes reduced from the river in nitrogen and phosphorus, so that's 50 per cent of our impact that we have on the river each year will be stopped as we start to treat there at Selfs Point.

It'll also end with a bit more treatment on the back end of the plant. We'll be able to make available 9 billion litres of reuse water, and it'll be class A recycled water if we treat it to that standard, which will be available for agriculture and also industry around there. We're talking with heavy industry in that area to see, if we were to treat that water to a high standard, whether or not we could get a better benefit out of it.

It is already reused as well. We already heat the pool, so, the Aquatic Centre. So the discharge already goes through the heat exchanger there, through the City Hall, through the hotel at the Grand Chancellor, and two nursing homes in Sandy Bay. There's some really great circular economy outcomes of this project.

Ms BURNET - Will that continue?

Mr WILLMOTT - Yes, it will. We'll have to discharge something there, so I'd suggest that we will have partial discharge there, yes.

Ms BURNET - Thanks.

Mr WINTER - Just going back to the line of questioning around the metering. You talked about the proposal to the regulator - a proposal to regulator. Is that in the next regulated period? Is that in 2025, or?

Mr THEO - It'll be for the period commencing 1 July 2026 for four years.

Mr WINTER - 1 July 2026. In terms of your consultation, you said you've done some work to see which customers would be better off and who'd be worse with. That's one thing. The other thing is to actually explain it to people and convince them. Do you have a consultation plan, or are you just planning to use the Economic Regulator's process to go through consultation?

Mr THEO - No, I think it's a good news story. We haven't completed our modelling, but it's a good news story - 62 per cent of customers will be financially better off. The vulnerable low users like pensioners will be financially better off to the tune of hundreds of dollars.

The consultation process will be, if it looks like the Economic Regulator is going to endorse a change to the variable component of the bill and put more in and allow customers to

have a bigger say in the size of their bill, which is what they've wanted, and it's also what the Economic Regulator has asked us to actually look at, we will begin a process of communicating to customers, but also communicating to them in a way that allows them to see where they fit into the process. So, if you're a low water user versus a high water user, it's important for you to know, on the basis of the changes, are you going to be paying more or are you going to be paying less?

For TasWater, the overall outcome is revenue neutral. We do not make more money. Okay? And that's an important point that needs to be made. It's just that it's going to be collected differently. It's the old user pays principle. The more you use, the more you pay; the less you use, the less you pay.

Mr INGHAM - I should mention this - our submission, so that's going to go to the regulator June next year. We've already engaged really heavily to help inform that submission. We've had over 3500 Tasmanians provide feedback on that engagement, as well as the 45 deliberative panel which have been engaged extensively through a number of aspects of PSP5 where they've provided, as we mentioned before, a number of recommendations on what they would like to see in the PSP5 submission. In terms of how we've engaged the community, how we've engaged Tasmanians, we've really gone above and beyond.

Mr WINTER - This will be the last pricing proposal before the end, I think, of your MOU, which I still remember, Mr Ferguson - in fact, all of us probably still remember. I know that you are currently acting in line with the MOU because it had price increases of 3.5 per cent. Are you continuing to act in line with the MOU and limiting price increases to 3.5 per cent?

Mr INGHAM - That'll conclude in the last year of PSP4, which is 2025-26. So, there's one more period. So, 1 July 2025, there'll be another increase of 3.5 per cent, and then PSP5 will kick in following that.

Mr WINTER - So the new PSP that you're about to do consultation on will be outside of the MOU terms? Gee, I am getting old. So that is 10 years ago.

Mr INGHAM - Yes.

Mr WINTER - Alright. I won't ask you any further about that. Going back to the smart meters. I am sorry, I got distracted by their new height. More smarter meters than the other, slightly less meters. You talked about the number of smart meters that have failed, 3100. What happens when that semi-smart meter fails? How do you do the customer reads if you have a semi-smart meter that fails?

Mr DERBYSHIRE - You essentially don't. The data's lost, which means the customer is not charged the volumetric component of that bill.

