



**Tasmanian Small  
Business Council**  
Uniting Small Business

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Submitted by email to [two@parliament.tas.gov.au](mailto:two@parliament.tas.gov.au)

## **Legislative Council Select Committee - TasWater Ownership**

### **Honourable Committee Members**

The TSBC is in broad support of the proposal by the Tasmanian Government to take control of TasWater and provides a written submission addressing, in part, the terms of reference, namely:

*The benefits, disadvantages and challenges associated with the Tasmanian Government's proposal to take control of TasWater;*

Specifically, the TSBC support is based on:

- Reasonable containment of annual water / waste water charges to both business and residential communities
- Speeding up the process for 100% of Tasmanian towns and communities to not have boil water alerts as a feature of their daily lives
- The increased operating expenses for small businesses in Boil Water Alert towns where the provision of potable water is an added expense to the operation of their business
- The announced support by the government for Tasmanian local governments (Councils) to retain a significant ongoing 'return' on their investment with no hands-on expenses.
- Accelerated infrastructure upgrades commitment by the Tasmanian Government.

### **Reasonable containment of annual water / waste water charges to both business and residential communities**

The Tasmanian Government publication of March 2017 specifically commits to a number of measures to contain price increases to customers in the provision of potable and waste water services to current levels until 30 June 2019 with the price increase set at 2.75% for customers on the target tariff.

Thereafter, from 1 July 2019, the Treasurer will determine water and sewerage prices with the Regulator providing guidance by continuing to conduct water and sewerage price investigations. The TSBC currently sits on the Office of The Tasmanian Economic Regulator's (OTTER) reference committee and has the opportunity to provide input to these reviews.

The government also commits to target future price increases to be within a 2.75% to 3.5% range. At this point it is above current inflation levels and if compared to energy, is marginally above the current price increases instigated recently by the Tasmanian government. Whilst it is some time in the future, it may well be possible to reduce annual increases to a lower level because the water infrastructure restoration process will be substantially complete and it will be an ongoing maintenance and rebuild, as required.

**Speeding up the process for 100% of Tasmanian towns and communities to not have boil water and do not consume alerts as a feature of their daily lives**

Tasmanian Government information current on 3 March 2017 highlighted that 21 Tasmanian communities had a boil water alert and 4 had a do not consume alert.

That there should be so many alerts in a small, water rich state like Tasmania is unacceptable in the 21<sup>st</sup> century. It is acknowledged that TasWater has committed to fix this but this sense of urgency only appears to have come about as a result of the government proposing the current strategy of taking over the responsibility. The process has been too long to date and the positive reasonable timeframe promised by the government is welcomed.

On a personal note, I have very recently returned from three weeks in Africa, specifically South Africa and Zimbabwe and in every town and city I visited the residents bordered on offended when I asked was it safe to drink the water from the tap. Tap water was served in restaurants and households in every location. It is sad that this is not possible here.

**The increased operating expenses for small businesses in Boil Water Alert towns where the provision of potable water is an added expense to the operation of their business**

Small and micro businesses which provide drinking water as a service to their customers are at a reasonable cost disadvantage where there is boiled water alert. These businesses may well be hospitality / restaurants / take away (food and beverage), bed and breakfast (accommodation), hairdressers, general retailers and community pharmacies.

The provision of bottled water by businesses to protect customers from potential illness and themselves from potential Workplace Health and Safety (WHS) and civil litigation is costly, time consuming and an unfair burden on the businesses in that area.

Again, the TSBC recognises that TasWater have recently committed to complete the boiled water remediation in a short timeframe however this is only one part of the overall issue.

**The announced support by the government for Tasmanian local governments (Councils) to retain a significant ongoing 'return' on their investment with no hands-on expenses.**

The TSBC is somewhat confused by the lack of interest in a majority of Councils choosing to support the government's proposal to assume control of TasWater.

