

(No. )



2011

**PARLIAMENT OF TASMANIA**

**HOUSE OF ASSEMBLY SELECT COMMITTEE**

**INTERIM REPORT  
INTO**

**THE TASMANIAN WATER AND SEWERAGE  
CORPORATIONS**

---

*Membership of the Committee*

Mr Peter Gutwein, MP (Chair)  
Mr Scott Bacon, MP  
Mr Brenton Best, MP

Mr Rene Hidding, MP  
Mr Tim Morris, MP

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## **1 APPOINTMENT AND TERMS OF REFERENCE**

- 1.1 The Honourable member for Bass, Peter Gutwein on 21 September 2010 gave notice of motion in the House of Assembly that he intended to move for the establishment of a Select Committee of the Assembly to inquire into and report upon the Tasmanian Water and Sewerage Corporations.
- 1.2 The motion was moved, debated and resolved with amendment on 20 October 2010 the resolution is as follows:

*Resolved, That:*

(1) A Select Committee be appointed, with power to send for persons and papers, with leave to sit during any adjournment of the House exceeding fourteen days, with leave to report from time to time, and with leave to adjourn from place to place, to inquire into and report upon the operations of the three Tasmanian Water and Sewerage Corporations and the common services corporation Onstream, with particular reference to:

- (a) the governance structure of the corporations and Onstream;
- (b) the operating structure of the corporations and Onstream;
- (c) the first 12 months financial performance of the corporations and Onstream;
- (d) the impact of the structure, operations and legislation on the effectiveness and efficiency of the corporations and Onstream;
- (e) the impact on future prices for consumers of the current corporate structures;
- (f) the identification of strategies and options to enhance the structure, effectiveness and efficiency of the corporations and Onstream;
- (g) The identification of a suitable transition mechanism to avoid a price shock at the end of the 5% (cumulative) price cap period on 1 July 2012, whilst ensuring the ongoing financial sustainability and viability of the water and sewerage sector and its capacity to continue the important reform process, including the required investment into critical infrastructure capital upgrades and improvements;
- (h) A plan to restructure tariffs to end the cross subsidisation between municipalities and to achieve an equitable pricing structure; and
- (i) any other matters incidental thereto.

(2) The Committee shall consist of five members, being two from the Government nominated by the Leader of the House; two from the Opposition nominated by the Leader of Opposition Business in the House; and one from the Tasmanian Greens nominated by the Leader of the Greens.

(3) The Committee to table its report in the first Parliamentary sitting week of 2011

- 1.3 The House of Assembly further resolved on 8 March 2011 to extend the Committee's reporting date until 26 May next.

## **2 CONDUCT OF THE INQUIRY**

2.1 At its first meeting the Committee resolved to advertise in the three daily Tasmanian newspapers for public submissions. The Committee further resolved to and invite written submissions from key stakeholders, including all three water corporations and Onstream, all 29 municipal councils, the Tasmanian Economic Regulator, The Department of Treasury and Finance, The Tasmanian Chamber of Commerce and Industries, the Property Council, the Housing Industry Association and the Small Business Council.

2.1 The Committee has received 47 written submissions to date.

2.3 The Committee has met on eight occasions. On five occasions the Committee met to hear from witnesses. Public hearings have been held in Hobart, Devonport and Launceston, with a total of 39 witnesses appearing before the Committee.

2.4 The committee has decided to produce an interim report due to the serious consequences that water and sewerage customers will face if the State Government, the Water Corporations and their Owner Councils do not agree to a suitable price mitigation formulae to reduce the price shock that the removal of the Government's 5% price cap on 1 July 2012 is expected to cause. This interim report is being released so that consideration of this matter as recommended by the committee can occur prior to the finalisation of the 2011 budget and to allow time for mitigation strategies to be developed.

## **3 INTERIM FINDINGS**

The Committee found that:

3.1 The task of bringing water and sewerage assets up to a standard that meets not only pre-existing license requirements but current contemporary standards as well, will be a significant challenge both environmentally and financially.

3.2 Whilst intended to provide price relief for customers the degree of difficulty of the aforementioned task has been exacerbated by the imposition of the 5%

price cap and key stakeholders provided evidence that it should be removed or phased out and price shocks should be mitigated against.