Mr WINTER - Right, so there is no estimated read, you just get the fixed charge and no volumetric. Understood. That sounds like a pretty good thing for the customer. In fact, I might hand over to Ms Burnet, while I think of the next one.

Ms BURNET - Again, just asking about Selfs Point. The energy goes - you will be using biodigesters? Is that right?

PUBLIC

Mr WILLMOTT - Yes, that's right. I did not say either. We are also going to be generating power on site. We will see around 30 to 40 per cent of the power for the site will be generated on site. That is equivalent of around 350 to 400 homes of power per year. That is significant.

Ms BURNET - What are you going to be using that for? Are you looking at using biochar to remove micro plastics and biosolids?

Mr WILLMOTT - The plant doesn't include biochar, but it can in the future. The way that we are building this plant is so that it can be upscaled, quite easily, in future once we have constructed it. There is no biochar right now. In the future there will be, at the site, but just not right now.

Ms BURNET - I think I might have discussed that, it might have been with you, Mr Theo, when we were at Bryn Estyn for the tour. Was that considered in that settling pool?

Mr THEO - I think the PFAS you are referring to and reference to biochar is related to biosolids, which are the solids that come out of the wastewater treatment plants. Technology is emerging and the industry is moving, and biochar is just one option. Matt and the team are currently looking at what is the option we want to go with in Tasmania, but biochar is basically baking or cooking the -

Ms BURNET - I know a lot about biochar, yes -

Mr THEO - And removing the PFAS, where the biosolid becomes nutrient rich fertiliser. The National Environment Management Plan, NEM 3, which comes into effect at the end of this calendar year; states have to sign up to it. That will spell out the rules with respect to what you can do with biosolids. If PFAS is to be removed as part of that process, which I believe it will be, there will be a transition period for utilities to be able to respond to that.

Our medium-to-long term goal is to actually remove PFAS from the biosolids and we are currently investigating what are those options and put a recommendation to our board in due course.

Ms BURNET - Presumably, that would sequester carbon as well. You would have a better outcome environmentally?

Mr THEO - Carbon sequestration? I am not sure if it would apply, I have not -

Ms BURNET - Maybe an opportunity?

Mr THEO - Yes, carbon sequestration on the back of biochar creation -

Mr DERBYSHIRE - It is not something I have looked into.

Mr THEO - It is not something that is come across normally but we will certainly look into.

Ms BURNET - I might have to ask that, next year.

PUBLIC

Mr DERBYSHIRE - While there is a pause. Can I correct my answer to there is actually an estimation of volumetric charge for the meter when the IPL fails, based on previous usage? Remembering that, the volumetric component is only around 16 per cent and hence, the moving towards a meter renewal program that will replace those meters.

Mr WINTER - I have to go back to my questions now that had been allayed. Given that, you have 3100 that are failing, you are doing an estimated read on previous reads. 3100, is that a number that has led you to upgrade to a different model? Is the fail rate considered too high or?

Mr DERBYSHIRE - No, it is within reasonable bounds. It is quite a small failure rate and those meters are reaching 7, 8, 9, 10 years of age.

Mr WINTER - How many estimated reads do you think you're doing per year?

Mr THEO - Well, I know at last count, I think, we'd do it on a rolling three-month average. I think last month it was about 12 per cent, 13 per cent.

Mr WINTER - 13 per cent are estimated reads?

Mr THEO - Yeah. Now, you've got to remember, as Matt said -

Mr WINTER - That's not all failures, though. That's inaccessible? Or is that -

Mr THEO - It's a combination of the MOUs that transmit the signal to the vehicle that's been driven down the road failing, hence why we're replacing them, or the battery, because those meters have got to close to 15 years of age and the batteries no longer work and that's why we're replacing them.

Mr DERBYSHIRE - Or being on a property with a locked gate, dog, that type of thing.

Mr THEO - So, there's a combination of reasons.

Mr WINTER - Yes. Do -

Mr THEO - Now, what we want - sorry.

Mr WINTER - Do the customers see on their bill that is an estimated read?

Mr THEO - Yes.

Mr WINTER - And then, what's the rectification work that someone comes along to identify what the problem is, so that they can get an accurate read the next time, or?

