

MEDIA RELEASE

14 November 2017

Auditor-General assesses the outcomes of the water and sewerage industry reforms

Today, Auditor-General Mr Rod Whitehead, tabled a report in Parliament presenting his findings on whether the government-intended outcomes arising from the reforms of the water and sewerage industry in 2009 and 2013 have been achieved.

The report examined the achievement of intended outcomes relating to improved public health and environmental benefits, improved strategic asset management, expected financial benefits and improved customer service.

Mr Whitehead stated “with the exception of improved environmental outcomes in wastewater treatment, the intended outcomes have either been fully or partially achieved.”

The Auditor-General concluded the reforms delivered improved public health benefits, but not the expected improved environmental benefits. This was because the water and sewerage entities focused on improving water quality over wastewater compliance and performance.

Strategic asset management of water and sewerage infrastructure had improved with increased maturity in strategic asset planning and state-wide infrastructure planning and an increased level of understanding of the criticality and condition of the infrastructure assets. However, despite growth in, and renewal of, the water and sewerage network since the commencement of the reforms, the extent of renewal had not been at a rate commensurate with the age and condition of the infrastructure assets.

The reforms have largely delivered the expected financial benefits. The introduction of two-part pricing has provided customers with an equitable pricing approach and an appropriate charge for the water and sewerage services they receive. The reforms have provided the regulated entities with increased revenues and cash flows, greater flexibility to deal the capital expenditure program and access to higher levels of debt funding.

However, Mr Whitehead stated “that some regulated entities have not taken advantage of the improved capacity to service debt by drawing on additional borrowings to accelerate infrastructure investment”.

Customer service has broadly improved, assisted in part by the introduction of a more robust regulatory framework.

The complete Report can be downloaded from www.audit.tas.gov.au.

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