Corporate Plan

FY2027–31

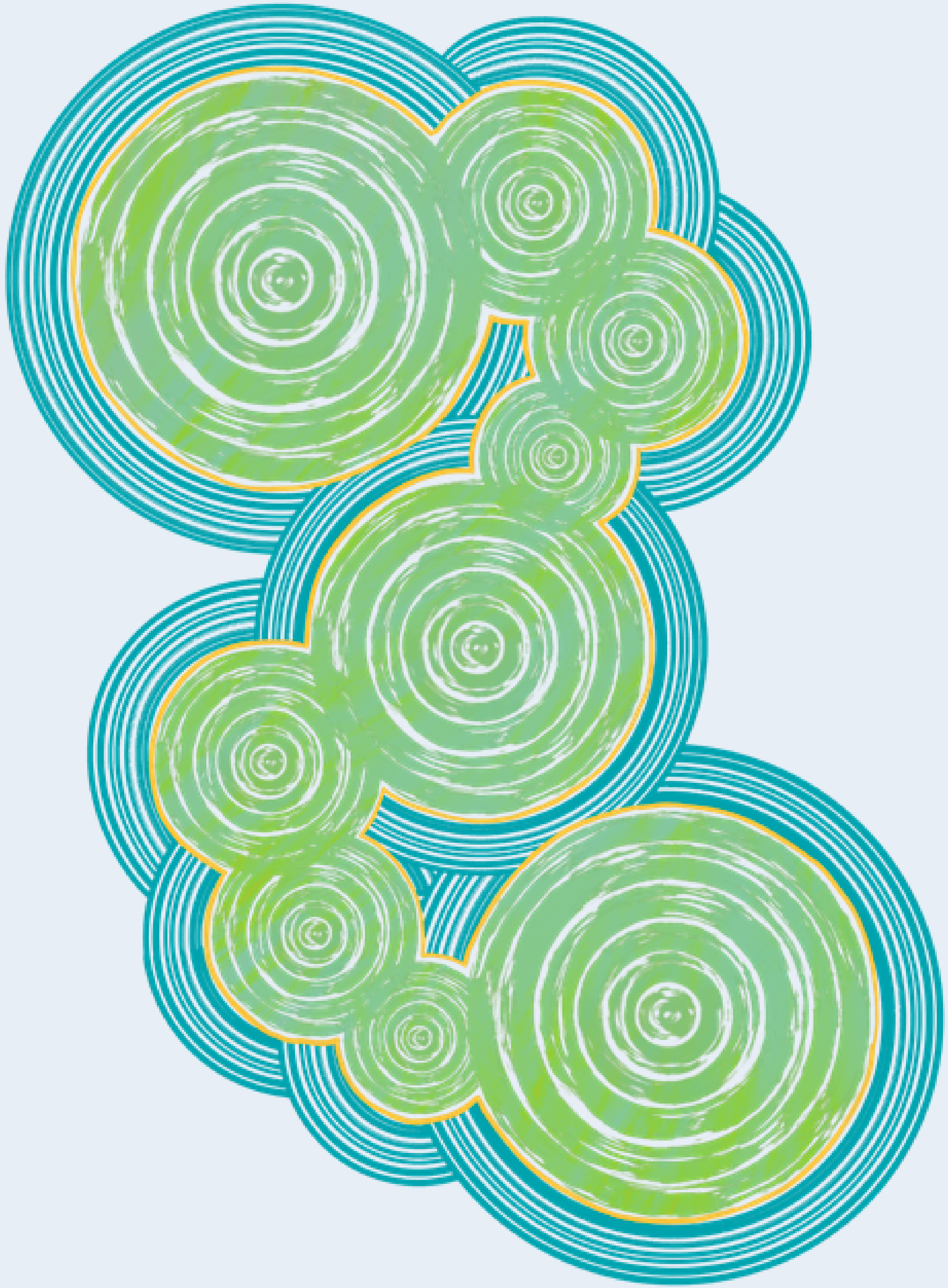


Image credit – Caleb Nichols-Mansell

Since creation, the Palawa have lived in Lutruwita – Tasmania. More than 2,000 generations of Aboriginal families have cared for this Country, looking after its lands, seas, skies and waterways.

