



MEDIA RELEASE

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Councils to Shoulder the Full Burden of Water and Sewerage Reform

The Local Government Association of Tasmania (LGAT) and the TasWater Owners Group, whilst acknowledging the need to deal with the issue of delivering potable water throughout Tasmania as a matter of priority, are "shocked at the unilateral decision by TasWater to slash annual distributions to owner councils to \$20 million without consultation," said LGAT President, Mayor Doug Chipman.

These comments come in the wake of a decision by the Board of TasWater to adopt a revised investment plan which will see the resolution of boil water alerts or public health alerts in Tasmania within two years, as well as addressing key vulnerabilities in a number of other drinking water systems.

Under the TasWater plan, Owner Councils' annual distribution cap will be reduced from \$30 million to \$20 million for seven years from July 2018, in order to raise some \$70 million to help fund the initiative.

Councils had previously agreed to a proposal to forgo increases in future dividend payments over 10 years, subject to the State and Federal Governments also agreeing to contribute to the infrastructure programme.

LGAT President, Mayor Doug Chipman said it is extremely disappointing that both the State and Federal Governments have chosen not to partner with councils in accelerating TasWater's capital program as initially proposed. "This would have had far greater community benefit than the proposal now being put forward by TasWater," Mayor Chipman said.

"The decision by TasWater will have a significant impact on the Local Government sector."

"The dividends received from TasWater were used by councils to provide the day-to-day services and infrastructure our communities need, whilst keeping rates at a sustainable level."

Mayor Chipman said the loss of these funds will mean many councils will need to either raise additional rates to cover the shortfall, or to cut services, neither of which is a desirable outcome."

The Owners Representative Group Spokesperson, Mayor David Downie says the proposal by the TasWater Board would now need to be discussed with councils across the sector.

"I will be seeking an urgent meeting of the Owner's Representative Group with TasWater to seek answers to the following critical matters:

- Why the decision to cut dividends was made without consultation with the owners?
- What the scope, cost and timetable is for providing potable water to the small towns?
- What efficiency measures will TasWater be implementing to ensure that the pain that will be felt by councils is being shared by TasWater?"

Mayor Downie said investment in water and sewerage infrastructure not only ensures positive health outcomes for communities, it also stimulates economic growth, which in turn provides financial returns to the State and Federal Government.

"This is why it is extremely disappointing that the State Government has not demonstrated leadership through strong advocacy for Federal funding, or through their own investment in water and sewerage developments," Mayor Downie said.

"The State Government has chosen not to partner in supporting communities and in keeping the cost of living down, leaving councils to shoulder the burden," he said.

**For media enquiries, please contact
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