TCCI Submission to the

Inquiry into the Financial and Operational Performance of TasWater

Parliamentary Standing Committee of Public Accounts

October 2026

TCCI's further submission to this inquiry is consistent with our position in our March 2026 submission on TasWater's proposed Price and Service Plan and our subsequent submissions on the Review of the Economic Regulator Act 2009 and Competitive Neutrality Policy and the draft Economic Diversification and Investment Strategy.

TasWater must provide reliable services, operate efficiently and justify its charges. We support necessary infrastructure investment, but customers should not be expected to fund historical underinvestment while owner councils continue to take dividends.

TasWater is a monopoly. Businesses cannot choose another provider or negotiate a better price. It does not face the competitive pressure other businesses face to contain costs. Independent scrutiny must provide that discipline.

The inquiry should address three fundamental issues:

- Efficiency: TasWater must demonstrate that its costs are necessary and efficient before seeking more revenue from customers.
- Reinvestment: Owners must prioritise infrastructure renewal over dividends.
- Accountability: Charges must be justified, service commitments delivered and poor decisions subject to scrutiny.

1. Financial and operational settings, statutory objectives and housing priorities

TasWater's financial arrangements should support its service obligations and Tasmania's housing and business needs. They should not allow rising expenditure to be routinely passed on to customers.

TCCI recommends:

- Independent reviews of operating, capital and financing costs, including management structures, workforce utilisation, procurement and financial risk management.
- Scrutiny of employee benefits and spending on facilities, technology and sponsorships. These costs must be justified by operational need and productivity.
- Exclusion of inefficient expenditure and costs arising from avoidable mistakes or poor management from customer charges.
- Comparison with similar providers interstate and relevant private sector services, recognising legitimate differences in geography and scale.
- Consideration of outsourcing, shared services and other delivery arrangements where they can improve efficiency and service.

- Published findings and action on identified inefficiencies.

TasWater must also support housing delivery under the National Housing Accord. Infrastructure constraints, uncertain charges and slow decisions can prevent viable projects from proceeding.

TasWater should provide clear advice on available capacity, infrastructure requirements, costs and assessment timeframes. Its investment program must be coordinated with councils and the State Government's housing priorities.

2. Owner councils, dividends, capital investment and customer pricing

Dividends should not be taken while legacy infrastructure deficiencies remain the justification for higher customer charges. They should only be paid when TasWater generates a genuine surplus under a prudent and sustainable business case.

TasWater was established to achieve the scale needed to improve infrastructure and services. Its primary purpose should not be to provide income to its owners.

Councils cannot continue to extract dividends while customers are asked to fund the consequences of historical underinvestment. Council reliance on that income does not justify higher water and sewerage charges.

TCCI recommends:

- Earnings to be retained for necessary infrastructure renewal, with dividend expectations revised accordingly.
- Independent assessment of appropriate owner returns, taking account of investment needs and customer costs.
- A stable, ongoing renewal allowance so assets are replaced progressively, rather than through repeated catch-up programs funded by sharp price increases.
- Non-core commercial investment to be funded through retained earnings, efficiencies or the value it generates. Any proposed customer funding must have a credible business case demonstrating long-term customer benefits.

An identified infrastructure need is not, by itself, a sufficient business case. TasWater must demonstrate that proposed expenditure is necessary, efficient, properly sequenced and deliverable.

3. Implementation of the 2026–2030 Price and Service Plan

Members continue to report substantial charges that appear disconnected from their water use or the infrastructure required to service them. Examples include charges associated with large connections required for fire suppression, despite low routine water consumption and sewerage discharge.

TasWater must explain how these charges relate to the service provided and its efficient cost. Suggesting a smaller connection is not an answer where the connection size is required for fire safety.

TCCI recommends:

- Review of charges associated with fire protection requirements, including whether connection size is an appropriate basis for charges.
- Assessment of impacts on different business customers and their capacity to pay. An average price increase does not explain or justify a much larger increase for an individual business.
- Clear billing information and accessible review processes so customers can understand and challenge charges.
- Public reporting against approved expenditure, project delivery and service commitments, with explanations and corrective action where commitments are not met.
- Efficiency savings to flow through to customers.

TCCI supports greater use of usage-based charging where it improves fairness and gives customers more control over their bills. This is not support for increased revenue recovery through changes in charging structure.

Changes must be supported by cost modelling, customer impact analysis, proper consultation and appropriate transitional arrangements.

4. **Removal of the 24-month remission for newly subdivided lots**

Removing the remission brings forward costs for developers before lots generate income. This must be considered alongside the State's objective of increasing housing supply.

The Committee should require TasWater to demonstrate:

- The costs and additional revenue underpinning the decision.
- The impact on development feasibility and housing delivery, including the cumulative effect of other development charges.
- What consultation occurred before the decision, what alternatives were considered and how industry feedback was addressed.
- How projects committed under the previous arrangements will be protected.

If the change cannot be justified by efficient costs and proper consideration of housing impacts, it should be reconsidered.

Developer charging reform should improve fairness and efficiency without increasing overall revenue recovery or making housing and business investment less viable. Investors need predictable rules when committing to projects.

5. **Other matters — stronger oversight and priority infrastructure**

TCCI's submission on the Review of the Economic Regulator Act 2009 and Competitive Neutrality Policy recommends stronger oversight of pricing, efficiency and service quality across public entities, including TasWater.

TasWater already has price regulation. However, approving a price path is not enough. There must be ongoing scrutiny of expenditure, service delivery and the incentives to contain costs.

TCCI recommends:

- Regular independent efficiency and service reviews, with published findings and follow-up.
- Scrutiny of whether pricing arrangements allow higher expenditure to be passed on without sufficient pressure to reduce costs.
- Community service obligations to be separately identified, costed and transparently funded.
- Competitive neutrality across relevant commercial activities, including joint ventures and third-party arrangements.
- Action where monopoly or public ownership advantages unfairly disadvantage private businesses, including in competition for labour.
- Binding corrective action for established competitive neutrality breaches, accessible complaints processes and a right to seek compensation for resulting losses.

TCCI continues to support the Launceston Sewerage Transformation project as a priority for housing, business growth and improved environmental outcomes. That support does not diminish the need for efficient delivery, owner reinvestment and scrutiny of costs passed to customers.

TCCI recommends that the Committee support changes requiring TasWater and its owners to address costs, efficiency and reinvestment before seeking further increases in customer charges.