Mr THEO - So, firstly, the bill says it's estimate. Secondly, if it's because we can't get into the property because of a locked gate, a vicious dog, or something else, we actually text customers in advance saying that we're going to be reading your metre over a period of the following, I think it's five or six - five or 10 days. And the customer always has the option to call and give us the read, or take a photo of the read and email it to us, so that on that basis you get an actual read.

Mr INGHAM - Then - sorry, George. I was just going to say, the impact is not - it's not like electricity where the impact is a lot greater, potentially, on the variability. So, it's a big -

Mr WINTER - Because 100 per cent.

Mr INGHAM - Yeah. It's a bigger bill and it's a bigger component of the bill, so we don't - it's not a major cause of complaint from our customers as a result of receiving an estimate that we then fix. Sorry, George.

Mr THEO - No, no. And I think when you look at billing-related enquiries, I think they were less than 500 for the year, maybe around about 400 from memory.

Mr FERGUSON - Mr Theo or Mr Young, I believe that there's been a letter with you from a constituent in my area. I won't mention their name at the table, but the concern is that this person is a treasurer of a church or parish council - perhaps the incorrect terminology, but they serve in that role. They were traditionally receiving bills from Ben Lomond Water and then, in prior to that, their council, and then since then, TasWater. The bill was addressed to, you know, the contemporary board members, or the name of the organisation.

For some reason, in the last approximately 12 months, the billing has actually - from TasWater only - has changed to the title - registered title owners. But for some groups, including churches, but not only churches, that means that if there's a trustee arrangement, you're actually writing letters to people who are deceased.

That's caused some offence and some annoyance, and I wonder if you're aware of those concerns and what you're doing about it, and what better approach could be achieved than the one that has apparently been moved to in the last 12 months?

Mr THEO - Yeah. I am aware of it, and my understanding is it's also been resolved. [inaudible] also requires us receiving information from government agencies as part of that process, but we also have to be pragmatic and practical that if the person is no longer alive and deceased, we have to exercise some judgement. So, we've amended our processes not to simply rely on the information we have been provided by external agencies, and, you know, I'm hopeful the changes that we've made to our internal processes would not lead to a repeat of that situation.

Mr FERGUSON - Do you mind if I just- thank you for that answer; very good answer. Do you mind if I just ask, though, what led to the change? Because previously, they were receiving their bills - and paying them - in a more straightforward way. And yet, there seem to be a change - maybe there was a data matching process that led to going back to a much more historical older title, names on a title.

Mr THEO - That's exactly what happened. There was a data matching exercise, but notwithstanding that, we still have to be able to actually look at the outcome or the result, and given it was brought to our attention, we should have responded better, and, you know, we didn't. As I mentioned a moment ago, that has been resolved, and more importantly, our process have been amended to make sure that, you know, it doesn't repeat.

Mr WINTER - I want to ask about some concerns I've heard about potential outsourcing. As I understand, at the moment you have faults that are identified in TasWater, and crews and staff will come and resolve it. The concern that was raised with me was that some workers have been paired up with subcontractors so they could, effectively, learn the ropes to learn the job and eventually take the job. Have you heard those concerns? Are they accurate? Are you looking to outsource more work?

Mr THEO - They're inaccurate concerns. We need to be able to respond to peak workloads, so if you take the summer that's coming, how do we respond if we get a 20 per cent or 30 per cent increase in leaks? How do we do it? Do we just say, 'Sorry, we're going to get there in three weeks' time'? The idea is to be able to respond no matter what happens with respect to an increase in leaks or breaks or blockages, for that matter. We want to have a base level resource that's internal and we actually resource peaks with external resource, as required from time to time. That's what we're doing.

With respect to outsourcing, there's been no decision made to outsource. However, I will say that we need to be match-fit, we've got to be efficient and our community expects us to be efficient. If we're going to be entitled, if we are not productive, then we don't deserve the privilege of having a workforce that delivers on behalf of the community of Tasmania.

So, while there's no decision that's been made about outsourcing, I make no apologies about the fact that we need to be match-fit and we have to be efficient in the delivery of services.

