

## Water and Waste Water in Tasmania

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Well the Treasurer has stolen all my thunder. Basically I've learnt more today about the process than possibly has been the case for some months.

Can I probably start out by saying that from a local government's perspective we have been trying to deal with something that's not actually concrete, trying to poke sticks at things that don't exist so there's been a lot of speculation. I'd probably like to talk today about a few things like change, problem solving, the process that's been involved in this exercise, the local government position and ultimately what we concede to be some of the impacts on local government.

Local government is not adverse to change. We've been around for a long time and of course many of us would prefer a world without change but the bottom line is there's been a constant change in councils for decades. We've been through amalgamations, we've been through planning reform, we've been through environmental reform, we provide more human services now than we ever did, we're the ones that pick up the pieces when the government leaves town and the private sector leaves town so water reform isn't a challenge in the context of wanting to change, we accept and we acknowledge that there's a need for change. Not all councils will accept that there's an absolute need but at the bottom of the table we will find that there is a need to actually move on. We acknowledge also there's a need to tackle those problems before they tackle us so councils are ready and willing and able to be able to commence this reform process.

There's no real fear of alternative structures and regulatory models and ownership, it's a matter of understanding what they are and being engaged in the processes so that we can fully contribute to that debate and we want to be part of the change process and fully engaged in that process and I suppose it's more refreshing for me today to understand that the process going forward appears to be more about engagement than the closed door policy seemingly that's been in place to date.

In terms of the way you tackle these problems look there's very few straightforward answers and we all have different opinions. Everyone has a view. Very few views are the same. I have twenty-nine council members and I have often have twenty-nine different views so I'm used to that and so the point is that in terms of issues of this nature where there's major significance to the way we've done business in the past and the way we do business in the future different people are going to have different opinions, local government is going to have an opinion, state governments are going to have an opinion, the various sectors represented here today are going to have an opinion and we've got to actually have a process that harnesses those opinions so we're not concerned about that, we just want to acknowledge that there will be differences of views and that other people will consider those views from different perspectives based on where they are at the present time.

There's no doubt that councils have got issues. We've been saying that to the Government for a decade that there are problems in councils with water and sewerage, please help. There have been significant numbers of representations to budget committees in the past saying please send cheques, okay they haven't come, there hasn't been enough robust process underneath that perhaps but the bottom line is we've recognised it for a long time and we actually have sought help so we're not against reform, we acknowledge that it's needed.

The approach to the problem must recognise and reflect the interests of all the community and all those that participate in the sector and so really we want to be there and we want to be involved and we're happy with some of the comments that the Treasurer has made today. Effectively all we've ever asked for is a fair go. We actually happen to own those assets, well I suppose we don't own them, we're the custodians of those assets on behalf of everyone in this room and the communities outside this room. As a consequence of being the custodians of those assets and the deliverer of those services I think we talk about levels of respect. If I came and approached any of you in your place and said I'd like to reform your process and by the way there's a chance I might take all your assets off you and I'm going to send someone in to do some due diligence and we'll catch up with you at the end of the day to see how you feel about that I expect most of you are not going to be very happy at the outset and once we've had a few discussions and a bit of dialogue we might get some ground together but the bottom line is the first reaction from you is incense and outrage.

We move on okay so our first reaction to the proposition by the state that water reform was going to mean something but we didn't know what but it was going to be a massive overhaul was outrage and incense. So now we're actually becoming more aware of what that means. We understand from the due diligence that there are issues, that there are significant issues. We understand from the work we've done inside the association that there are significant backlogs in council infrastructure renewals. We also understand that the economy has been going through a boom and as a consequence of that we're seeing demands on development and property development that haven't existed in the past and small communities' inability to be able to respond to that without some external or additional assistance so the times have changed.

We want to be included in the process and we believe that participation is the key. We're prepared to work collaboratively with the Government. Twenty-nine councils have twenty-nine partnership agreements with the Government to work out local problems to local issues. Three regions of the state work with the state government on regional issues with the state government to resolve those. At the Association we work on state wide issues to resolve problems. We have a clearly defined process and everything that we've done with this Government in the last eight years has been centred on that process. This is the first project we've had that doesn't adhere to those principles and from that perspective we don't understand.

I'd have to say that probably six months ago or even three months ago I could probably stand up here with you and say that no council would really want to move on from where they were previously. There were some exceptions. We all know about Sorrel and Sorrel will acknowledge that they've got a problem and any help will do thank you very much. Most councils in the state are acknowledging that the status quo is no longer possible and that there is a possibility and a need to move on. What it looks like, who owns it, what reform process, what the regulatory environment looks like I think all those are up for grabs but there's certainly been a shifting wind.