3.3 The removal of the State Government's 5% price cap will cause a price shock of up to 20% to occur on the 1<sup>st</sup> of July 2012 unless one or a combination of the following actions occur:

- a). The State Government's pre election 5% price cap policy is continued in some form;
- b). Owner Councils accept lower priority dividends immediately and future dividends are delayed;
- c). The Corporations significantly reduce operating expenses;
- d). The Corporations defer and extend the timeline for capital works; and
- e). Significant grant funding is obtained from the Federal Government for capital works.

3.4 Stakeholders including the State Government, Owner Councils and the Water and Sewerage corporations all acknowledge that the 5% price cap policy will cause a price shock to occur when the cap is removed.

## **4 INTERIM RECOMMENDATION**

4.1 The Committee recommends that the State Government, The Water Corporations and their Owner Councils meet urgently and at least within 30 days of this interim report being tabled to negotiate an outcome to mitigate the price shock that will effect customers on 1 July 2012 as a result of the Government's 5% price cap.

4.2 The Committee recommends that once the three parties have agreed, the Interim Price Order be amended to suit.

## **5 STATE GOVERNMENT'S 5 % PRICE CAP**

### **5.1 Pricing of Water and Sewerage Services**

The structural and regulatory reform of Tasmania's water and sewerage sector included the establishment of interim pricing arrangements in the form of an initial Interim Price Order (IPO) issued by the Treasurer. The IPO allowed for maximum cumulative price increases of 10 per cent per year for a period of three years ending 30 June 2012.

- 5.2 Subsequent to the issue of the IPO in mid-2009, the Government announced that it would cap the annual increase in the water and sewerage bills for all customers at 5 per cent for three years from 2009-10 to 2011-12. The Government also agreed to provide compensation payments to the water and sewerage corporations in recognition of lost revenues and other costs associated with this decision.
- 5.3 The Committee has considered the testimony and submissions of many parties regarding the Government's water and sewerage reforms. A common theme in the evidence presented is the challenge that the ending of the Government's 5 per cent price cap presents and the need to mitigate price shocks to customers from 1 July 2012. The Committee has prepared this Interim Report in order to ensure that this issue is addressed during the development of the 2011 State Budget to allow time for mitigation strategies to be implemented.
- 5.4 The four water and sewerage corporations (Southern Water, Cradle Mountain Water, Ben Lomond Water and Onstream) provided a combined written submission to the Committee, which among other things, stated that the removal of the 5 per cent cap is a significant concern to the Corporations. The submission went on to state that:

*“The ‘cold turkey’ removal of the State Government revenue cap subsidy to the Corporations will result in one of, or a combination of, the following affects:*

- A significant ‘price shock’ to customers,*
- A significant loss of revenue for the Corporations;*
- A significant reduction in the dividend payments to shareholders [Owner Councils];*
- A significant reduction in [capital expenditure], resulting in slowing of the implementation of the capital improvement program designed to deliver the objectives of the reform including the Corporations’ Compliance Implementation Plan.”*

- 5.5 In evidence presented before the Committee, Mr Miles Hampden Chair of the Water and Sewerage Corporations added that:

*“If the Government’s price cap rebate is removed from 1 July 2012 we will have to either increase prices substantially or reduce dividends to our council owners or a combination of those two and it will be a significant adjustment even if it is spread across those two areas. The adjustment process will be much easier to manage if the price rebate is removed gradually over a number of years.”*

- 5.6 Mr Hampden continued by outlining the inequity associated with the application of an untargeted price cap by stating that:

*“In addition to seeking a phasing out of the rebate we believe the manner of the application should be changed. The rebate is not targeted and therefore the larger the account the larger the rebate ... for example there is one customer in southern Tasmania who received a rebate of \$140 000 and the average customer rebate was \$57. If the Government agrees to phase out the price gap rebate, which indeed is our hope, over a period of time, it might be appropriate to target the assistance that they continue with towards those customers most in need.”*

- 5.7 In his evidence before the Committee, Mr Glenn Appleyard, Chairman of the Tasmanian Economic Regulator, referred to advice provided to the Treasurer in 2010.

