

3 July 2017

Hon Elise Archer MP
Speaker of the House of Assembly
Parliament House
HOBART, TAS. 7000

Dear Madam Speaker

Citizens Right of Reply

I submit this Citizens Right of Reply on the grounds that my personal and professional reputation has been seriously and adversely affected by unfounded comments and claims made by the Treasurer Hon Peter Gutwein MP, and more than this it has brought disrepute on the current and previous directors of TasWater and its antecedent corporations, the work undertaken by TasWater employee's and the right to engage in debate without the fear of unfounded political accusations. The statement I refer to was made by the Treasurer, Hon Peter Gutwein MP in the House of Assembly on 3 May 2017 regarding the Government's plans to take over TasWater. These statements were supported by the Premier Hon Will Hodgman MP in answer to a Question Without Notice the following day.

Madam Speaker, it is disappointing and unfortunate that the Treasurer's statement has elevated this issue from a dispute about the respective merits of the Government's and TasWater's plans for the upgrading of Tasmania's water and sewerage infrastructure, to a personal attack on my character, motivation and responsibilities as a company director under law.

It is equally disappointing that he would do so under the protection of Parliamentary Privilege, when to make accusations of "duplicity", "propaganda" and misrepresentation (in advice provided to shareholders – a clear implication of failure to uphold my obligations as a company director), and acting in "self-interest", would cause me to seek legal redress, if made outside the House of Assembly.

Further, in relation to the Premier's comments on this subject, while TasWater has indeed been critical of the Government's takeover plan for TasWater, neither the organisation nor myself have made personal attacks on Mr Hodgman, Mr Gutwein or any other member of the Government or Parliament.

Madam Speaker, as a company director and board chair of long-standing, I submit that these are very serious and indeed malicious allegations that should not be thrown around lightly under the protection of Parliamentary Privilege.

I will now supply the missing context for the quoted letter.

The Treasurer chose to use selective quotations from a letter written one year ago (on 20 May 2016) and presentations I made to our council shareholders, in his attempt to deflect

attention from the facts and support his position surrounding the attempted takeover of the State's water and sewerage business.

The May 2016 letter quoted by the Treasurer, related to a request for funding to upgrade the State's water and sewerage infrastructure made prior to the last Federal election. That submission based on a 10-year, \$1.8 billion plan to responsibly address the state's key water and sewerage infrastructure challenges comprised:

- Owner councils having their distributions frozen over the 10-year period;
- TasWater finding additional annual savings of \$10 million per annum;
- The State Government contributing \$10 million per annum; and
- The Federal Government contributing \$30 million per annum.

That letter rightly reflected that the status quo was not acceptable and that TasWater had developed a proposal to address the key risks in a sensible timeframe.

The letter did acknowledge that we had much to do, but it did not say the sector was in "crisis".

It said a long-term plan was needed to ensure appropriate risk mitigation and it detailed such a plan.

The \$1.8 billion plan referenced in the letter would not only have addressed the key challenges the State faced but also the relocation of Macquarie Point Sewerage Treatment Plant and upgrades to the Launceston Combined Stormwater and Sewage System (both excluded from the current State Government plan).

It is worth noting that the overall cost of both these projects would be minimized if undertaken in parallel to the significant planned expenditure on the sewerage systems in Hobart and Launceston, hence our seeking State and Federal government assistance to fund these projects specifically.

The Treasurer indicated that he supported the plan, but subsequently advised that the State Government had determined to make the relocation of the two northern UTAS campuses the State's number one priority for Federal Government funding prior to the last Federal Election. In doing so he advised that neither State nor Federal Government funding was available for TasWater.

Recognising the need to get on with the job TasWater developed an alternate plan.

The revised \$1.55 billion plan involved:

- The achievement of further savings by TasWater (increased from \$10 million to \$15 million per annum);
- A one-third reduction in distributions to our Owners (from \$30 million to \$20 million per annum);
- Removal of the Macquarie Point Sewerage Treatment Plant relocation project and upgrades to the Launceston Combined Stormwater and Sewage System from the

plan (on the basis that in TasWater's view, these projects should not be funded by water and sewerage customers, or given priority over addressing the broader public health and environmental challenges);

- Projected borrowings at year 10 of approximately \$900 million, being consistent with independent expert analysis that confirmed that TasWater's targeted interest cover ratio of greater than 2.0 times aligned with the median interest cover ratio of comparable water utilities.
- We are now getting on with this plan and we are one year into implementation

I would like to reiterate that there is no inconsistency between my letter of 16 May 2016 and my response to the Government's recent statement that we are in crisis.

As stated in the letter, I have always, and will continue to make it clear that we have much to do. That the Government would seek to substantiate a claim of dupliciousness on my part on this matter is both disingenuous and morally bankrupt.

