

**The Secretary
Legislative Council Select Committee – TWT
Legislative Council, Parliament House, Hobart 7000**

**Inquiry into TasWater operations:
Principles gone wrong.**

- 1) TasWater charges services in the urban area for no service provided. The developer pays for all on street infrastructure and is advised by TasWater to pass on all the operating and capital costs to the purchasers.
- 2) Vacant land not sold for two years or held by owner is subject to non-connection fee payment by statutory law. The Royal Commissions into various sectors have made it clear it is not within the law to pay fees for no service. Tasmanian landowners are unable to have this well exposed rort removed from TasWater.
- 3) All other services that pass outside residential land are not paid for until connected. These service providers are able to adequately operate their businesses without the impost of charging fees for no service.
- 4) TasWater is unable deliver service at a better rate of fees to consumers as cash is taken by Councils for a return on assets. The Councils should have lost this right as failed to progress water and sewerage infrastructure developments as conveniently directed funding in other areas. What was not seen or not popular works were neglected.
- 5) TasWater has serious staff cultural problems still arising from amalgamation. You hear this when dealing direct particularly asking why matters take so long to process when they are predictable and routine. In the past, blank documents were signed off on just to assist getting the process to move along. Achieving certificates of final acceptance and practical completion were more akin to a lottery pathway than a basic process. Allowing longer lead times compared to private sector can help.
- 6) The staff at the ground operational level always seem to be most helpful. I have found most managers to have a rather obscure view of customers and are less than interested until they eventually have to do something.
- 7) TasWater continues to put bizarre rhetoric to the public that it is too expensive to provide service to small towns. If you have ever observed TasWater standard operational activity, then a well-founded excuse can be documented and relates more or less to nonperformance as being satisfactory. Old work habits hang in.
- 8) Often contract work is by Mainland operators. Tasmanians suffer the typical government contract process whereby a successful principal contractor is appointed, various subcontractors are in line and those locally who actually do the work, get

little profit. The profits flow upwards and can be two to three times expectation. The cycle continues.

- 9) A last-minute requirement for a unit development was a large stormwater retention tank and the reasoning made little sense. On inspection later raw sewerage was found when in operation.
- 10) The easement for stormwater and sewer lines for an infill subdivision was unable to be accessed as a private garage was built over the land. The cost to reroute was very expensive and little community benefit was paid despite rectification of road drainage and water runoff into neighbours. TasWater passes on the cost to the private sector where they can as they know the alternative for the developer is to walk away from the project.
- 11) In the case of questioning TasWater over the implementation of the developer remission, deficiencies in the direction by a Minister were put as an excuse for what the policy was. The correspondence from the Minister could not be found by TasWater?
- 12) Terms of agreement need to be established with TasWater prior to development and supported by MOU at development, where the responsibility and timelines of TasWater are set out including a code of conduct to adhere to. Arrangements at present are one sided. Many people rely on TasWater work and are likely to say little.
- 13) In one stage of a subdivision, the drawings for sewer and stormwater were lost by TasWater and accusation was made that work commenced with out authority. The engineer had to provide all documentation again and the approach to solving the error by TasWater was the usual heavy handed one to save face.
- 14) For people entering the home market, there was a pathway to ownership starting with the buying of a block of land. This has long gone as others like TasWater charge fees for no or little work. Councils add a general charge on top of the rated amount of the assessed value for vacant land and so it goes on. Government impost and rent out of housing construction is obscene and the cost is towards 40% of the build.
- 15) TasWater talks often of the large call on funding to upgrade city treatment plants and cries foul. Despite the strong revenue stream, one reason of many is the need to show an unacceptable rate of return on various asset classes. Economics suggest returns from public infrastructure should be low as the vision is to continually re invest. Usually a public monopoly utility gets it right and the returns are solid and beneficial to the immediate users. Not so with TasWater.
- 16) People should have the right not to connect to TasWater services. The advent of technology facilitates in less dense housing areas, private activity as being more prudent. TasWater has the view everyone must contribute in their zones to their

operation when it is clearly better not to. People should have the right to choose what services they wish to engage.

- 17) TasWater in the South in particular Hobart has unlimited access to water and yet cannot cater properly for demand through its filtration system. Government wants population growth but TasWater fails on delivery of infrastructure for the increased demand. Proactive management by TasWater is missing and never been brought to account.
- 18) Households require less than 5% potable water and so most of treated water goes down the drain or used in gardens. Many industrial and commercial uses of water require low quality water. The availability of bulk water distribution points would seem appropriate for dispersed and isolated areas to meet top up demand.
- 19) Georges Bay St Helens has incurred a long list of sewerage spills. The ecology of the bay has changed from sand flats to seagrass beds. This still continues today as I have collected seagrass with raw sewerage for the fruit trees. On my walks around the bay, outbreaks of green slim washes up and tourists have fished around spills not aware of why the catch rate is good.
- 20) Before TasWater, I witnessed DOPIE testing the bay water outside a sewerage pump. The seagrass had twenty times the surrounding envelope coverage compared to the rest of the beach. Pointing this out was not of interest as the water at that time was clean.
- 21) The St Helens sewerage treatment plant is located on the foreshore of Georges Bay and at the gateway to the Bay of Fires. In certain weather conditions the smell of the settling ponds invades part of the town. The treated water is dumped into the bay and no community benefit is provided. Sporting grounds and clubs were ignored when requests were made for the treated water to improve playing conditions.
- 22) There is still this old-world government theory that basic service provision must include a significant tax component for the betterment of general society. When in reality, basic service delivery by government at the true cost provides favorable business conditions from which businesses generate enhanced tax flows to support higher level health, education, transport services etc. Many believe TasWater charges are cost effective as they are independently regulated to protect the consumer and accept without caveat, the economic regulator is often staffed by treasury clones.
- 23) People in government have this preference for service delivery costs to include a tax or a dividend payout contributed as an extra by end users so as to create the illusion of sound financial performance by the utility. This then reaffirms a higher in house take for some. The government focus is on short sighted achievement of management and the board which makes no sense when the functions of TasWater, are basic and not novel and are for the benefit of Tasmanians over time. In plain terms, the GBE performance is preferenced over outcomes for the customers.

- 24) Generally, this ethos sees continuing high fee entrapment for more and more people particularly for the generations trying to get ahead. There is a bad perception in Tasmania that government is performing well when it actually curtails growth to an extent business to business transactions are estimated down to around 10% in Tasmania.
- 25) On one hand, the Councils loudly voice accolades of TasWater to receive their generous rent while the State as the other minor owner wants the “balance sheet to work harder”. In this confused messaging, Tasmanians pay over the mark for deficient assets. The assets should have never had any income streams attached as once again this facilitates water and sewer fees going into different funding pools by the Councils. The same old trick as before since there are many more Councilors than Politicians to voice the self-interest in the media.
- 26) A major restructure of TasWater is best and new management at the top to try again. The assets are public and there must be no transaction cost either operating or capital to move further assets. Most of the assets are a long way developed by TasWater from when the Councils had sovereignty.
- 27) TasWater prefers to buy advertising space to build its public image rather engage customers for their betterment. “We provide Water” is an obvious waste, ridiculous and expensive PR campaign.
- 28) TasWater is a prime example of a GBE dedicated to treasury tax and trash economics that preferences fee extraction rather than delivering an improved fee and charge charter for its customer base. The pricing model does not allow households or reward households for water conservation.



John Hortle

31 August 2020