He informed the Committee that:

*“The advice ... amongst other things identified that the 5 per cent price caps combined with the cessation of government assistance after 2011-12 was likely to increase the pressure for price increases after that time, or delay the time by which full-cost recovery could be achieved. It is considered that the best way to manage this issue*

*would be for the IPO to be amended to replace the 5 per cent price caps with alternative price constraints from 1 July 2011. This would enable price reform to commence a year earlier and would prevent another year of increases in the difference between the revenue required by the corporations and the revenue collected from customers.”*

- 5.8 In her testimony to the Committee, The Honourable Adriana Taylor, MLC and Glenorchy City Council Mayor, also raised concerns with the price cap, stating that:

*“The price cap which has come up since this was established is a serious issue. We see a huge problem arising, as everybody has said to you, I am sure, if the 5 per cent price cap continues. We would like to see it stopped, or at least phased out or re-applied, rather than carry on for three years ... so that there is not a price shock when the price cap stops.”*

- 5.9 Mr Tony Reidy, Chief Executive Officer of TasCOSS, cautioned on the impact on Tasmanian households of significant price rises for water and sewerage services by stating that:

*“... everyone is well aware of the pressure already being faced by households around Tasmanian through other processes and mechanisms outside the work of this Committee. They are already stretched to the limit, so any notion of significant price increases in the provision of water and sewerage services is a very concerning thing, not just for TasCOSS and the members it represents but also for those households and the wellbeing of those families.”*

- 5.10 During its public hearings around the State the Committee heard evidence describing the competing complexities associated with the removal of the 5 per cent price cap with some advocating its immediate removal, while others favoured some form of a phased wind-out.



5.11 The Committee acknowledges that the removal of the 5 per cent price cap will be challenging for many parties as it has potential implications on many fronts including the prices paid by customers for the provision of water and sewerage services, the returns received by Owner Councils, the capital expenditure programmes of the corporations and the Budget position of the State Government. Accordingly, the Committee believes that price shocks expected to affect customers should be mitigated through direct negotiation between the State Government, the Water and Sewerage Corporations and their respective Owner Councils.

Parliament House  
Hobart  
8 April 2011

Peter Gutwein, MP  
Chair

## **APPENDIX 1 - SUBMISSIONS RECEIVED**

<b><u>Submission No.</u></b>	<b><u>Name</u></b>	<b><u>Organisation/Address</u></b>	<b><u>Date of Submission</u></b>
1.	Dr. Graham Bury	Mayor, Kingborough Council, Civic Centre, 15 Channel Highway, Kingston 7050.	26 November, 2010
2.	Mr. Bruce Scott	Private Submission	30 November, 2010
3.	Mr. Richard Lowrie	Glenorchy City Council, 15 Quorn Street, Sandy Bay 7005	8 December, 2010
4.	Mr. David Downie	Private Submission	8 December, 2010
5.	Mr. Frank Pearce	General Manager, City of Glenorchy PO Box 103 Glenorchy 7010	9 December, 2010
6.	Mr. Mike Griffiths	Private Submission	14 December, 2010
7.	TasCOSS	Tasmanian Council of Social Service Inc., PO Box 1126, Sandy Bay 7006	14 December, 2010
8.	Mr. Ian Pearce	General Manager West Tamar Council, PO Box 59 Beaconsfield 7270	14 December, 2010
9.	Mr. J. P. Kelly	Private Submission	14 December, 2010
10.	Mr. Ron Sanderson	General Manager Brighton Council 1 Tivoli Road Gagebrook 7030	16 December, 2010
11.	Mr. S. J. Coombs	Private Submission	15 December, 2010
12.	Mr. R. Dobrynski	General Manager Launceston City Council PO Box 396 Launceston 7250	15 December, 2010
13.	Kim Polley OAM	Mayor Northern Midlands Council PO Box 156 Longford 7301	16 December, 2010
14.	Dr. E. Smith BSc, PhD, Grad Dip Environmental Planning	Private Submission	16 December, 2010