In my letter to the Treasurer of May 2016, I was in fact pointing out the need to find a way of addressing the issues as TasWater saw them, while offering up a solution.

The Treasurer makes reference in his statement that water and sewerage prices will be lower, a point which I have acknowledged. However what the Treasurer does not provide is transparency around the additional and unnecessary \$600 million in debt that will burden Tasmanians for generations to come, nor the impact of removing \$160 million out of the State Budget to pay councils. This money will have to come from somewhere and will inevitably mean less funding is available for hospital beds and other essential community services.

Madam Speaker, in this parliament the Treasurer and Premier have openly and publically questioned my character. The episode raises serious questions in regards the character of the Treasurer and Premier.

Specifically:

1. In reference to my letter – why would the Treasurer state on one day that it was acceptable to put small towns on tanks and later argue that they should all have reticulated treated water?
2. In reference to my letter – why would a Treasurer say he is keen to save customers money but when presented with the opportunity to support significant cost saving initiatives (that would keep prices lower) state that he could only guarantee support if those initiatives are implemented after the next State election?
3. In reference to my letter – why would a Treasurer who has railed for three years against Councils taking dividend payments then propose to guarantee same for the first eight years under government ownership?
4. In reference to the Premier publically ratifying the Treasurer's comments – Why would he do so when as Leader of the Opposition when the reform first happened he stated on the ABC Stateline Program on 1 June 2007 "I think it would be unfair, undesirable and in many respects immoral for the state government to simply rip

away from local councils assets and a revenue stream without properly compensating them”

I will let others judge the character and motivations of such contradictory statements.

Further to this, the Treasurer’s attack on the writer is a criticism of all Board members who have served on TasWater and its antecedent corporations.

For the record I list the directors, not to share the responsibility but to point to the experience and high standing of both current and past directors.

Current & Former Directors

Grant Atkins	FLGMA, GAICD	Former Council General Manager
Brian Bayley	Dip.Civ.Eng	Former CEO Melbourne Water
Jane Bennett		Director TasPorts
Nick Burrows	B.Com, FCIS, CA FAICD	Chairman TasTafe
Sally Darke	B.Ec, FAICD	Director TasPorts
Roger Gill	B.E, MAICD	Director Tas Irrigation
Tony Kelly	CPEng,Dip Civ Eng, MAICD	Former CEO Yarra Valley Water
Sibylle Krieger	LLB(Hons), LLM,MBA	Former Director Alconnex Water QLD
Dr Helen Locher	PhD(Civ Eng, BSc, MEnv Sc	Former Board Member EPA
Peter Lewinski	B.Ec,MBA,FCA,FAICD	Former Director Western Region Water
Tony McCormick	B ChemEng(Hons), GAICD	Former Chair Cradle Coast water
Sarah Merridew	B.Ec, FAICD, FCA	Former Partner Deloitte
Dr Dan Norton	Ph.D, MEc,BAg Sci(Hons)	Chair TasNetworks, Fmr CEO Hydro
Dr Jane Sargison	BE(Hons),DPhil,MAICD	Director, TasNetworks, Rhodes Scholar
Liz Swain	MBA, Dip. AppSci	Former Chair Esk Water
Geoff Willis	B.Comm, MBA,CPA,MAICD	Former CEO Hydro Tasmania
Rob Woolley	B.Ec, FCA	Former CEO Webster Ltd

This extremely well qualified and experienced group of directors and leaders has at all times taken their obligations as directors very seriously, as has the writer.

To contend otherwise as the Treasurer has done in his statements is a completely unjustified stain on each of us.

This also extends to the credibility of the many fine and dedicated people who either currently or have in the past have worked for TasWater or its antecedent corporations.

With neither the Department of Health and Human Services nor the Environment Protection Agency having called the situation a crisis, and claiming he better understands the matter; the Treasurer makes it clear that he has no regard for the professionalism and independence of these two agencies.

Madam Speaker, there are many things that the Treasurer said that are personally offensive, but none more so than his suggestion that I am not acting in the best interests

of Tasmania. Throughout my entire adult life I have sought to contribute to the Tasmanian community way beyond my employment roles. I have done so because I believe in Tasmania and I find the suggestion that I would put personal self interest ahead of helping to build a better Tasmania disgusting and shameful.

Regrettably the Treasurer and Premier have sent a very powerful message to leaders in our community... take care in accepting board roles while this Government is in power, for if having done so you choose to differ from their view of the world, they will marshal every resource at their disposal to seek to damage your reputation and question your motives.

The present governance model where the corporation is answerable to regulators is the correct model for long life intergenerational assets.

It keeps the provision of water and sewerage infrastructure and pricing at arms length from government of the day and the exigencies of the electoral cycle.

In closing I request that the contents of this letter be incorporated in Hansard.

Miles Hampton

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