In the spirit of respect and gratitude, TasWater acknowledges the Tasmanian Aboriginal community as the traditional and ongoing custodians. We pay our respects to them, their culture and to elders past and present.

TasWater commits to working collaboratively and respectfully with the Tasmanian Aboriginal community to protect and sustain the precious resources on this ancient land for future generations.

Contents

1. Message from the Chair and CEO

As a statewide provider of essential services, TasWater's purpose — to deliver exceptional water and sewerage services for a thriving Tasmania — guides every decision we make.

We are getting on and doing what we are here to do by being open, honest and transparent about the realities we face as a community, and the choices required to manage them responsibly.

We are operating in an environment of rising expectations and growing pressures. Cost-of-living challenges continue to affect households and businesses. Customers expect reliable services, clear communication and strong environmental performance. This is occurring against a backdrop of significant geopolitical uncertainty, which is contributing to supply chain risks and rising operating cost pressures. At the same time, climate impacts are becoming more frequent and severe, increasing risk to water security and placing greater demands on our networks.

We must also address the legacy of ageing infrastructure. Sustained investment is needed to renew assets, lift performance and reduce failures over time; while ensuring we have the workforce capability to deliver safely, reliably and sustainably now and into the future.

Taken together, these factors shape the strategic choices in this Corporate Plan for FY2027-31.

Our progress and priorities

Over recent years, we have started to modernise how we plan, deliver and operate our services. Over the next five years, we will build on that progress by continuing community engagement, embedding environmental stewardship across our business, maintaining financial sustainability, growing a capable and inclusive workforce, continuing our digital uplift, and advancing a more integrated approach to climate resilience and water security. These priorities are connected: they influence how we manage risk, how we meet regulatory obligations, and how we maintain community trust while delivering the services Tasmanians rely on every day.

The scale of investment needed to renew poorly-performing infrastructure, support new housing and adapt to a changing climate continues to increase. We are constantly balancing what we must do to meet customer and community expectations and regulatory obligations with the impact this has on prices.

We acknowledge and welcome the Tasmanian Economic Regulator's final pricing determination, which will see water and sewerage prices across Tasmania increase 5.7 per cent per year from 1 July 2026. The Regulator's decision is lower than our proposed increase and we will now prioritise the most critical projects within our approved capital expenditure, addressing our ageing infrastructure and improving network reliability.

Maintaining financial sustainability enables us to fund essential infrastructure, meet regulatory obligations and maintain reliable services. We must ensure we manage risks such as cost pressures, supply chain uncertainty, higher debt levels and interest rate movements, alongside the impact that any delayed investment has on future costs and compliance risk. As a result of the organisation's projected lower earnings, forecast dividends will be $24M in FY2027, reducing to $20M per year for the rest of the period.

We are also responding to increasing regulatory expectations, including water quality, environmental compliance, dam safety, cybersecurity, the physical protection of critical infrastructure, transparency and data privacy. These regulatory frameworks provide clearer direction for long-term investment and service improvement, but they also increase costs, complexity and delivery risk.

Customer expectations are evolving too. Our extensive customer research tells us customers increasingly want clear, timely and proactive communication about service interruptions, pricing and performance. They expect interactions that are easy and responsive, including through digital channels. We will continue to support vulnerable customers over the Corporate Plan period through our enhanced TasWater Assist program.

Our people remain essential to delivering this plan. Tight labour markets and changing skill requirements mean we must continue to invest in leadership capability, wellbeing and safety, to ensure we have the capabilities required to deliver major programs of work now and into the future.

Technology will continue to play a central role in how we work. Digital platforms, data and AI create opportunities to improve customer experience, asset management and decision-making. Realising these benefits requires strong governance, robust cybersecurity controls and disciplined data management to protect critical systems, customer information and community trust.

