

EMPLOYEE CIRCULAR

To all Tasmanian local government and bulk water authority employees

WATER AND SEWERAGE REFORM

As you would be aware, the State Government conducted a review into the delivery of water and sewerage services across the State and determined that the current way in which water and sewerage services are delivered to the Tasmanian community is unsustainable and needs to change.

Part of this change, supported by the Local Government Association of Tasmania, includes removing the responsibility for the provision of water and sewerage services from councils and bulk water authorities to one of three council-owned regional water and sewerage corporations. It also includes establishing a fourth common services corporation to provide common services to each of the three regional corporations.

In the course of conducting the review, it became very clear that all employees who work directly on water and sewerage, and those in an indirect support role in councils, will have a bright future in the sector, which is expected to grow strongly in response to the reforms.

In writing to you, we hope to address some of the concerns that you may have in relation to the proposed changes and the process of transferring to the new corporations. We have attached a timetable of key dates to let you know when you can expect more information to be available. There will be many decisions that the new corporations themselves will need to make, such as the organisational structure of the regional corporations, the level of contracting back to councils that may be required during the transitional phase, where the new corporations and works depots will be located, etc. We expect that the new management teams will be in a position to answer many of these questions early in 2009.

Most importantly, it is our clear intent that the existing water and sewerage workforce is retained as the changes occur. When the new corporations are established, we believe more staff will be needed than those currently employed due to increased investment and other activity in the sector. All existing water and sewerage staff directly involved in providing water and sewerage services will be offered a position in one of the four new corporations and transferred effective from 1 July 2009.

Legislation to protect your employment conditions and entitlements for the first twelve months has been passed by Parliament. The transfer will occur on a 'no net detriment basis', which means that you will not be any worse off overall in terms of your pay and leave and associated conditions. It is our expectation that all performance-based or other salary increments payable between now and the transfer will, in the normal course of events, be honoured by the new corporations.

There are important issues for the new corporations to consider, such as where two people transferring from different councils may be doing the same job but receiving different pay and working arrangements. Water and sewerage reform that has occurred elsewhere in Australia indicates that this is a key initial task to be addressed by the new corporations.

Changes to the location of those staff involved directly in water and sewerage services is not anticipated after the new corporations are in place. The water and sewerage assets cannot move and the people who work on them will need to be located nearby, regardless of whether existing council depots are leased to the new corporation, or a new depot is established in the same vicinity. It is not anticipated that these employees will need to move from where they currently live.

Discussion on what functions might be included in the common services corporation is currently underway and are envisaged to be concluded by September 2008. The functions most likely to transfer are corporate support services (such as payroll and IT services) and customer services (such as billing and customer enquiries).

For staff indirectly supporting water and sewerage services who may be impacted by the common services corporation, it will be up to your council and the new corporations as to which support staff will be needed. If you are required to transfer, you will be advised following the finalisation of the due diligence process, which is anticipated to be at the end of December 2008. It is expected that from February 2009 a clearer picture will be provided to staff associated with the operations of the common services corporation. Transfer to the common services corporation will be effective from 1 July 2009.

Prior to transfer, concerns that you may have regarding job security and remuneration should be directed to your council General Manager. The General Manager is able to raise issues with the Implementation Joint Steering Committee - which includes representatives from Local Government and Treasury. Staff employed in the bulk water authorities should direct remuneration and job security queries to the Chief Executive Officer.

The investment stimulated by the reforms will greatly improve the operation of our water and sewerage assets across the State and will provide reticulated services more widely in the longer-term. This will greatly improve environmental and public health outcomes for the community. It will also create significantly more work than what occurs currently and secure the future of the water and sewerage sector. The new corporations will be very strong businesses and will have a greater capacity to provide those staff transferred with enhanced employment and career opportunities.

Your positive contribution is the sector's greatest chance of success - a success that is critical to the future of our community and will help strengthen our economy and improve public health and environmental outcomes. The new corporations will face significant challenges but there will be considerable opportunities for employees with energy and ideas.

Further information regarding the water and sewerage reforms can be found on the Local Government Association of Tasmania website at www.lgat.tas.gov.au, or on the Treasury website at www.treasury.tas.gov.au. In the coming weeks, the Local Government Association of Tasmania website will be regularly updated to provide questions and answers for employees on the implementation of reforms.

Yours sincerely



Michael Aird
Treasurer



Mike Gaffney
President, Local Government Association of Tasmania

August 2008

Encl.

Water and Sewerage Reform: Key Transitional Timetable

June 2008	<ul style="list-style-type: none">• First Implementation Joint Steering Committee Meeting• Owners Representatives to be Appointed by Local Government
August 2008	<ul style="list-style-type: none">• Chairperson Appointed
September 2008	<ul style="list-style-type: none">• Regional Board Members Appointed
October 2008	<ul style="list-style-type: none">• Creation of Corporations
November 2008	<ul style="list-style-type: none">• Regional Corporation CEOs Appointed• Common Services Corporation Established
January 2009	<ul style="list-style-type: none">• Regional Corporations to Commence with Minimum Capability
February 2009	<ul style="list-style-type: none">• Detailed Due Diligence Process to Identify Services and Functions to Transfer Finalised
April 2009	<ul style="list-style-type: none">• 1st <i>State of the Industry</i> Report Tabled in Parliament by Regulator
July 2009	<ul style="list-style-type: none">• Target Date for Full Transfer of Assets, Liabilities and Staff (1 July 09)• Regional Corporations and Common Services Corporation to Begin Full Operations
November 2009	<ul style="list-style-type: none">• Post Implementation Review of Structural Reform