

► An open letter to the people of Southern Tasmania

The facts about Southern Water

Southern Water was established by the State Government as part of a major reform of the Tasmanian water and sewerage industry.

We are an incorporated company, wholly owned by the twelve southern councils: Brighton, Central Highlands, Clarence City, Derwent Valley, Glamorgan Spring Bay, Glenorchy City, Hobart City, Huon Valley, Kingborough, Sorell, Southern Midlands and Tasman Council.

In our first year of operation we delivered returns to our owner councils totalling \$12.2 million.

Over recent weeks there has been significant public comment about Southern Water. Clearly, there are a number of misconceptions, and I hope this open letter will help to address these. I believe it is important that you know the facts about the water and sewerage services provided by our hardworking employees to all our customers across southern Tasmania.

Miles Hampton
Chairman, Southern Water

Fact: It costs money to deliver safe drinking water to your home.

Delivering drinking water which meets national health guidelines to homes and businesses comes at a significant cost – about \$9 million dollars a year in electricity and treatment chemicals alone.

To get water to you, it must be extracted from the environment, cleaned and treated, delivered to your home and then removed as wastewater before being treated again until it is clean enough to be released into the environment again.

Fact: Southern Water provides a vital service.

The money we receive from customers covers the delivery of water and sewerage services to your homes and businesses. Southern Water delivers water to 96,600 properties. We take away and treat the sewerage from about 86,000 homes and businesses. That's about 240,000 Tasmanians accessing our services.

Your water and sewerage charges are also used to maintain and develop all the water and wastewater assets around the south of the state. This includes the provision, operation and maintenance of dams and reservoirs, water treatment plants, sewerage treatment plants and water and sewerage pipes.

Fact: Water and sewerage infrastructure needs to be updated.

Local government in Tasmania worked hard over many years to provide adequate water and sewerage infrastructure to meet the needs of the community.

However, many councils had fallen behind in maintaining and upgrading infrastructure. This led to the State Government's decision to overhaul the industry by setting up the water corporations.

Much of the infrastructure in our State is ageing or in disrepair. There is at least \$500 million of work to be done on water and sewerage assets in the south to bring our services in line with national standards.

Fact: Current prices for water and sewerage are unfair.

Currently, charges are calculated in the same way as they were by your local council before the reforms in 2009. For properties without a meter, this means your water and sewerage accounts are based on the value of your property. This doesn't reflect how much (or how little) water is used.

By law, Southern Water cannot use a different system until meters are installed and two-part pricing comes into effect. This process was put in place by Treasury to provide transparency in our first three years of operation.

The reforms have highlighted these unfair differences in water and sewerage prices across the 12 municipalities in southern Tasmania.

Fact: We are very aware that cost of living issues are hurting many Tasmanians, and we are determined to keep price increases as low as possible.

When the water corporations were set up in 2009, a maximum price increase of up to 10% each year was approved by the Treasurer.

Currently, the State Government is helping us to keep price increases at 5% by providing a rebate.

While we expect that this subsidy will ultimately be removed, we are working with the State Government and our owner councils to ensure that the removal of the subsidy does not create undue hardship for our customers.

Fact: Sometimes we get it wrong.

As you're probably aware, things haven't been going as smoothly as we would like with our billing processes.

We apologise to those customers who have received incorrect or late accounts.

These problems have been due to issues with our current interim billing system and the transfer of account details from council data.

The process is a complicated one: at the moment, we must use 149 different water and sewerage rates to bill our customers.

We are working with the other water corporations on a new statewide billing system which will reduce these errors.

Water meters: your questions answered

Why do we need water meters?

Water meters are an essential way to measure how much water each property uses. Meters will also enable the introduction of fairer pricing for all Tasmanians.

Water meters will also help us find leaks in the system – if an unusually large amount of water registers somewhere, we can use this information to check if there is a leaking pipe.

At the moment we may be wasting up to 20% of the treated water we produce in underground, undetectable leaks.

If we save this water instead of wasting it, we reduce the cost of delivering water, and make savings on the cost of the cleaning and treatment chemicals we must use to make sure your water meets national standards.

With less water wasted, we can postpone expensive infrastructure upgrades and pass on the savings to our customers.

For example, during the Summer, Southern Water infrastructure often runs at 100% capacity, just to meet the demand for water across greater Hobart. We produce up to 160 megalitres a day from our Bryn Estyn water treatment plant, sourced from the Derwent River.

If we save water though eliminating leaks, we can use our existing infrastructure more efficiently, resulting in savings for our customers.

How will my bill change?

From 1 July 2012, water and sewerage prices will be determined by the Economic Regulator. Water will be charged in two parts: a fixed fee to cover the cost of infrastructure, such as dams, reservoirs and pipes; and a fee for the water that's used, which covers water extraction, pumping and treatment costs. This is called 'two-part pricing', and its introduction from mid-2012 means every property in Tasmania will be charged in the same way – a fairer system for all.

Are meters cost effective?

As with all major project plans, a cost benefit analysis has been conducted. This independent analysis shows that introducing meters will increase efficiencies for Southern Water over time.

Will I have to pay for my meter?

There will be no extra or separate charge for a new or replacement meter. The cost of your meter will be covered through your normal water and sewerage rates.

How much will it cost to read meters?

We are planning to use automated meter reading technology, where a car drives past your home to wirelessly pick up a meter reading. This costs around 90% less than manual reading.

In southern Tasmania, 26,000 houses are already metered and manually read. Part of this project is to update existing meters. We will read meters every quarter using this drive-by technology.

For more information about your water and sewerage services, please call us on 13 MYWATER (136 992)



water is our life, yours too.