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15.	Mr. Darryl Gerrity	Mayor West Coast Council PO Box 18 Strahan 7468	15 December, 2010
15A.	Mr. Peter Harder	General Manager West Coast Council PO Box 18 Strahan 7468	16 December, 2010
16.	Ald. R. Valentine	Lord Mayor Hobart City Council GPO Box 503 Hobart 7001	16 December, 2010
17.	Mr. Mark Goode	General Manager King Island Council PO Box 147 Currie, King Island 7256	13 December, 2010
18.	Mr. Charles Arnold	Mayor King Island Council PO Box 147 Currie, King Island 7256	10 December, 2010
19.	Mr. Robert Legge	Mayor Break O'Day Council PO Box 21 St. Helens 7216	16 December, 2010
20.	Mr. Gerald Monson	General Manager Kentish Council PO Box 63 Sheffield 7306	14 December, 2010
21.	Hon. M. Gaffney	Mayor Latrobe Council PO Box 63 Latrobe 7307	14 December, 2010
22.	Mr. E. J. Bolton	Private Submission	17 December, 2010
23.	Hon.A.Taylor MLC	Member for Elwick Parliament House Hobart 7000	16 December, 2010
24.	Tasmanian Water Corporations & Onstream	GPO Box 1393 Hobart 7001	17 December, 2010
25.	David Hun & David Lovell	Joint CEOs Southern Tasmanian Councils Authority GPO Box 503E Hobart 7001	17 December, 2010
26.	Mr. Ian McCallum	General Manager Devonport City Council PO Box 604 Devonport 7310	17 December, 2010

27.	Ms. Suzette Adams	Private Subission	20 December, 2010
28.	Mr. Paul Ranson	on behalf of Owners' Reps. of the Tas. Water & Sewerage Corp. (Northern Region)Pty.Ltd.	16 December, 2010
29.	Mr. S. Mackey	General Manager Derwent Valley Council PO Box 595 New Norfolk 7140	14 December, 2010
30.	Mr. S. Clues	Regional Exec. Director Housing Industry Assoc. PO Box 346 North Hobart 7002	17 December, 2010
31.	Mr. P. Arnold	General Manager Burnie City Council PO Box 973 Burnie 7320	
32.	Mr. G. Preece	General Manager Meander Valley Council PO Box 102, Westbury 7303	17 December, 2010
33.	Ms. Mary Massina	Executive Director Tas. Property Council of Australia <u>email:</u> mmassina@propertyoz.com.au	November, 2010
34.	Hon., B. Green MP	Minister for Primary Industries & Water Level 1 Public Buildings Franklin Square Hobart 7000	17 December, 2010
35.	Mr. Greg Winton	Circular Head/Waratah- Wynyard Council PO Box 168 Wynyard 7325	December, 2010
36.	Mr. S. Pendlebury	Chair Tasmanian Flood Warning Consultative Committee GPO Box 727 Hobart 7001	17 December, 2010
37.	Mr. Stephen Garlick	Private Submission	20 December, 2010
38.	Ald. Jock Campbell	Mayor Clarence City Council PO Box 96 Rosny Park 7018	21 December, 2010
39.	Mr. Allan Garcia	Chief Executive Officer	

		Local Government Association of Tasmania GPO Box 1521 Hobart 7001	22 December, 2010
40.	Mayor Laycock	Owner Representative on behalf of local authorities Cradle Coast Region	December, 2010
41.	Cr. Jan Bonde	Mayor Central Coast Council PO Box 220 Ulverstone 7315	22 December, 2010
42	Mayor Barry Jarvis	Dorset Council PO Box 21 Scottsdale 7260	4 January 2011
43	R. Rockefeller	Nekon Pty Ltd	21 January 2011
44	G. B. Lane	Private Submission	24 January 2011
45	Trevor Garwood	Private Submission	4 February 2011
46	Flora Fox	Kingborough Councillor	3 March 2011
47	Adrian Cowie	Master Plumbers' Assoc.	7 March 2011

## APPENDIX 2 - MINUTES OF PROCEEDINGS

WEDNESDAY, 10 NOVEMBER 2010

The Committee met in the Legislative Council Ante Chamber, Parliament House, Hobart at 6:28 p.m.

Members Present:

Mr *Bacon*  
Mr *Best*  
Mr *Gutwein*  
Mr *Hidding*  
Mr *Morris*

**ORDER OF THE  
HOUSE**

The Secretary took the Chair and read the Order of the House of Assembly appointing the Committee.

**ELECTION OF  
CHAIR**

The Secretary called for nominations for the position of Chair of the Committee, Mr *Best* nominated Mr *Gutwein*, who consented to the nomination.

There being no other candidates nominated, the Secretary declared Mr *Gutwein* elected as Chair.

Mr *Gutwein* took the Chair.