Mr WINTER - You say no decision's been made. It sounds like you might be considering that.

Mr THEO - No, it's not even being considered; it's not on the table. We're working really hard to make sure our internal workforce is match-fit.

Mr WINTER - Okay, that's good.

Mr THEO - But that doesn't mean, if we're not match-fit, we won't consider it.

Mr WINTER - Just so I'm absolutely 100 per cent clear, you are not considering the outsourcing of any further work from TasWater's current staff?

Mr THEO - No.

Mr WINTER - Great.

Ms BURNET - I have a question around algal blooms. Algal blooming is predisposed by higher water temperatures which is a problem associated with climate change, low water flows, stagnation and high nutrient run-off from a variety of industrial and agricultural activities. These activities include particularly intensive agriculture, for example, large dairy operations, fish hatcheries with flow-through design, clear-fell forestry - both native forest and plantation - and composting facilities.

What strategies are being employed to reduce the incidence of algal blooms in Tasmanian water catchments? And what regulations are legislated and in place to prevent excess nutrient run-off into our water catchments?

Mr THEO - The first thing I need to make clear is we don't manage catchments.

Ms BURNET - That's a problem, isn't it? Who does? I know you come from Queensland and there were catchment authorities.

Mr THEO - We do not manage catchments, but what we do, and we're well versed in it and it's documented, and Matt might wish to provide some further detail, is we constantly monitor the quality of the raw water coming down the rivers. Our obligation under law is to make sure that what comes out of the water treatment plant is -

Unknown - Wastewater treatment plant?

Mr THEO - No, a water treatment plant. What comes out of the water treatment plant is water that is compliant with the Australian Drinking Water Guidelines, and that's what we do. It means our treatment plants are designed to be able to respond to the raw water quality that comes down the river.

We welcome the opportunity to be involved in looking at catchment management activities and how can we improve overall catchment river health, for that matter. Matt, you might want to talk about the fact that we do an assessment of our, I think it's 70 catchments across the state and we rate them one to four.

Mr DERBYSHIRE - I was going to go back a step and just say on the issue of catchment management, we sit on the Rural Water Roundtable, which includes all stakeholders from Tasmanian Graziers and Farmers Association, NREs, NRM bodies around the state, Hydro, Tas Irrigation, TasWater, et cetera. One of the key activities there is ensuring that the health of our rivers isn't degraded further. I know that NRM has had some success with keeping cattle out of rivers, reducing run-off from not only soil, which causes turbidity and makes water hard for us to treat, but also *E. coli* and the nutrients that you mentioned.

One of the things that we're working with EPA on at the moment is what's called a nutrient offset scheme. What that would involve is, rather than TasWater spending tens of millions of dollars upgrading a treatment plant to reduce nutrients like nitrogen and phosphorus, we could make a smaller investment that gets a better outcome for the community by fencing, by creating wetlands that filter out those nutrients. So, right now, we're working with EPA on what that would look like. We've had discussions with the Economic Regulator about if we did make that investment, how do we include it in our regulated asset base, rather than it being a kind of unfunded cost? That's probably where we're aiming our attention at the moment.

Ms BURNET - I believe that under the *Public Health Act 1997*, if TasWater becomes aware that the water it manages may pose a threat to public health, you are required to advise Public Health services. Does TasWater see BMAA toxin from some blue-green algae as a threat to public health, and what scientific information has been considered in that regard?

Mr DERBYSHIRE - In short, no we don't. We rely on the National Health and Medical Research Council to provide guidance on the Australian Drinking Water Guidelines, which specifies which pesticides, toxicants that we monitor in catchments. At the moment, there's no clear established link between BMAA and health risks. That's supported by the World Health

Organisation and that's the advice that we follow. But really, we stick to the playbook determined by the Department of Health and we are regularly in discussions with the Department of Health on a range of issues, not just BMAA, but other potential contaminants in water. So, yeah, the Australian Drinking Water Guidelines determine what we monitor for.

Ms BURNET - In its 2021 guide, Toxic Cyanobacteria and Water, the World Health Organisation warns of the serious health risks posed by BMAA to humans and ecosystems, particularly in areas with frequent blue-green algal blooms, and emphasises the importance of broader data collection for further research. I know you're going by national guidelines, but given there is concern, why isn't TasWater testing for BMAA?