Climate change and environmental sustainability remain defining challenges and opportunities. We have commitments to net zero emissions, net zero nutrients discharged to waterways, and zero waste to landfill by 2050. Alongside these commitments, we will continue to strengthen resilience to extreme weather, improve water security and embed climate considerations into planning, investment and day-to-day decisions.

Delivering value for Tasmania

Over the life of this Corporate Plan, we will continue to invest to address ageing infrastructure and deliver improved outcomes for customers, communities and the environment. Our priorities and sequencing reflect the funding envelope set through the current pricing determination, and the need to make difficult but responsible choices about where effort and investment are focused.

Within these constraints, we will prioritise managing risk and delivering the greatest overall benefit for Tasmania, while balancing customer expectations, regulatory obligations, and price impacts. We are committed to investing prudently and operating efficiently for the benefit of customers and the community. Progress across environmental outcomes, water resilience, dam safety and service improvements will be paced over time, reflecting funding constraints and delivery capacity.

Alongside these challenges, there are significant opportunities for TasWater to deliver lasting value for Tasmania. By modernising how we plan, deliver and operate our services, we can support reliable services, strengthen water security, improve environmental outcomes, support local industry, and build a more resilient organisation for the future.

In the face of ongoing headwinds, the Board remains confident in the organisation's trajectory and its capacity to deliver sustained value for customers and community.