**ELECTION OF  
DEPUTY CHAIR**

The Chair called for nominations for the position of Deputy Chair of the Committee, Mr *Best* nominated Mr *Morris*, who consented to the nomination.

There being no other candidates nominated, the Chair declared Mr *Morris* elected as Deputy Chair of the Committee.

**PARLIAMENTARY  
RESEARCH  
OFFICER**

*Resolved*, That unless otherwise ordered Officers of the Parliamentary Research Service be admitted to the proceedings of the Committee whether in public or private session. (Mr *Morris*)

**NOMENCLATURE**

The Committee discussed the nomenclature of the Committee.

*Resolved*, That the Committee be known as the "Select Committee into the Tasmanian Water and Sewerage Corporations". (Mr *Hidding*)

**ADVERTISEMENT  
OF INQUIRY**

The draft advertisement was circulated by the Secretary and taken into consideration by the Committee.

The Committee deliberated.

A closing date of Friday, 17 December 2010 was agreed to.

*Ordered*; That the advertisement be placed in newspapers on Saturday, 13 November next.

The Committee deliberated upon the need for additional research support.

**ADDITIONAL  
RESEARCH  
SUPPORT**

*Resolved*, That the Committee requests the Treasurer to provide an appropriately qualified officer of the Department of Treasury and Finance to assist the Committee. (Mr *Best*)

<b>INVITATIONS TO PROVIDE SUBMISSIONS</b>	<p>The Committee considered the question of whether organisations and individuals should be directly invited to provide submissions to the Committee.</p> <p><i>Resolved, That:-</i></p> <ol style="list-style-type: none"><li>1. The Committee invites the following organisations and individuals to provide a submission:-<ul style="list-style-type: none"><li>• All Three Water and Sewerage Corporations and On-Stream;</li><li>• The Regulator</li><li>• All Councils;</li><li>• The Local Governments Association;</li><li>• Department of Treasury and Finance;</li><li>• Tasmanian Chamber of Commerce and Industries;</li><li>• The Property Council;</li><li>• The Housing Industry Association;</li><li>• The Small Business Council.</li></ul></li></ol>
<b>COMMITTEE SPOKESPERSON</b>	<p><i>Resolved, That the Chair be the spokesperson in relation to the operations of the Committee. (Mr Morris)</i></p>
<b>MEDIA RELEASES</b>	<p><i>Resolved, That any Media Releases be circulated to members of the Committee prior to distribution. (Mr Best)</i></p>
<b>OTHER MATTERS</b>	<p>The Committee deliberated upon the time-table for hearing and agreed that the Committee should meet in late January 2011, once all submissions have been received and further consider invitations for hearings in early February 2011.</p>

At 7:46 p.m. the Committee adjourned *sine die*.

#### **Friday, 4 February 2011**

The Committee met in Committee Room 2, Parliament House, Hobart at 2.00 pm o'clock.

#### **Members Present:**

Mr *Gutwein* (Chair) via telephone  
Mr *Bacon*  
Mr *Best* via telephone  
Mr *Morris*  
Mr *Hidding* via telephone

#### **Minutes**

The minutes of the meeting held on Wednesday, 10 November 2010, were circulated, read and confirmed as a true and accurate record. (Mr *Morris*)

#### **Public Hearings**

The Committee discussed possible dates for public hearings in Hobart, Devonport and Launceston.

*Resolved;* That the Committee conduct hearings in Hobart on Thursday 17 February, Thursday 3 March in Devonport and Friday 4 March 2011 in Launceston. (Mr *Gutwein*)

*Resolved;* That the following organisations be invited to appear before the Committee at the Hobart hearings:

- Southern Water
- Hobart City Council
- Glenorchy City Council
- Local Government Association of Tasmania
- TasCOSS

**Hobart City Council  
Advertisement**

- Property Council of Tasmania (Mr *Gutwein*)

Mr *Morris* brought to the attention of the Committee an advertisement placed in the Mercury newspaper on Wednesday 2 February 2011 by the Hobart City Council. The advertisement disclosed some of the content of Council's submission to the Committee and as a consequence may be in breach of Parliamentary Privilege.

A discussion arose.

