



tasmanian conservation trust inc

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Legislative Council select committee inquiry into TasWater ownership

Thank you for an opportunity to provide the Tasmanian Conservation Trust's (TCT) views on the state government's proposed take-over of TasWater.

The TCT's primary interest is in relation to the operation, management and ownership of TasWater relates to its environmental performance, in particular the management of sewage. The key environmental issues related to sewage management are spills from mains pipes and effluent and odour emissions from sewerage treatment plants.

Given that Taswater expects to complete drinking water improvements about the same time that the state government intends taking over TasWater, this will be a mute point, and therefore this submission focuses on management of sewage.

I have chosen to not make specific comments on the state government's proposed TasWater take-over legislation but instead will focus on the state government's policy position in regard to the management of drinking water and sewerage. This is because of the short time period to make submissions to this committee and that the state government has withdrawn its TasWater legislation (which we understand was in response to errors that were identified during debate in the lower house). We assume the legislation will be reintroduced in an amended version and will make comments on it then. Secondly, in the absence of amended legislation, the Legislative Council has an opportunity to have the inquiry focus on the government's policy on sewerage and drinking water management i.e. what are the government's objectives, what are the strategies for achieving these and why is a take-over of TasWater deemed to an essential part of the strategy.

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From what I can determine the government has only expressed slogans and spin messages rather than producing anything that resembles a 'policy statement'. This is disturbing given the take-over involves several billion dollars of infrastructure that performs vital functions for most Tasmanian residents and businesses. The state government is doing what is normal in modern politics, they are presenting a solution, i.e. the TasWater take-over, before they have properly identified the problems and assessed the possible alternative strategies for addressing them.

I have made a close study of the public pronouncements by the Treasurer Peter Gutwein in relation to TasWater's current management of drinking water and sewerage. It seems to me that the state government is not promising any better environment or human health outcomes if it succeeds in taking over TasWater. All that the state government has promised, as the benefits of it owning and managing TasWater, is that the current TasWater ten year capitol works plan will be delivered in seven years and that the price rises for consumers will be slightly lower than those proposed by TasWater (an average of just under \$2.00 per week).

While the Treasurer and other members of the government have claimed a range of extraordinary benefits from its take-over of TasWater, these are expressed in very broad terms and there has been no evidence provided that these would not be achieved by TasWater retaining ownership, albeit taking up to three years longer. I note that the state government has not committed to the specific works program contained in the Infrastructure Tasmania document 'Accelerated infrastructure investment delivery in Tasmania's water and sewerage sector'.

There have been claims that tourists are not visiting towns such as Maydena because of poor sewage treatment systems, but it seems unclear how tourists would know about this, let alone be affected by it.

The Treasurer has deliberately conflated the broader water quality problems in the Tamar River with problems related to Launceston's sewerage and storm water systems, implying that a state government managed TasWater would be better equipped to solve all these problems. The reality is that there are most probably a range of factors that contribute to the problems in the Tamar River and to focus solely one factor over others may fail to make a significant improvement. Launceston's sewerage and storm water systems need upgrading but the government has only talked about bringing forward the upgrades by up to three years, completing them in 2022-23. The state government has not proposed that the outcome would be superior under its management of TasWater and there are obvious risks, environmental and financial, with speeding up such a major infrastructure upgrade.

More recently the Treasurer has claimed businesses are being unfairly expected to upgrade their trade waste management to meet contemporary standards set by the EPA. The Treasurer has not specifically promised that any businesses will get a better deal under his government's management of TasWater, just that TasWater is being heavy handed with its treatment of business customers. The Treasurer has not specifically ruled in or out changing the rules to allow some businesses to avoid having to upgrade trade waste systems.

The TCT is concerned that, under the state government proposed seven year plan, corners will be cut in order to achieve the government's imposed timeframes and budget. The general types of work involved relate to upgrade and replacement of sewer main pipes, changes in the operation of existing sewerage treatment plants and the upgrade and replacement of sewerage treatment plants and associated infrastructure.

Clearly, to deliver on ten years work in only seven years, without increasing the total budget, will almost certainly lead to the quality of the outcome being impacted. The result may be that mistakes are made and poor work is done (either deliberately or not), lower quality technology is adopted or emission standards are lowered to make upgrades quicker and less costly to achieve. Our biggest worry is that sewerage treatment plant effluent compliance could be instantly raised to 100 per cent by a minister simply changing the regulatory effluent standards.

Environmental standards may also be compromised by a future state government wanting to prioritise works that are politically important over those that are more urgent or important from an environmental perspective.

