

Faster fix for water and sewerage and cheaper prices



A MAJORITY LIBERAL GOVERNMENT WILL:

- Take control of Tasmania's water and sewerage
- Lower Prices -
 - Freeze bills for one year, delivering permanently cheaper prices
 - Cap price increases to no more than 3.5% per year
 - Save up to \$700 on your water bills over six years
- Fix infrastructure sooner
- Support councils so rates won't rise



TasWater take-over

Tasmanians deserve better

Our State has an enviable reputation for having a clean and safe environment, but despite the reforms almost 10 years ago, the number of towns around Tasmania that do not have access to clean and safe drinking water remains unacceptably high, and the environmental performance of many of our sewage treatment systems has worsened.

TasWater has publicly stated that Tasmania's water and sewerage assets are deteriorating faster than they can be replaced. Furthermore, the Economic Regulator made the astonishing revelation last year that of the drinking water that Taswater produces an incredible one third is lost and can't be accounted for.

With ongoing issues, it's little wonder that complaints by TasWater customers have been increasing.

The inability of TasWater to upgrade its infrastructure at an appropriate rate is due in large part to the fact that its local council owners have put a higher priority on dividends rather than improving infrastructure.

Water and sewerage bills have increased by more than 50% over the last 5 years up to 2016, while inflation has only risen by 7.4% over the same period. The Tasmanian community deserves and demands better.

This is why the Government announced last year that it would take over responsibility for the delivery of water and sewerage services in Tasmania.

Despite having the support of many stakeholder groups as well as many TasWater customers, Labor used its four votes in the Legislative Council to block the Government's plan. A re-elected majority Hodgman Liberal Government will re-introduce legislation to transfer responsibility for water and sewerage services to the State Government.

If re-elected, a majority Hodgman Liberal Government will have a strong mandate for the TasWater takeover and our expectation would be that the legislation would be supported in the Legislative Council.

Our Targets

#20: Keep cost of living increases for Government services, on average, at or below the rate of inflation for the next four years of Government.

For the full list of our Targets:
www.buildingyourfuture.com.au

Why Tasmania Needs This

Small towns around Tasmania have been waiting too long for clean and safe drinking water.

Tasmania's sewerage infrastructure has a track record of poor environmental performance, with lower levels of compliance than in 2009-10.



TasWater take-over

We will deliver our plan by:

1. Legislating for prices to be frozen for one year and then capping increases at between 2.75% and 3.5%.
2. Enshrining in legislation the \$20 million payments to Councils promised by TasWater in its existing ten year plan.
3. Ensuring that Councils do not need to increase their rates after this period by legislating that they will receive the greater of \$20 million indexed by CPI or 50 per cent of the profits in perpetuity.
4. Using the State's strong balance sheet to support the business to deliver the accelerated capital program.

Lower water bills for households

Water and sewerage bills have increased year-on-year, with the average bill skyrocketing more than 50% over the last 5 years to 2016.

TasWater's most recent pricing proposal submitted to the Tasmanian Economic Regulator continues this trend, with price rises of more than double the expected rate of inflation for the next three years.

Tasmanian households and businesses have had enough. Under our plan, a re-elected majority Hodgman Liberal Government will:

- Immediately freeze prices for a year following the takeover, with no price catch-up. Prices will remain permanently lower;
- Cap future price increases at between 2.75 and 3.5 per cent; and
- Save households up to \$700 over six years on the average residential bill.

Council rates will not increase

We stand by our commitment that local government will continue to receive the payments they are expecting to receive from TasWater over the term of the current ten year plan.

So that there are no concerns over the impact post the guarantee period we will enhance our commitment by ensuring that after this period councils will receive the greater of 50% of the profit of the business or \$20 million per annum indexed into perpetuity.

Key Facts

There are currently 14 communities on Boil Water alerts or Do Not Consume alerts.

The most recent data shows that TasWater's wastewater treatment plant compliance with discharge to waters limits is worse than it was in 2009-10.

The average residential water and sewerage bill has increased by more than 51% since 2010-11.

For every \$100 charged to customers, \$10 goes straight to councils, instead of being invested in better water and sewerage infrastructure.



TasWater take-over

This extended guarantee will provide certainty for local government and their ratepayers.

These payments will be enshrined in legislation so that all councils have certainty.

Accelerate the delivery of water and sewerage infrastructure upgrades

TasWater's current capital program includes \$1.5 billion in infrastructure spending. Infrastructure Tasmania undertook a feasibility analysis (peer reviewed by independent consultants) of the Government's plan to accelerate and expand TasWater's program to \$1.8 billion in infrastructure investment, and concluded that our plan was achievable and would provide an economic stimulus for Tasmania.

We will introduce legislation again at the earliest opportunity once the Parliament resumes with the intention of taking over the business on the 1st of January 2019.

Allowing for the delay caused by Labor blocking the legislation in the Upper House last November this will enable us to complete TasWater's current 10 year program in around 7.5 years – two and a half years earlier than planned by TasWater.

Delivering on projects of economic significance

Fixing the ownership and governance will enable the Government to ensure that important projects that are of State-wide significance are not held back.

In our plan, we have already committed to invest \$1.8 billion over the period of TasWater's 10 year plan as opposed to their \$1.5 billion and this extra funding together with the State's strong balance sheet will enable us to progress these important projects, which are currently not considered in TasWater's 10 year plan:

- Launceston's combined sewerage and stormwater system;
- MONA's hotel expansion at Camerons Bay; and
- Unlocking investment at Macquarie Point.

Stakeholder Support

"We see the Government being able to use TasWater to actually enable economic development and economic growth rather than being a hindrance."
Michael Kerschbaum, Master Builders Tasmania

"State Government ownership of TasWater must be the preferred option as the local government sector continues to struggle to grasp the enormity of the task that we face as a state."
Brian Wightman, Property Council

"Water and sewerage infrastructure is one of the most important issues our industry and State faces as we move forward, and I applaud the Government for proactively seeking an outcome in the best interests of the State and ratepayers."
Steve Old, General Manager, Tasmanian Hospitality Association

"My preferred model, as everyone would know, is that I supported a single corporation as a State-owned company. That was my preferred option."
Former Labor Treasurer, Michael Aird



TasWater take-over

Cost

A re-elected Hodgman majority Liberal Government will provide support of at least \$140 million over the remainder of the ten year plan to ensure that the business can meet the targets and legislated obligations we have set.

Labor Green Record

Labor and the Greens have consistently opposed the Government's plan to fix Tasmania's water and sewerage for purely political point-scoring reasons.

When pursuing the 2008 reforms to the water and sewerage sector, Labor argued for State Government ownership of Tasmania's water and sewerage assets, but caved in to pressure from local government. Former Labor Treasurer Michael Aird has publicly stated that he still supports State Government ownership, but the current Labor leader would rather part-privatise three projects of importance to the State and drive up prices as a result.

Labor and the Greens clearly support the current situation of inadequate infrastructure investment and soaring water and sewerage bills, rather than providing Tasmanians with clean drinking water and a sewerage system that meets modern environmental standards