

Press Release

FOR IMMEDIATE RELEASE

GOVERNMENT'S AGENDA QUESTIONED

The Mayor of Latrobe, Councillor Peter Freshney is calling on the State Government to further elaborate on their decision to actively consider acquisition of Local Government's water and sewerage assets and ownership of TasWater.

Mayor Freshney stated Latrobe Council had been one of the most impacted Councils following the almost forced transfer of water and sewerage by the previous state government from local councils to regional water corporations and then Taswater.

Water and sewerage reform has long been a contentious issue, both within the Local Government sector and more widely for all Tasmanians. There has and always will be a great disparity between those councils and communities who have benefited, or alternatively, been disadvantaged by the reform agenda thus far. Again, there will be a similarly based divide associated with the current Liberal Government's preferred position to actively consider State Government ownership of Taswater.

Full credit to the Treasurer for the way in which he has orchestrated a well-planned, coordinated media based campaign to discredit the current ownership model, to attack the Local Government sector and to further inflame public discontent with his emotive references to the long term boiled water alert issue. Thus far this adversarial approach has been successful in dividing our sector, aided and abetted by some with political affiliations and some whose communities stand to benefit from the proposed change of ownership and political control of community owned and built infrastructure.

Unfortunately the focus has now turned to the financial viability of the most adversely affected councils, speculation surrounding the underlying agenda, consideration of an appropriate financial compensation model, accusations of a continuation of the centralisation of power in the capital and in some cases, consideration of an equally adversarial response.

Unquestionably the current and future State Governments stand to benefit with the addition of an estimated \$1.5 billion of assets to its balance sheet and the annual contribution to treasury

coffers of dividends and disbursements from yet another Government Business Enterprise. Similarly, our communities will be adversely impacted by the loss of those same assets and disbursements and intentionally or not, the financial viability of a number of councils will be in jeopardy.

The later would potentially lead to the amalgamation of existing councils and a more politically acceptable outcome for those with a Local Government reform agenda as their priority. The imposition of a rate capping model by the State Government would almost guarantee that outcome and reinforce the view that that this government has found a way to implement Local Government reform where their colleagues in Western Australia, New South Wales and Queensland have substantially failed.

Immediately prior to the implementation of the water and sewerage reforms, Latrobe Council received approximately \$850,000 in dividends from its investment in water and sewerage infrastructure. This return conformed with the State Government Prices Oversight Commission (now Economic Regulator) ruling that a 7% return on its water and sewerage assets was required to comply with the National Water initiative's expectations.

These funds helped underpin the provision of infrastructure and services to our community while at the same time allowing Council to maintain its position as one of the lowest rating Councils in the state.

In the most recently completed financial year, Council's disbursements from TasWater totalled \$627,000 and were set to further reduce to \$380,000 as a result of the TasWater Board's decision to cut dividends to further fund their capital works program.

Despite this significant loss of income, Council continues to retain its strong balance sheet, low rates and a debt level that is the envy of many.

Transfer of ownership and the associated loss of disbursements to the State Government would require approximately 9% across the board rate increase for all Latrobe Municipality ratepayers if we are to maintain current income levels and not impact on the provision of services.

That is far from our preferred position and clearly we need to work within our sector and negotiate with the Treasurer to provide an alternative means by which to expedite the delivery of TasWater's current 10 year Capital Works Program.

Undermining the capacity of Local Government to deliver to their communities may be an acceptable political ploy but hardly appropriate if we are to jointly bring about an effective financially responsible resolution to this ongoing problem without further eroding everyday Tasmanian's standard of living.

ENDS

FOR FURTHER COMMENT:

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