If the state government wants to politicise water and sewerage management, many of the mainly small and remote communities that are currently not serviced by TasWater will mount campaigns to be connected. This will provide an enormous additional financial burden on TasWater as these areas will be much more costly per household to service and the total number of people who are not currently connected is immense. The latest TasWater annual report shows that 25 per cent of Tasmanians are not connected to TasWater's sewerage system and about 20 per cent are not connected to TasWater's drinking water system.

The fairly flimsy analysis by Infrastructure Tasmania of the state government's proposed seven year Taswater plan assumed that costs and quality would not be compromised.

Since the end of 2016, the Treasurer Peter Gutwein has been running a public relations campaign to denigrate TasWater in the eyes of the Tasmanian public. I am not alone in claiming that this is a deliberate attempt to manufacture a crisis where one does not exist.

Mr Gutwein has repeatedly criticised TasWater for providing third-world drinking water and sewerage management. The minister repeats the same few statistics as if they prove TasWater is a failed institution and the only solution is for him to take it over.

A closer look at the minister's statistics shows that he has seriously mis-lead the Tasmanian public. Please refer to the attached article that was published in the Mercury newspaper on 5 July 2017 (this copy with a few updates).

In summary, the article finds that:

- As TasWater has stated many times, they intend to fix all drinking water problems by August 2018, therefore the state government will have nothing left to achieve.
- Mr Gutwein's claim that TasWater has 7 times the national rate of sewage spills per 100km of sewer pipe is more than misleading, different

regulatory and reporting requirements in each state means that valid comparisons cannot be made.

- While TasWater has a long way to go to achieve acceptable sewerage effluent standards, the state government:
 - o exaggerates how bad the problem is;
 - o fails to acknowledge the reasons for the delays in making more progress;
 - o fails to acknowledge the very significant impediments and costs involved in making improvements; and
 - o fails to admit to the significant progress that has been made.

If, as I claim, the minister has seriously misled Tasmanians regarding the current state of TasWater's drinking water and sewerage management, we must be very skeptical regarding claims of improvements under a state government controlled utility and investigate thoroughly the potential for environmental standards to be weakened.

The Select Committee should start its inquiry by substantiating what the problems are, in particularly with sewage treatment, and how serious or urgent they are. Then it ought to seek clearer commitments from the Treasurer as to what the government's objectives are in relation to improvements to drinking water and sewage treatment. Finally, the committee should investigate whether a take-over will make any contribution to these goals and what the alternatives are.

If the state government's take-over is to be supported, the Treasurer is obliged to make commitments to the Legislative Council and Tasmanian public that are clearly defined, feasible and measurable. Rather than just repeat his often stated mantras that the state government will fix TasWater and give Tasmanians the services they deserve, the Treasurer is obliged to define exactly what the relative benefits will be, what they will cost and when they will be delivered.

Yours sincerely,



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Enclosed: 'Sewage statistics on the nose', Peter McGlone, published in the Mercury, 5 July 2017.

Sewage statistics on the nose

Peter McGlone
Director
Tasmanian Conservation Trust

Peter Gutwein repeatedly criticises TasWater for providing third-world drinking water and sewage management. The minister repeats the same few statistics as if they prove TasWater is a failed institution and the only solution is for him to take it over.

A closer look at the minister's statistics shows that he has seriously mis-lead us.

Drinking water

In regard to drinking water, his claims are fanciful and do not require serious response, apart from repeating what TasWater has said, that 99.4% of Tasmanian's connected to TasWater receive drinking water that meets national standards. By August 2018 this will be 100%. So, unless all of Australia's drinking water is 'third-world', Mr Gutwein's claim is just untrue.

Sewage spills

Mr Gutwein's claim that TasWater has 7 times the national rate of sewage spills per 100km of sewer pipe is more than misleading. Different regulatory and reporting requirements in each state means that valid comparisons cannot be made. Mr Gutwein is not comparing apples with apples and should stop this invalid comparison.

TasWater is required by the EPA to report smaller sewage spills than many mainland utilities. Different regulatory requirements on the mainland mean smaller spills are not reported and this reduces the mainland average and makes it appear that their utilities perform much better than TasWater.

If you do a little web research you will discover that TasWater is required to report all sewage spills over 1,000 litres and actually, voluntarily, reports all spills to the EPA. Sewerage utilities in Western Australia only report spills of 10,000 litres in some circumstances and in Victoria they only report spills over 50,000 litres. Queensland reports any sewage spill of 10,000 litres or if there is a threat to public health or if there is noticeable impact on the natural environment.