*Resolved*; That the Committee write to the Lord Mayor and bring the matter to his attention in order prevent any future occurrence. (Mr *Morris*)

**Research Rates  
Resolutions**

Mr *Morris* proposed that the Committee investigate the rates struck by councils for the years 2007 – 2008 and 2008 – 2009 in order to identify any rebalance of charges.

*Resolved*; That such a study be undertaken. (Mr *Gutwein*)

**Late Submission**

Mr *Morris* tabled a submission from Mr Trevor Garwood. *Resolved*; That Mr Garwood's submission be accepted. (Mr *Gutwein*)

**Correspondence**

A letter from the Economic Regulator dated 25 November 2010 in reply to the Committee's invitation to make a submission was received and noted.

**Treasury Officer**

*Resolved*; That Mr Jason O'Neill who has been provided by Treasury to assist the Committee, be admitted to both public and private sittings of the Committee, at the discretion of the Committee. (Mr *Morris*)

**Chair's Briefing on  
informal meeting with  
Water CEO's**

The Chair briefed the Committee on an informal meeting between some Committee members and the CEO's of Southern Water, Ben Lomond Water and Cradle Mountain Water.

The main areas touched on at this meeting included the following:

- The Water Corporations revenue base;
- Regional planning;
- Modelling across suburbs;
- Price cap removal; and
- The need for joint services.

Mr *Hidding* withdrew.

**Extension of Time for  
Report**

*Resolved*; That a motion should be moved in the House requesting an extension of time. (Mr *Gutwein*)

At 3.00 pm the meeting was adjourned until Thursday 17 February next.



**Thursday, 17 February 2011**

The Committee met in Committee Room 2, Parliament House, Hobart at 9.35am o'clock.

**Members Present:**

Mr *Gutwein* (Chair)  
Mr *Bacon*  
Mr *Best*  
Mr *Morris*  
Mr *Hidding*

**Minutes**

The minutes of the meeting held on Friday, 4 February 2011, were circulated, read and confirmed as a true and accurate record. (Mr *Best*)

**Witnesses**

Mr Miles Hampton, Chairman of the Board, Mr Mike Paine, CEO and Ms Carolyn Pillans Corporate Secretary of Southern Water Corporation were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

Mr Hampton tabled the following paper:

**Paper**

"Briefing Notes" dated Thursday 17 February 2011

Mr Hampton agreed to provide the Committee with further information on the following:

List of priority dividends distributed this year,  
Breakdown of council rates rebalancing, and  
Number of household currently paying below average water and sewerage bills.

The witnesses withdrew.

**Witnesses**

Lord Mayor, Rob Valentine and General Manager, Mr Nick Heath, Hobart City Council, were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

The following paper was tabled:

**Paper**

"Two Price System Model"

The witnesses withdrew.

**Witnesses**

Mayor Adriana Taylor and General Manager, Mr Frank Pearce, Glenorchy City Council, were called. Mr Pearce made the Statutory Declaration and the Committee examined the witnesses in public.

The witnesses withdrew.

**Suspension of Sitting**

At 12.38 pm the meeting was suspended until 1.31 pm.

**Witnesses**

Deputy Mayor Doug Chipman and Mr Andrew Paul, General Manager, Clarence City Council, were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

The witnesses withdrew.

**Suspension of Sitting** At 2.05 pm the meeting was suspended until 2.55 pm.

**Witnesses** Mr Tony Reidy, Chief Executive Officer and Ms Cath Mclean, Senior Research and Policy Officer, TasCOSS, were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

The witnesses withdrew.

Ms Mary Massina, Executive Director, Mr Rober Rockefeller and Mr Matthew Page, Property Council of Tasmania, were called, The witnesses made the Statutory Declaration and were examined by the Committee in public.

The witnesses withdrew.

**Other Business** The Committee considered the witness list for the Devonport and Launceston hearings

*Resolved*, That the following organisations be invited to appear before the Committee:

Devonport Hearings  
Cradle Coast Water  
Devonport City Council  
Burnie City Council  
West Coast Council  
Mr Jake Weeda  
Circular Head Council  
Central Coast Council  
Launceston Hearings  
Ben Lomond Water  
Launceston City Council  
West Tamar Council  
Northern Midlands Council  
Mr Paul Ranson  
Dorsett Council

At 4.20 pm the meeting was adjourned until Thursday 3 March next.