So where's local government at at the moment? Anyone who read The Examiner editorial yesterday would have noted, I don't want to say some of the outlandish claims that I have heard people indicate that they are but certainly there's a lot of fear, there's a lot of suspicion, distrust and speculation, notions of privatisation, look who knows. You've heard the Treasurer say today that there's nothing

worth selling so we're not going to flog it anyway but the point is that councils are speculating in the absence of information and that's not an unreasonable circumstance. They don't understand what's going on, they are fearful. There's been no real information. Whilst due diligence has been occurring on a one on one basis and there's been information provided back and forth what that actually means is not on the table, we don't understand where that is, what it is. At the Association I don't understand what the aggregation of that means so therefore I'm not able to respond to my members as to what this is meaning on a central basis.

The options of ownership and whether it's state wide or regional I think we get to those when we understand what the issues are and how we deliver the optimum service. I don't know that the models are all that important at this stage but they're important to us because we happen to own the stuff at the moment so of course we're going to be very strong in terms of our opposition to those matters.

While there's been dialogue and you've heard from the Treasurer the dialogue, he's actually visited twenty councils and he's got a commitment to visit the other nine, the bottom line is that's at that level. We believe that if you're going to have real reform and real dialogue it involves consultation at every level. It involves consultation at the technical level, consultation across the broad range of issues that are there. We've got people in councils at the moment that are fearing for their job. They don't know whether they should take out a mortgage. They don't know whether they should continue their employment. They don't know whether to consider retirement now or go and do something else. These are really serious things for those people working in local government at the moment and in this framework councils have got to manage that process. It's not good enough to promote a regime either intentionally or unintentionally that suggests that you're going to strip another government's assets away although the Treasurer has indicated that that's not the intent at the moment, indeed there's a long way to go before we get an answer but certainly councils perceive that that's the preference of the Government, that they will strip away assets and I have put it to the Treasurer in the past how would he like it if Brendan Nelson came down and said I'll take all your schools off you, he did answer I wouldn't mind really but. I think the principle is the same, that in terms of one government having a dialogue with another government I think there's a lot of room for negotiation and consultation.

We believe that regardless of ownership the fundamental structure is in place, there's three bulk water authorities in this state. We believe that yes certainly some structural enhancement, a new regulatory environment, some new business principles, notions of corporatisation, all that is possible within a local government ownership model. There's no need to take it and go and put it in a state model. If the state wants to dictate terms in regards how that thing should perform, pricing structures, corporatisation models, representation on boards, we're happy to deal with that but the issue for us is let's have a say in that process.

There's no doubt that cash injection is absolutely needed into this sector. As I indicated previously we've acknowledged that and made representations in the past. How it comes about, whether it's having a balance sheet big enough to be able to generate a borrowing capacity or whether it's Federal funds, state funds or indeed as it needs to be user funds, those who enjoy the end benefit of the product, should have to contribute something, we acknowledge that but there's certainly a range of opportunities there that we are happy to have a look at.

We've been very concerned to date that the process that the Government is going through is very open ended. Really before today I had no understanding of where some of these timelines are and I think everybody in the room is here today to understand where are we at at the moment, what is the next step, what does the project look like. We understand it might take three years, five years, a decade to get ultimate reform but in terms of this project and in terms of the consultation and in terms of the engagement what does this project actually mean and I think I like everyone else would like to see on a chart somewhere what are we actually talking about, what are the elements involved.

A quick few things I'd like to run through in terms of what we might perceive the impacts to be given a model finally comes down, councils actually get revenue out of water. We're concerned about the loss of revenue, what that might mean so again we want to have a dialogue on that. You might have seen councils are projecting rate rises, one indeed has said that they'll have to put their rates up 30%. That's a really important issue for the community of that municipality. We need to understand those types of things. I've mentioned staff, councils have sunk costs into infrastructure. If they've just spent \$20m on infrastructure and someone else is going to take it over is it reasonable that there be no compensation so what are the compensation arrangements. We worry in terms of we at the present time control land use planning, how does that relate to infrastructure provision if we don't equally control that and my colleagues that follow after will probably explain how those processes come to pass but again engagement in the process to date would be a useful thing indeed.

And I just want to make probably a final point, nobody in this room I don't think is concerned about volumetric pricing for water. Hobart Council I hope would not be adverse to metering if it was proven to be price effective. Let me make it quite clear local government is not standing on its haunches saying we will not move to a regime that doesn't have volumetric pricing. What we do say is however it's got to be cost effective, it's got to be beneficial to the end user and the modelling and the processes to date have demonstrated that they haven't been the case in certain municipalities in the state, not to suggest that we wouldn't move to it for a whole bunch of other reasons because certainly the water debate has shifted a long way from seven or eight years ago.

On that basis I'd like to finish but just would hope that the Treasurer is true to his word and that going forward that we will be fully engaged in that process and that project. We don't fear reform, we look forward to reform. We know it's necessary and we just want to work with the Government on getting the most appropriate structures. Thank you.

## **End of transcript**

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