Mr DERBYSHIRE - Well, we test for blue-green algae and we monitor catchment -

Ms BURNET - But BMAA, it's a -

Mr DERBYSHIRE - Well, you need blue-green algae to generate BMAA. Algae is the precursor to BMAA. So, no algae, no BMAA.

Mr WINTER - I want to go to some environmental impacts as well. The timing doesn't really work, but the most recent Economic Regulator's report, from 2022-23, into the state of Tasmanian water and sewerage lists quite a few issues: sewerage main breaks and chokes, which had, for the first time in a while, trended down, had gone back up to having 48 main breaks, the number of breaks and chokes being 2362. Is there a particular location or region this is occurring? If so, how are you prioritising the resolution of this?

Mr THEO - Two separate issues: one is water main breaks and the second one is sewerage chokes and breaks. I think with respect to water main breaks, is it Glenorchy that has the highest incidence of water main breaks in the state? We are currently going through a process of replacing many of those water mains.

First thing is that we know where they occur and how often they occur, and then it's a matter of prioritisation through a process of understanding what customer impact are. So if it's causing frequent customer interruptions to water supply, obviously they are prioritised over those that don't and we are systematically working our way through replacement of those pipes that need to be replaced. I think this year in the capital works program, the budget is about \$34 million.

Mr DERBYSHIRE - The budget is 24 but we'll -

Mr THEO - greater than 300 as well, so we're spending upwards of \$30 million with respect to replacement of water mains. Sewer chokes and brakes, again, we know where they're occurring a lot we're finding it's tree roots getting through the joints of vitrified clay. You know, tree roots look for water. So, we got - just like many other utilities around the country - the response is, clear the tree roots, but also clear them in a manner that will reduce the frequency of regrowth within the water main, sorry, the sewer main or relined the sewer main.

So again, that's a matter of prioritisation, a matter of investigation. And again, we've also increased our sewer replacement program over the last few years to be able to respond to those choke rates. When a blockage occurs, it's normally impacting one customer, not necessarily

many customers. But the implication of a blocked sewer is that you might have a localised spill in someone's backyard or in the public place, and we don't want that to occur.

Mr WINTER - There's also the rate of sewer spills, which for 22-23 was at - the number of critically notifiable sewage spills was 15 in 22-23. What's was the 23-24 number?

Mr DERBYSHIRE - I believe it was lower than that, but I have to take that one on notice.

Mr WILLMOTT - Yeah, George, I think it's really important to identify that this year we'll be delivering just under five years worth of budget that we would usually undertake in the sewer relining space and the fibreglass relining. And if you have a look at the burst around water leaks, we're doing around five years worth of work this year to get ahead and that's after us spending so much time in the water treatment space, we can now focus on the network. So, the increase in budget spending in those areas is significant this year.

CHAIR - Just to clarify, are you wanting to put that question on notice or?

Unknown - It's 12.

Mr WINTER - Oh, there you go, 12. So, it's going down a little. It says that - I've lost my place. It talks in the report about TasWater noted that ageing infrastructure breaks and pressurised mains and the inflow and infiltration of stormwater and groundwater into the sewer network near shellfish zones resulting in a large number of critically notifiable sewage spills in 22-23 and this is a new indicator. Is this - I know there's an issue here for our shellfish industry. How are you prioritising given the economic impacts of these spills and are you saying this data, in particular, is only for two years? Are we seeing any downturn or trending down of the amount of spills that are impacting on shellfish zones, for example?

Mr THEO - It usually happens when we have a significant wet weather event, but a perfect example was Dunalley.

Mr WILLMOTT - So looking up, we seem to be in a lot of different areas, but the shellfish mitigation project is targeting zones such as Dover, Cygnet, Dunalley, Orford, Swansea. We're even up in Smithton undertaking upgrades in those areas that we have been already - the pump stations in those areas didn't overflow. So, in that last rain event that we had only a couple of months ago, we've spent a lot of time and effort in making sure that we do deliver upon those promises.