#### **Thursday, 3 March 2011**

The Committee met in the Federation Room, Devonport Entertainment and Convention Centre at 10.35am o'clock.

**Members Present:**

Mr *Gutwein* (Chair)  
Mr *Bacon*  
Mr *Best*  
Mr *Morris*  
Mr *Hidding*

**Witnesses** Cradle Mountain Water Corporation - Chairman, Mr Miles Hampton, and Secretary, Ms Carolyn Pillans were re-called and re-examined. Chief Executive Officer, Mr Andrew Kneebone was

called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witnesses withdrew.

**Suspension of Sitting**

At 12.00 noon the meeting was suspended until 12.15 pm.

**Witnesses**

Devonport City Council – Mayor Lynn Laycock, General Manager, Mr Ian McCallum and Assistant General Manager, Mr Matthew Atkins were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

The witnesses committed to provide the Committee with details on the Devonport City Council water and sewerage rate readjustment.

The witnesses withdrew.

Burnie City Council – Mayor Alwyn Boyd, and General Manager, Mr Paul Arnold were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

**Witnesses**

**Paper**

At 1.25 the meeting was suspended until 2.10 pm.

**Suspension of Sitting**

West Coast Council – Mayor Darryl Gerrity, and General Manager, Mr Peter Harder, were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

**Witnesses**

The witnesses withdrew.

Mr Jake Weeda was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

**Witness**

Central Coast Council – Mayor Jan Bonde and General Manager Ms Sandra Ayton were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

**Witnesses**

The witnesses withdrew.

Latrobe and Kentish Council – General Manager, Mr Gerald Monson was called. The witness made the Statutory Declaration and was examined by the Committee in public.

**Witnesses**

The witness committed to provide the Committee with a report on headwork charges and provide details on Latrobe Council rates rebalancing.

Mr *Hidding* withdrew.

The witnesses withdrew.

The Minutes of the meeting held on Thursday 17 February 2011 were circulated, read and confirmed as a true and accurate record.

*Resolved*, That the Committee receive a late submission forwarded by Ms Flora Fox (Mr *Best*)

**Minutes**

*Agreed*, That the Committee invite Minister Bryan Green MP, and the Tasmanian Economic Regulator to appear before the

**Late Submission** Committee on Friday 18 March next and that a deliberative meeting of the Committee should be held prior to this meeting.

**Future Meeting**

At 4.20 pm the meeting was adjourned until Friday 4 March next.

**Friday, 4 March 2011**

The Committee met at Henty House, Launceston, 4<sup>th</sup> Floor Conference Room at 10.02 am o'clock.

**Members Present:**

Mr *Gutwein* (Chair)  
Mr *Bacon*  
Mr *Best*  
Mr *Morris*  
Mr *Hidding*

**Witnesses**

Ben Lomond Water Corporation - Chairman, Mr Miles Hampton, and Secretary, Ms Carolyn Pillans were re-called and re-examined. Chief Executive Officer, Mr Barry Cash was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witnesses committed to provide the Committee with an organisational chart showing the relationships across the four organisations.

The witnesses withdrew.

**Witness**

Dorset Council, General Manager, Mr John Martin was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

**Witness**

Launceston City Council, Director Finance and Corporate Services, Mr Michael Tidey was called. The witness made the Statutory Declaration and was examined by the Committee in public.

**Paper**

Mr Tidey tabled a letter outlining Launceston City Council's Rating levels.

**Suspension of Sitting**

At 12.38 pm the meeting was suspended until 1.30 pm.

**Witnesses**

Northern Midlands Council – Deputy Mayor, Mr David Downie and General Manager, Mr Adam Wilson were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

**Paper**

The witnesses tabled a copy of their presentation to the Committee.

The witnesses withdrew.

**Witnesses**

Owners' Representatives, Mr Paul Ranson, Mr Peter Kearney and Mr Laurance Archer were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

The witnesses withdrew.

**Witness**

Local Government Association of Tasmania, Chief Executive Office, Mr Allen Garcia was called. The witness made the Statutory Declaration and was examined by the Committee in public.

The witness withdrew.

**Future Witnesses**

*Agreed*, That Onstream be invited to meet with the Committee on Friday 18 March next.

At 3.25 pm the meeting was adjourned *sine die*.