The difference between 'reported' and 'actual' sewage spills and the different regulatory reporting requirements is not acknowledged by Mr Gutwein.

The volume of sewage spilt is not accurately recorded by any state (mainly because it is very difficult to measure) so we don't know how TasWater compares. Anyway, it

is more important to know the impact sewage spills have in each specific environment, so that upgrades can be prioritised. Not all environments are as sensitive or important for people and industry. This work is being done by TasWater and conveniently ignored by the Minister.

Mr Gutwein implies that Tasmania's higher rate of sewage spills is because of TasWater's aging infrastructure and slow response to replacing it. The Bureau of Meteorology report, 'National Performance Report 2015-16 – Urban Water', lists many other risks factors: rainfall, temperature, tree-root intrusion, trade waste, soil type, pipe material and age, operational methods and volume of inflows.

If TasWater acquires state of the art sewerage infrastructure, we may always live with a slightly higher rate of sewage spills because of higher risk of flooding and tree-root intrusion. This might be why Peter Gutwein has never promised to reduce sewage spills to the national average or any other measurable level.

Sewage treatment

Peter Gutwein has repeatedly said that, in 2014-15, only 1 out of 78 sewage treatment plants managed by TasWater was fully compliant and 81% (84% in 2015-16) of the volume of sewage released into water ways met the EPAs discharge limits.

However, the Minister has exaggerated how bad the situation is and fails to acknowledge the reasons for TasWater's slow progress or its recent achievements.

The statistic that 1 out of 78 sewage treatment plants is fully compliant is a poor measure of performance. Fully compliant means a plant complies all the time or every time it is tested. The other 77 treatment plants are being given a failure because they are not passing every test.

The volume of treated sewage that is compliant is a much better measure of performance. Still, 84% is not good enough and progress has been slow.

One reason for the slow action on sewage treatment is that the EPA has agreed that TasWater could prioritise fixing drinking water over recent years. This significantly delayed some sewage treatment plant upgrades. By August 2018 our drinking water problems should be fixed and TasWater can focus solely on sewage treatment. This was a sensible but very brave decision that a politician would not have made.

The EPA has developed an MOU with TasWater that commits it to make a 20% improvement in sewage treatment compliance over the next three years. This is not acknowledged by Peter Gutwein. The first step will involve relatively quick and cheap improvements to operation of existing sewage treatment plants and improving the quality of trade waste. But to take the next step, and get close to

100% compliance, will require replacement of some larger treatment plants, which will take many years and hundreds of millions of dollars. This should not be rushed.

Progress is being made. TasWater's research has found that two non-compliant sewage treatment plants in Kingborough are causing significant environmental harm and will be closed. The Blackmans Bay plant will be upgraded to replace them and the \$51 million program to do this started in May 2017.

While TasWater compares poorly with mainland sewage treatment utilities of a similar size, both the EPA and the Tasmanian Economic Regulator have warned that these comparisons may be misleading. Minister Gutwein ignores these warnings.

The 2015-16 EPA annual report states:

"Most utilities in this cohort reported compliance levels exceeding 99 per cent. It should be noted that... TasWater is being compared with utilities servicing predominately metropolitan areas. TasWater on the other hand, services a mix of regional and metropolitan areas. For example, TasWater manages 111 Waste Water Treatment Plants (including level one) while other mainland utilities in this group operate between 1 and 27."

TasWater is being compared with some utilities that have just one treatment plant and none manages more than one quarter of the number TasWater manages. TasWater has a massively greater amount of infrastructure and therefore a greater financial burden in proportion to its customer base.

Given the large amount of infrastructure and smaller population, you would expect TasWater bills to be similar or higher than those on the mainland, but they are much less. The Tasmanian Economic Regulator report shows that the typical annual bill for a Tasmanian residential customer in 2015-16 was \$1062. The Bureau of Meteorology report 'National Performance Report 2015-16 – Urban Water' found that the typical national annual residential bill for 2015-16 was \$1386. Minister Gutwein doesn't acknowledge this fact.

In a letter sent to Bass households in June 2017, the Premier promised that under a state government run TasWater, the average household customer would save \$550 over six years. If you believe this promise, the take-over will save you less than \$2 dollars per week.

In conclusion, Councils, the Legislative Council and the public can be confident that the statistics being used by the state government do not support its exaggerated claims of a water and sewage crisis and does not justify a state government take-over of TasWater.