That the government's proposal provides for guaranteed payments to the Councils of \$30 million for 2016-17 and 2017-18 and for the seven-year period following 1 July 2018 Councils will continue to receive annual distributions of \$20 million per annum.

Unless the Councils, through TasWater, were expecting to receive a greater dividend than this in the short term for, in many instances, generationally neglected infrastructure, this surely must be a beneficial arrangement.

## **Accelerated infrastructure upgrades commitment by the Tasmanian Government.**

TasWater has proposed a ten-year timeframe for the completion of a range of infrastructure upgrades as part of its communications outputs. The Tasmanian Government has proposed a 5-10 year completion of the same projects. In addition, the Tasmanian government claim to be able to do it at a cheaper rate than TasWater. The TSBC does not have the specific details and is unable to make any more informed comment other than to take some comments on trust.

## **Additional Comments**

Issues requiring further clarification.

In principle and for the reasons stated above the TSBC supports the Tasmanian Government assuming control of TasWater and operating it as a GBE. However, there are a number of touch points which have not been explained and for the purpose of clarity and transparency the Government should expand on.

1. Resolution for the water and sewerage needs for the MONA hotel development and the extent that the new entity will expedite any development issues associated with this vital piece of tourist infrastructure. Whilst MONA is a private entity, they have provided an immeasurable boost to the Tasmanian economy and all efforts should be made to accommodate their water and sewerage needs so that they can continue to be the iconic destination they have become and be one of Tasmania's leading draw cards. The small business impact is that MONA is such a significant destination point, any restriction of its existing operations through red tape and public sector inefficiency will adversely impact small businesses in a reasonably large radius.
2. Macquarie Point Sewerage plant relocation should be an immediate project for the new entity. Development of one of Australia's prime pieces of real estate continues to lie dormant with little able to be planned until the 'issue' of the Macquarie Point sewerage works is resolved. This is not mentioned by the government or highlighted as a priority. The small business impact is that a sooner rather than later resolution to the development of Macquarie Point will enhance economic activity in the region and provide increased opportunities for small businesses to form and grow.
3. The Launceston dual waste water system is unacceptable in such a significant regional city in Australia. For transparency, the government should be providing a more detailed timeline for the resolution of both boil water alert towns and the three significant infrastructure projects mentioned in this section.
4. Currently Tasmanian residents and businesses (water and sewerage users currently connected to public infrastructure) have no control or say on the conduct of TasWater. Trying to exert influence and provide advocacy to the existing local government structure with 29 separate entities is nearly impossible. As a GBE, TasWater (or whatever it may be called) will be open to wider scrutiny by the voters and performance will be judged at the

polls. However, it would be disappointing if its efficient performance was hampered, in the future, by political imperatives from either side of politics.

A handwritten signature in blue ink, appearing to read 'R. Mallett', with a stylized flourish at the end.

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### **TSBC Background Information**

The Tasmanian Small Business Council (TSBC) was founded in 1973 and incorporated in 2000. It has a history of strong advocacy on small business issues ranging from taxation and workplace relations, through to competition law, retail tenancy and energy related matters. It is Tasmania's peak body exclusively representing the interests of small businesses. Its goals are to:

- Promote and support the development of small business in Tasmania
- Advocate to advance the interests of small businesses in Tasmania through policy change and regulatory reforms
- Foster an increased awareness and understanding of the role of the small business sector among elected government officials, the public service, regulators, large business, the media and the general community (see [www.tsbc.org.au](http://www.tsbc.org.au)).

We engage our members and provide opportunities for them to influence outcomes affecting their business, and their industry. We act as a conduit for information from our members to Government, regulators and other organisations, and vice versa.

We exist because small businesses don't have the time, the resources and often the expertise that is required to be alert to the myriad of legislative and regulatory change that affects them on an ongoing basis. Our efforts are focussed on providing accurate and timely input into decisions which will affect small businesses.

We work actively with like organisations around Australia to network and exchange information.