CHAIR - Can I ask if Cambridge is included in that?

Mr WILLMOTT - Yep. We've done a lot of work in the Penna area. We've partnered with the Federal Government there to deliver an increased reuse scheme so that we don't overflow there at Penna. We've also undertaken, and you remind me, upgrades at Midway Point, Sorrell. So, we've undertaken upgrades in the centre of Sorrell to stop the overflows in that zone, which ends up into the Pittwater. We've also undertaken three upgrades to pump stations right on the waterfront in Midway Point as well. There is significant work going on that space this year.

PUBLIC

Mr THEO - We are also in regular dialogue with the shellfish industry through the association. When we complete the capital works that Tony's referring to, I think we will have spent close to about \$70 million.

Mr FERGUSON - Can I just run a series of questions? I will be happy to try to be brief, and I'm happy with brief answers. It's around bad debts. In the annual report, you have reported a provision which has dropped by something like half, from nearly \$7 million to just under \$4 million - if I have read it right - in terms of the expected credit loss and trade receivables. Is that commercial and domestic connections' bad debts? Is that really what that is trying to recognise, and can you please quickly tell us why it is hard?

Mr INGHAM - Sure. The answer is yes; it is both. The reason why it's dropped is that we increased the provision quite significantly during COVID when there was a period of uncertainty about how customers might be able to pay their bills. Our assessment now is that time has passed and it reflects current payment.

Mr FERGUSON - I knew a person who is now deceased, and she took a particularly strong philosophical view that despite being able to pay a TasWater bill, she refused to. She died, and I understand that perhaps that account may be amongst those that were written off. Can you give any kind of sense to the committee the extent to which non-payment of legitimate bills is causing an impact on every other customer and their price having to be accordingly adjusted so that you meet your revenue requirements under the PSP? Can you put a shape on it?

Mr INGHAM - Yes. Are you asking on average how -

Mr FERGUSON - Have you modelled the impact of people refusing to pay debts that you eventually write off because of your particular legislation and what impact that has on your average customer?

Mr INGHAM - The average amount is about \$1 million a year -

Mr FERGUSON - That's a lot of money.

Mr INGHAM - Yes, it is. It varies from year to year. Some years, it might be a bit higher or less than that.

Mr FERGUSON - It is \$5 per connection on a very rough measure, yes?

Mr INGHAM - That's right. The result is all customers pay for that.

Mr FERGUSON - Do you see a better way forward?

Mr THEO - There are two ways forward. Continue to litigate, which really isn't the best way forward or the most efficient and effective way forward. We are in a unique situation where for some reason the water utility in Tasmania can't assign the debt to property. We have a situation in Tasmania where, I choose not to pay my debt, I sell my house, I buy another one down the road. I have to be a TasWater customer; so I start the cycle all over again. If there was a legislative change which allowed debt to be assigned to property, when time came for a

property to be sold, then TasWater would be able to recover its costs, along with interest along the way.

In the electricity sector, because you have choice of who your retailer will be, a retailer can - I assume - say, 'We don't want you because you're not a good paying customer. TasWater does not have that option. Ironically, councils can assign debt to property because you have no choice if you live in that region. You are a constituent of the council, but TasWater does not have that ability, and that is something we are talking to government about - proposing to government a change to the legislation that would allow us to actually write debt to property when a customer just refuses to pay.

Mr FERGUSON - I will finish up here. I asked that question because I am motivated by only fairness for every other customer who may even be, in many cases, struggling to pay their bill, but they are paying it because they believe they should pay it.

I would be interested if you would take it on notice the part of the question, which was what impact on average might it be having on other customers? If you are happy to do that, I will put that in writing. It is obviously not a large amount of money, but it is something.

Mr YOUNG - The point you make is just - most of the jurisdiction's water utilities around Australia, debts like that go to the property and when the property is sold, it's in line that the debt's paid off so that it doesn't get spread across everyone else.

Ms BURNET - This is going to be my last question about BMAA. BMAA is regarded as a neurotoxin produced by blue-green algae, and it was causally associated with the devastating motor neurone disease in a major scholarly review in 2022. I'm curious to know how TasWater scientists assess the risk of BMAA being present in Tasmanian people's drinking water.

