



MEDIA RELEASE

11 December 2007

WATER & SEWERAGE REFORM TO COST THE COMMUNITY DEARLY

The Council meeting held on 11 December received a further update on the State Government's proposed Water & Sewerage Reform, including the report on a Regional Study of the Cradle Coast Council's prepared by consultants GHD.

Mayor Boyd reiterated Council's stance, saying "It cannot be overemphasised that Council's preferred position remains the 'status quo'. Council will continue to advance the case against wholesale structural reform to protect the interests of the Burnie community."

General Manager, Paul Arnold said "Council has now modelled the impacts of the proposed State Government Reform and found that the stark reality for Burnie's residents is:

There are at least three drivers that will push the cost of water from a regional or state-wide body from the current \$220 per residential connection per year to around \$700 per residential connection per year for water over a three to five year implementation period.

There are also at least three drivers that will push the cost of sewerage services from \$285 per residential connection per year to around \$600 per residential connection over a three to five year implementation period.

The reforms will result in an overall increase of around \$800 per residential connection per year over a three to five year period. Water services will increase over 220% and Sewerage services by 110%, being an average increase of 160% for water and sewerage residential connections (from current \$505 per property per year to \$1,300 per property per year).

And this doesn't include a likely impact on the General Rate which could be a further increase of up to 7.5%. This General Rate increase could only be mitigated if Council received a full dividend from any new Water and Sewerage Authority."

"It is true that Local Government is a "creature" of the State, even though the legislative reforms of 1992 were intended to make Local Government accountable to their community rather than to a Minister of the State Government. However, it appears those comments were more about rhetoric than substance."

Strong indications have been provided that the State will introduce legislation during 2008 to reform water and sewerage from a structural and regulatory perspective. Councils across Tasmania are coming to accept that change is inevitable.

Mayor Boyd stated that in this environment, Council could not allow Burnie's unique position in relation to its current investment in standards compliant water and sewerage infrastructure and low pricing of water services to its community be taken away unchallenged. To this end Council has authorised the General Manager to commence detailed discussions with the State Government to achieve the best outcome on these points.

Council will only participate in any forced reform if:

- Federal Government grant funding is gained to offset the need for Burnie to subsidise other community's lack of investment;
- Council would receive a full dividend from any new Water and Sewerage Authority;
- Tasmanian councils' ongoing viability is not threatened or amalgamation occurs to offset inefficiencies caused by the reform; and;
- Burnie's low water pricing is maintained.

The following motion was carried unanimously :

"A. *THAT Council, only on the basis that the Treasurer has stated that the status quo in the provision of water and sewerage will not continue, advises the State Government through the Premier and Treasurer that:*

- 1. Council rejects the option of a single State-wide model.*
- 2. If there must be structural water and sewerage reform, three regional, local government owned water and sewerage entities is the only model acceptable to the Council, on the conditions that:*

- (a) *The Cradle Coast Region is able to access the provision of adequate Federal Government grant funding to local government to undertake major capital works projects, which is essential to underpin any reform process and make it affordable to the community; and,*
- (b) *An additional 11th principle be added to the Treasurer's Principles that Local Government regional water and sewerage corporations pay both dividends and equivalent tax payments only to member councils as occurs now for joint bulk water authorities;*
- (c) *Structural Reform of Tasmanian Councils is implemented in conjunction with any structural reform of the water and sewerage sector;*

And,

- (d) *An additional 12th principle be added to the Treasurer's Principles that Local Government regional water and sewerage corporations use pricing principles consistent with National Competition Policy principles; i.e. nodal pricing;*

B. *THAT Council authorises the General Manager to negotiate with the State Government the formal recognition of Burnie City Council's unique position in relation:*

- 1. The current investment in standards compliant water and sewerage infrastructure; and,*
- 2. The current low pricing of water services to its community."*

ENDS

For further information please contact:

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