Mr Kevin Young
Chair

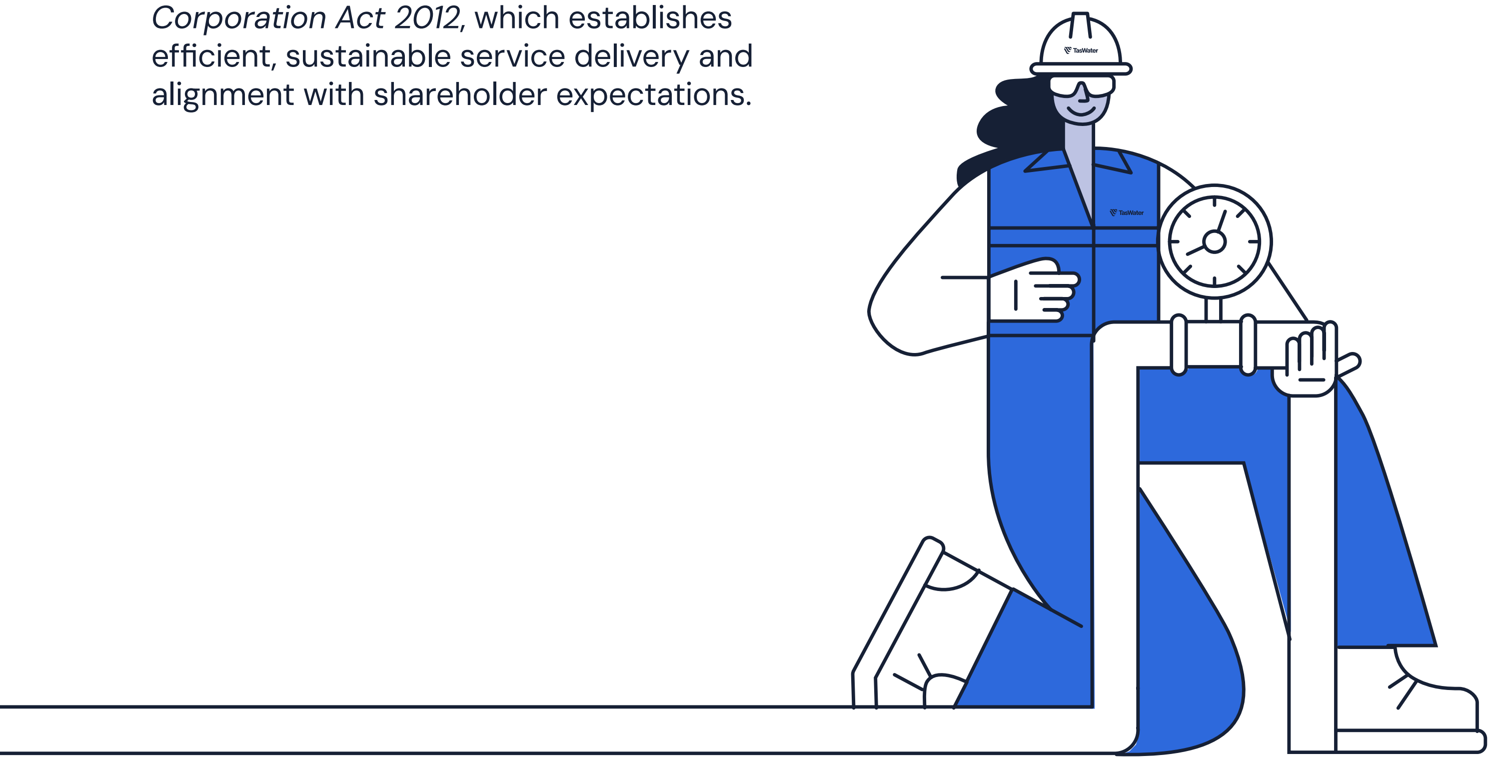
Mr George Theo
Chief Executive Officer

2. About us

TasWater was established in 2013 to consolidate Tasmania's fragmented water and sewerage services into a single, statewide entity. This reform aimed to create a sustainable model for infrastructure renewal and service delivery, improving consistency in service delivery across Tasmania.

TasWater is owned by the 29 Tasmanian councils and the Tasmanian Government. This ownership model ensures that the benefits of our operations flow back to the community, with a portion of earnings distributed as dividends to local councils for reinvestment in essential services and communities. Our services are underpinned by the *Water and Sewerage Corporation Act 2012*, which establishes efficient, sustainable service delivery and alignment with shareholder expectations.

We provide water and sewerage services across the entire state of Tasmania, serving more than **470,000 residents and businesses every day.** Our operations span urban, regional, and remote communities – delivering essential services that support health, wellbeing, economic prosperity, and environmental stewardship.



A snapshot of TasWater's operations is shown below:

476,206 Population supplied	**921** Employees (FTE: 895)	**226,885** Number of water connections
197,521 Number of sewerage connections	**65,310** Water supplied (ML)	**53,342** Sewage treated (ML)
5,042 Recycled water supplied (ML)	**58** Drinking water treatment plants	**110** Sewage treatment plants
307 Dams and lagoons managed	**941** Water and sewage pump stations	**288** Water reservoirs
73 Water catchments	**4,995** Sewer pipe managed (kms)	**6,644** Water pipe managed (kms)

Note: All numbers above are current as at February 2026, with the exception of sewage treated, recycled water supplied and dams and lagoons managed, which are current at June 2025.

3. Our strategy

Our Corporate Strategy sets an ambitious and outcomes-based direction for TasWater.

Our Strategy

Our strategy articulates the organisation's overarching direction and ambition. It is forward-looking and steers decision-making that balances immediate priorities with longer-term objectives.

Our Purpose

Our purpose captures the core of our day-to-day work and reflects how our services contribute to a thriving Tasmania.

