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Media Release

Treasurer's only guarantee – debt will be deeper and last longer

A revamped offer to councils by Treasurer Peter Gutwein guarantees nothing except that it will saddle the state with even more debt for longer into the future.

TasWater Chairman Miles Hampton says the reason the Legislative Council in November rejected the State Government's hostile takeover of TasWater is because it was not backed up by evidence.

"The government failed to provide the financial detail required to indicate that it could manage TasWater any better than the council owners and independent board.

"All it did show was that government ownership would put the viability of TasWater at risk."

"It's artificially managed pricing structure and accelerated works programme would rack up a state debt equivalent to \$2,675 for every TasWater customer, accruing interest for decades to come.

"This announcement today only deepens those concerns."

Under the government's previous plan, dividends would be guaranteed to councils until 2025, receiving fifty percent of TasWater's profits- the problem is, Peter Gutwein has provided no evidence of how he would make TasWater profitable- and fifty percent of nothing is nothing. Now committing an annual payment to councils of at least \$20 million per annum will lock in an even greater commitment to debt.

"In contrast TasWater's plan encompasses a fully financed infrastructure program, customer pricing overseen by Tasmania's independent economic regulator and an organisation managed by an independent board and water industry professionals."

Nationally, Tasmania's model of a water utility, independent of government but overseen by financial, environmental and health regulators has been assessed as one of the best in Australia, and that it provides the community with a water and sewerage system well placed to meet the challenges of the future.

This was also the comprehensive decision reached by the Legislative Council.

Peter Gutwein's new proposal goes no way to redressing the fundamental flaws in his argument to justify the takeover of TasWater and must be seen in the light of an election campaign, Mr Hampton warns.

"Short term enticement may well come at the expense of enduring debt, far exceeding the established election cycles."

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