

## **State Government take-over of TasWater – are there consumer or environmental benefits?**

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On 23 November 2017 the Legislative Council voted 10 to 4 against the legislation to facilitate the state government's take-over of TasWater from its current council owners. The state government now intends to take the proposal for state government take-over of TasWater to the next election to seek a mandate.

Now that the parliamentary vote is out of the way we expect the government will focus on attempting to win community support. It remains to be seen whether the government will continue its bluster and spin about a 'crisis' and continue its big talk about state government ownership being better.

Or, will it actually define policy objectives in regard to sewerage and water. Under government ownership what, if any, will be the benefits for customers and the environment?

I have read every public statement I can find from the government. There is no stand alone policy, rather a series of media releases and statements in Parliament that contain the same sweeping statements about 'fixing the water and sewerage mess' and 'giving Tasmanians the services they deserve' and constant claims of a water and sewage 'crisis'.

The state government has preferred to focus on its promise to take-over TasWater from its council owners, which is the 'means' and not the 'outcome'. Sadly, this is a popular political ploy to keep people focused on a decisive decision, a take-over, rather than the actual outcome of that decision, including practical benefits, if any.

The government says very little about the outcomes for customers and the environment. Our analysis shows there will be very little benefit as measured by: quality of services and environmental performance; prices for customers, and speed of upgrades.

The TCT is not in principle against TasWater being owned and controlled by the state government but we are not convinced the current government's proposal would deliver sufficient benefits to justify it. It will be up to TasWater's current owners, opposition parties and groups such as the TCT to draw the government out, to be honest about what we will get out of a take-over.

### **The false crisis**

Before looking at the possible benefits of a take-over, it is important to realise that there is no sewerage and water crisis as Minister Peter Gutwein constantly claims. This is another political ploy. If the public believes there is a crisis, they tend to accept any proposed solutions without questioning them. The key facts to keep in mind are:

- TasWater intends to fix all drinking water problems by August 2018, therefore the state government will have nothing left to fix. 12 of the 24 towns that

have been on water boil alerts are now off the alerts and able to safely drink their water.

- Minister Gutwein's claim that TasWater has 7 times the national rate of sewage spills per 100km of sewer pipe is invalid because TasWater is required to report many smaller spills that most mainland utilities do not. No one knows how TasWater compares in terms of the actual number and volume of spills.
- Minister Gutwein's claim that only 1 out of 78 sewerage treatment plants is fully compliant is grossly unfair. Full compliance is a poor measure of performance because one failed test in a year results in non-compliance. This measure can only result in perfection or failure. The percentage of effluent by volume that is compliant is a much more appropriate performance measure and TasWater currently achieves 84% compliance.

### **Quality of service and environmental performance**

In regard to customer service quality and environmental performance the state government has promised nothing more than what TasWater promises. The government has promised to deliver the same works plan as TasWater's. The same upgrades to sewer treatment plants, sewer mains, etc.

Minister Gutwein has made much of the complaint that TasWater records 7 times the national rate of sewage spills per 100km of sewer pipe. But he has never once said that he will reduce the rate of spills to the national average or any other level.

He also complains that only 1 out of 78 sewerage treatment plants are fully compliant but he has not committed to getting all 78 plants to be fully compliant or any other number.

### **Prices**

The state government intends to increase the average price for residential water and sewerage, but promises prices will rise by slightly less than TasWater has planned. In a letter that the Premier has sent to householders in Bass, he promised a price increase that will be 'up to' \$550 less for the average customer over six years. The comparable 'saving' is only a maximum of \$91 per year or \$1.76 per week. TasWater Chair, Miles Hampton, has argued that the savings proposed by the government are much less.

TasWater claims that if the government doesn't increase water and sewerage bills by more, it will need to borrow money to pay for the accelerated upgrades. The interest payments for these loans will cost tax-payers eventually.

Over the last four years, the state government should have shown leadership by helping to convince Tasmanians that higher prices are justifiable to lift water and sewerage standards and help TasWater to pay for them. Tasmanians pay much less than the national average (more than \$300 less per household per year according to the Bureau of Meteorology who report on urban water use) and we probably need to pay much more than the national average because our systems are much more decentralised.

### **Timeframes**

The government's only significant proposed change to TasWater's current management is to speed up the delivery of some upgrades i.e. deliver TasWater's ten-year plan in seven years.

Only 3 years of the 10 year plan is promised to be completed earlier than TasWater promises. Under the government's control just 30% of projects will happen up to three years earlier and 70% of projects will happen no earlier. This is not taking into account the possibility that the disruption from changing ownership may further delay some planned projects.

But as TasWater has rightly stated, it is likely that accelerating the upgrades will either cost more or will lead to compromises in construction or environmental standards or both. If you ask your builder to build your house in 4 weeks rather than 6 weeks they are bound to charge you more or cut corners and compromise their work.

I worry that a state government controlled TasWater will pressure the Environmental Protection Authority to lower sewerage treatment plant effluent standards to make upgrades easier to attain and give an appearance of improved compliance.

The government has never endorsed the seven year plan which it commissioned Infrastructure Tasmania to prepare, but rather used it to demonstrate that it was feasible to accelerate the upgrades. The government is not currently bound to deliver any particular project by a specific time.

### **What a policy should look like**

During the state election the voting public should demand the government states more clearly what its policy is, including:

- What, if any, are the advantages of having the ownership and management of TasWater changed from councils to state government?
- What alternatives to a government take-over have been considered e.g. helping TasWater to obtain more money as proposed by the Labor party?
- What are the risks (environmental, financial and other) with an accelerated program of works and how will these be addressed?
- Will the government set targets for improvements to sewerage spills and sewerage treatment compliance?
- Will the government commit to an actual work program i.e. defining when each Tasmanian town will have its upgrades completed?
- Does the government intend providing reticulated services to communities currently not receiving them? TasWater annual reports state that 25% of Tasmanian households are currently not connected to TasWater for sewerage and 15% of households are not connected for drinking water.