Mr THEO - First - and Matt can talk to - I think he's touched on the point about monitoring for algae in the raw water. We don't bring algae into the treatment process. Can I just say that we rely on health regulators. We are not a regulator of -

Ms BURNET - Well -

Mr THEO - We test for those things we are asked to test for that are determined by health regulators both nationally, locally and internationally. They inform what we test for.

The flip - the other side of the question is what do you test for if it's not in the health regulations? The research and the science - and we've asked this question on many occasions - doesn't support that hypothesis. I know there are people that have a different opinion. I get it, but we rely on the health regulators to determine what we do.

A moment ago you also asked the question about why don't we test. There's no test for drinking water for BMAA that is certified and validated that will allow a consistent result. In other words, we will send 10 samples to 10 different labs and we'll get 10 different results. Then, if you play the conversation further, let's say you get a number - two, or three or four - what does it mean? What's the health value that we need to be working towards and keeping below? That's where the health regulators come into play. We're happy to test for whatever we're asked to test for. It's not a parameter we've been asked to test.

PUBLIC

Ms BURNET - In October, Safe Water Hobart wrote to you to meet with the owner -

Mr THEO - They wrote to meet at the annual general meeting with the owners, yes.

Ms BURNET - And I don't know that they got a response -

Mr THEO - Yes, they did. I personally wrote to them, and they have an open invitation to meet with me personally, and the experts within TasWater are more than happy to hear their concerns. They've also taken a tour of the Bryn Estyn Water Treatment Plant, which is a world-class facility.

Ms BURNET - Port of Hobart?

Mr THEO - Yes.

Ms BURNET - Could we table that letter and that response, please?

Mr THEO - The one that I responded to? Yes, absolutely.

Ms BURNET - Yes. Thank you.

Mr DERBYSHIRE - I'll just add, too, that we do 280,000 water tests every year. That's two tests every minute. One test every two minutes.

Ms BURNET - Yes, there's those tests, but there's this specific test, and this is the concern that's been raised.

Mr THEO - Can I ask, if you know of a test that actually provides consistent results, we'd love to hear about it, but no one can point us in that direction. To my earlier point, if there was - and all our research suggests there isn't - but if there was, what's the value we work towards, in the absence of a regulator saying it's got to be below a certain number?

Mr DERBYSHIRE - There is research that says that if BMAA or cyanobacteria get into a treatment plant, the filtration and treatment processes that we have at Bryn Estyn would destroy the cells.

Ms BURNET - But not the neurotoxin?

Mr DERBYSHIRE - Well, you need the cells - the cells are destroyed before the neurotoxin's released.

CHAIR - Just to clarify, Ms Burnet, you need to put that in writing, for them to table the letter.

Ms BURNET - Yes.

Mr WINTER - I just wanted to ask about infrastructure. Back in 2016, the Tasmanian sewerage infrastructure upgrades were put on the Infrastructure Australia website. That predates your time by a lot. It's still on the Infrastructure Australia website. It was added on

17 February 2016. The problem timeframe was between zero and five years - now nearly four years ago. The proponent who put the submission in was the Tasmanian government. Is there any work going on to progress this submission to Infrastructure Australia that you're aware of from the state, who's the proponent, or yourselves to get some of these badly needed infrastructure upgraded?

Mr THEO - I think the question was last year or the year before. I think we provided an answer. I can't remember the detail.

Mr WINTER - It's still there.

Mr WILLMOTT - Infrastructure Tasmania is updating the page, George.

Mr THEO - Sorry?

Mr WILLMOTT - Infrastructure Tasmania is in the midst of updating that page.

Mr WINTER - Is TasWater and the state still seeking to get access to support from Infrastructure Australia and the federal government around these critical upgrades?

Mr THEO - With respect to Infrastructure Australia, and you're referring to, I think, a particular project, I don't recall.