**Tuesday, 15 March 2011**

The Committee met in Committee Room 2, Parliament House Hobart at 1.15 pm o'clock.

**Members Present:**

Mr *Gutwein* (Chair)  
Mr *Bacon*  
Mr *Best*  
Mr *Morris*  
Mr *Hidding*

**Witness**

The Hon. *Bryan Green* MP, Minister for Primary Industries and Water, Energy and Resources, Local Government, Planning, Racing and Veterans' Affairs, was called and examined by the Committee in public.

Mr *Morris* took his seat.

The Minister undertook to provide the Committee with possible options to mitigate price shocks that may result with the removal of the government subsidy on water charges.

The Minister further undertook to provide the Committee with an outline of the process for requesting funds from Infrastructure Australia.

The witnesses withdrew.

**Correspondence**

The Committee received a letter from Launceston City Council, General Manager, Mr Robert Dobrzynski dated 9 March 2011 – which raised issues in relation to the Launceston City Council's appearance before the Committee on 4 March 2011.

*Resolved*, That the draft response circulated by the Chair be forwarded to Mr Dobrzynski and that data provide in Mr Dobrzynski's letter be forwarded to Ben Lomond Water Corporation for comment. (Mr *Gutwein*)

At 2.22 pm the meeting was adjourned Tuesday 22 March 2011.

**Tuesday, 22 March 2011**

The Committee met in Committee Room 2, Parliament House Hobart at 11.00 am o'clock.

**Members Present:**

Mr *Morris* (Acting Chair)  
Mr *Bacon*  
Mr *Best*  
Mr *Hidding*

Apology            Mr *Gutwein*

**Witnesses**

Onstream - Chair, Mr Miles Hampton and Corporate Secretary, Carolyn Pillans were re-called and re-examined. Chief Executive Officer, Dr Christine Mucha and Chief Information Officer, Andrew Beswick were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

Mr *Best* took his seat.

The witnesses undertook to provide the Committee with a breakdown of expenditure on information technology.

The witnesses withdrew.

**Suspension of Sitting**

At 12.20 the meeting was suspended until 1.00 pm.

**Witnesses**

The Tasmanian Economic Regulator Chair, Mr Glenn Appleyard and Assistant Director, Mr Dean Burgess were called. The witnesses made the Statutory Declaration and were examined by the Committee in public.

The witnesses withdrew.

**Minutes**

The minutes of the meeting held on Tuesday, 15 March 2011 were circulated read and confirmed as a true and accurate record. (Mr *Best*)

At 2.13 pm the meeting was adjourned *sine die*.

**Thursday, 8 April 2011**

The Committee met in Committee Room 2, Parliament House Hobart at 1.15 pm o'clock.

**Members Present:**

Mr *Gutwein* (Chair)  
Mr *Morris*  
Mr *Bacon*  
Mr *Best*  
Mr *Hidding*

**Minutes**

The minutes of the meeting held on Tuesday, 22 March 2011 were circulated read and confirmed as a true and accurate record. (Mr *Hidding*)

**Findings and Recommendations**

The Chair provided the Committee with a list of draft findings and recommendations in relation to the 5% government price cap for their consideration.

The Committee deliberated.

**Interim Report**

*Resolved;* That a draft interim report be produced based on the Chair's findings and recommendations. (Mr Morris)

At 1.50 pm the meeting was adjourned until Tuesday 12 April next.

**Thursday, 8 April 2011**

The Committee met at 1.15 pm o'clock in Committee Room 2 Parliament House Hobart

**Members Present:**

Mr *Gutwein* (Chair)  
Mr *Bacon*  
Mr *Best*  
Mr *Hidding*  
Mr *Morris*

**Minutes**

The minutes of the meeting held on Tuesday 22 March 2011 were circulated read and confirmed as a true and accurate record. (Mr *Hidding*)

**Draft Findings and Recommendations**

The Chair provided Members with a list of draft findings and recommendations in relation to the 5% price cap for their consideration.

The Committee deliberated.

**Interim Report**

*Resolved;* That an interim report be produced dealing specifically with the issue of the 5% price cap as a result of concerns that the removal of the price cap would have budget and price consequences and therefore needs to be progressed prior to the finalisation of the 2011 -12 budget. . (Mr *Morris*)

At 1.50 pm o'clock the meeting was adjourned until Tuesday, 12 April next.