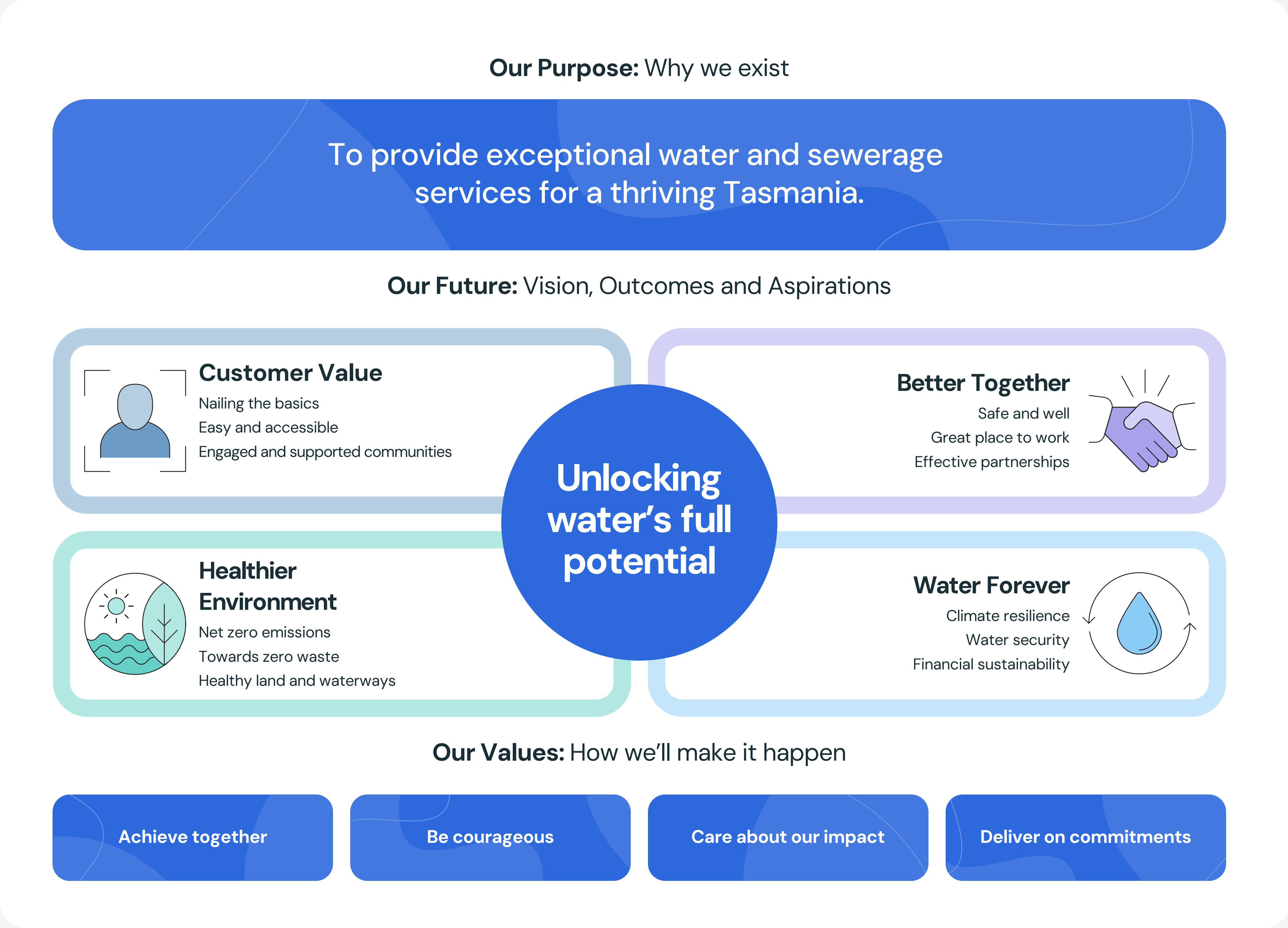
Our Vision, Outcomes and Aspirations

Our vision, outcomes and aspirations define the future we seek to achieve for our customers and our people. They are designed to stretch and challenge us, particularly in the context of an increasingly complex and dynamic operating environment.

Our Values

Our values underpin our words and actions, guiding how we work with one another, our customers and our community.

Click here to learn more about Our Strategy



4. Our operating context

TasWater enters FY27 in a complex environment, where significant capital investment must be carefully balanced with the impact it has on price. At the same time, expectations from customers, the community, and our people are increasing, alongside a range of regulatory, environmental, technological, financial, and social pressures which demand a proactive and integrated response.

Drivers of change

Our drivers of change inform the key enterprise risks and opportunities that influence how we plan, prioritise and deliver services. Our Enterprise Risk Management Framework guides how we identify, assess, manage, monitor and report risk and opportunity across the organisation and ensures risks are embedded in strategic decision-making and planning.