Mr WINTER - Hobart, Launceston and Devonport. So it's a submission that covers the legacy issues across the three regions. It's an early-stage proposal talking to rationalise existing sewerage treatment plants, which I know you're doing. But I've also seen your balance sheet and can see you taking on more debt and I know that additional funding from elsewhere would be helpful.

Mr THEO - I don't recall the specifics to that. However, what I can say is we always look and we work with government and we make applications to the federal government for funding to fund infrastructure projects. We've been quite successful in recent times. I think the recycle scheme at Penna is part of that.

Mr DERBYSHIRE - We received \$5 million for the Penna Recycled Water Scheme. We received a contribution of \$5 million for the Shellfish Mitigation Program that Tony talked about. The Tamar Estuary Health Recovery Action Plan was jointly funded by City of Launceston, TasWater and the federal government. We are working really closely within ReTAS to look for all opportunities, especially through the national water grid, where we could seek federal funding to get projects up in Tasmania.

Mr THEO - Didn't we also recently get \$5 million for the Northwest Water Supply Strategy for the business case?

Mr WINTER - Just so I'm clear, is this particular early stage proposal, is it going to be progressed or are you now focusing on other?

Mr THEO - I don't know what the project is.

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Mr DERBYSHIRE - It's something that was put in a long time ago. We would never say no for support from the federal government to move some of these large projects through. You know, we spend maximum of \$400 million a year, and some of these projects are pushing up towards half a billion dollars. So if the federal government was interested in rationalising treatment plants in the Derwent, for example, we would absolutely welcome that.

Mr WINTER - On a completely different topic, but I've only got a couple more questions before I get kicked off by the Chair. The Derwent Estuary Program, as I understand, tomorrow will launch its Beach Watch project, which it always does. A passion project of mine is water quality around the Derwent. I understand, although I don't know, that Blackmans Bay South, Kingston Beach North and potentially some beaches on the Eastern Shore as well will still be closed. Can you outline the engagement TasWater has had with local councils, the state government, around sorting this proverbial out so that we don't have beach closures over summer?

Mr DERBYSHIRE - We've been working really close with Kingborough Council in particular.

I understand we've done more than a 100 rectifications over the years. That monitoring point, from what I understand, since it has been recorded, has always had poor water quality results, it has never had a good water quality result on record. I understand the monitoring point is near the outfall for storm water. We're doing everything that we can with council. But on the poor results over that time, I understand council is now looking at a project to assess the actual current in that bay because it could just be mixing around and not actually moving out into the rest of the river.

Ms BURNET - I'm heading to Bruny Island and I think there might have been some correspondence with Dr Woodruff today. But I note that the 30 per cent of drinking water that is unaccounted for - oh, sorry, that's the wrong question. Can you clarify the quantity and quality of the water currently in the aquifer on Bruny Island?

Mr DERBYSHIRE - We conduct monthly rural water testing and we conduct weekly treated water testing and those results are all within the guidelines of the Australian drinking water quality.

Ms BURNET - Okay. There's now been over six months of little to no rain on Bruny, apart from the recent adverse weather events in August, which may have increased the quantity of water in the aquifer, but also created significant damage across the island, which has resulted in a drastically reduced aquifer size. Will there be any assessment of the aquifer in alignment with the current science?

Mr DERBYSHIRE - We monitor the level of water in the aquifer. When the aquifer is under what I would call 'strain' in warmer months, when water carters are using that site to fill water tanks on Bruny Island, we will restrict how much water can be taken. We may even take measures to close the filling station at Bruny Island and redirect those water carters.

Ms BURNET - Is it going to be an ongoing problem or how will it be rectified?

Mr DERBYSHIRE - We're actually investigating what the longer-term options for Bruny Island are, and they could be anything. One of the options we looked at was a pipeline

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from mainland Tasmania. Another was a desalination plant. So, there's a range of options. They're making their way through the business case at the moment.

Ms BURNET - Thank you.

CHAIR - The time being 6.30 p.m., the time for scrutiny is over. I thank everyone for your attendance.

The broadcast can finish. I will be back here at 9 o'clock tomorrow morning for the Port Arthur Historic Site Management Authority.

The witnesses withdrew.

The Committee adjourned at 6.30 p.m.