Health and safety

Health and safety remain critical drivers of change for TasWater, with an increasing focus on psychosocial safety and wellbeing. The inherent risks within our operations demand a proactive and maturing safety culture that protects employees, contractors, and the public, and drives quality service delivery.

Customer and community expectations

The expectations of our customers and the community continue to evolve as the cost-of-living rises and technology advances. They expect TasWater to provide safe, reliable, high-quality services, supported by the timely renewal of ageing infrastructure and improved asset performance. Customers increasingly seek clear, transparent and proactive communication about service interruptions, pricing, and performance, and value interactions that are easy, digitally-enabled and responsive.

Balancing what we must deliver to meet customer and community expectations with the impact on prices remains critical. Customers want fair, equitable and predictable bills, greater control over their variable water charges and continued prudent investment in essential infrastructure while delivering essential water and sewerage services. This places greater pressure on managing price impacts alongside long-term financial and environmental sustainability.

Ageing infrastructure

Managing our critical infrastructure is essential to keeping water and sewerage services running without interruption. This requires proactive monitoring, maintenance, and investment in our ageing infrastructure, which is likely to fail more frequently over time if left unaddressed. We need to ensure that water supply meets customer demand, population growth (short- and long-term) and the uncertainties of climate change. Equally, we need to ensure our sewerage services keep running effectively and reliably for the communities we serve, because dependable wastewater services are essential to everyday health, environmental protection and community wellbeing.

Changing market conditions and world events can disrupt our supply chains, making it harder to source the parts, materials and capabilities needed to repair and replace aging infrastructure.

Financial sustainability

Financial sustainability remains a central challenge as capital investment must grow, requiring a careful balance between price impacts and the delivery of our long-term outcomes. We continue to operate in a challenging financial environment, characterised by increasing cost pressures and sustained cost-of-living impacts for our customers. As a result, our financial outlook is becoming more constrained, with potential implications for our future investment capacity. Ensuring financial sustainability enables TasWater to invest in essential infrastructure, meet regulatory obligations, maintain reliable services, and build long-term resilience in the face of growth and climate pressures.

We are committed to ongoing operating and capital efficiency outcomes as promised in our fifth pricing submission and we have kicked off a discovery piece to identify initiatives that will be delivered over the Corporate Plan period to deliver on the promise we have made.

Climate change and environmental sustainability

Climate change presents numerous risks, with more frequent extreme weather events threatening infrastructure resilience and water security over time, and risking environment and biodiversity loss. This elevates the urgency of decarbonisation and circular economy practices. The changing climate presents many opportunities to adapt our business model and to find innovative solutions to serving our customers.

Technological disruption

Technological disruption presents both significant opportunity and material risk for TasWater. Advances in digital platforms, automation and Artificial Intelligence (AI) are enabling real-time network monitoring, predictive maintenance and data-driven asset planning, improving operational efficiency, service reliability, customer interactions and decision-making. At the same time, cybersecurity remains a significant risk, with increasing digital reliance increasing the threat of unauthorised access to systems, service disruption and data compromise, requiring continued oversight and sustained investment in controls and capability.

Changing workforce dynamics

Changing workforce dynamics (including tight labour markets, evolving capabilities, and increasing expectations for flexibility and inclusion) demand cultural transformation and leadership capability to sustain performance.

Workforce wellbeing, psychological safety, and leadership capability are now central to performance and regulatory compliance. Cultivating a positive workplace and organisational culture is critical to delivering exceptional service to customers and positioning us as a respected employer within the Tasmanian community, and is key in attracting, engaging, developing, and retaining the right people.

Regulatory frameworks

One example of tightening regulatory frameworks is the *Security of Critical Infrastructure Act 2018 (SOCI Act)*, which plays a vital role in protecting the essential services that communities rely on every day, such as water, energy, health and communications. The *SOCI Act* aims to strengthen how these systems are managed, secured and made more resilient. It establishes a clear framework for identifying risks, improving preparedness, and responding effectively to incidents that could disrupt vital services.

For communities, this means greater confidence that essential services will remain reliable, secure and able to withstand emerging threats (for example, cyber risks, physical disruptions or increasingly complex operating environments). By encouraging stronger governance, risk management and collaboration between service providers and government, the *SOCI Act* ultimately helps ensure communities can continue to access safe, dependable services that underpin public health, safety and quality of life.

5. Our outcomes

In response to the drivers of change, and to appropriately respond to the related risks and opportunities they present, we will prioritise investment across our four Strategy Outcomes.

Customer Value: Becoming a trusted, customer-led partner by improving understanding, service delivery, collaboration and communication.

Better Together: Building an inclusive, agile and skilled workforce, supported by strong leadership and a culture of safety and innovation.

Healthier Environment: Reducing greenhouse gas emissions (we are currently actively reducing our scope 1 and 2 emissions and at the same time measuring our scope 3 emissions in readiness for future reporting[1]), protecting and improving waterways, and making sustainability part of decisions across the organisation, including circular economy practices and decarbonisation.

Water Forever: Ensuring we can reliably and sustainably provide high-quality water and wastewater services for current and future generations by strengthening climate resilience, securing long-term water supply, and maintaining financial sustainability.

[1] Scope 1 = emissions created directly through our own operations; Scope 2 = emissions created indirectly from the electricity we buy and use; Scope 3 = all other indirect emissions connected to our activities but produced by others (e.g. from the goods and services we purchase, construction undertaken by contractors etc.)

Customer Value

Our customers are at the heart of everything we do.

We will continue to invest in directly shaping the day-to-day experience of our customers. This includes ongoing investment to improve service reliability and responsiveness, reducing unplanned interruptions, and strengthening how we communicate with customers before, during and after service interruptions. We will also invest in digital channels and customer systems that make it easier for customers to interact with us, and to access information and resolve issues in ways that suit them. Alongside this, we will maintain a strong focus on targeted support for customers experiencing vulnerability, ensuring equitable access to essential water and sewerage services and that no one in our Tasmanian community is left behind.

Specifically, our investment in the FY27 'Customer and stakeholder trust' enterprise priority supports a more reliable, transparent and customer-focused service, building trust and confidence over time, directly contributing to the achievement of our customer trust and customer complaints Corporate Scorecard measures.

Strategy aspirations

Key outcomes to be achieved within 5 years

Nailing the basics	• Customers are proactively notified and kept informed in real-time about service interruptions or issues, through timely, clear, and transparent communication. • Customer feedback is captured and embedded into decision-making, resulting in continuous improvements to processes and consistently better customer service and experience outcomes.
Easy and accessible	• Customer journeys are clearly mapped end-to-end, with key pain points systematically addressed, resulting in smoother experiences and reduced customer effort. • Customers access a single, intuitive digital front door that enables them to easily view, manage, and update their accounts through one consistent online experience.
Engaged and supported communities	• Trusted stakeholder partnerships deliver co-created, long-term sustainability outcomes, generating shared value for customers, communities and the environment. • Deep, trusted, respectful relationships with the Palawa people support shared care for Country and long-term outcomes. • Customers experiencing vulnerability receive timely, compassionate support that helps them stay connected to essential services.

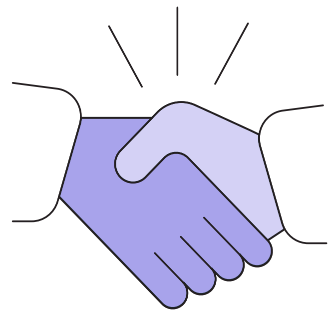
Better Together

We know that by working together we can achieve great things.

We will continue to invest in our people to support a safe, collaborative and effective workforce across Tasmania. This includes sustained investment in building workforce capability, strengthening leadership and people management practices, and supporting the health, safety and wellbeing of our people – recognising the diverse operational environments in which our teams work every day. Alongside this, we will strengthen and grow employee engagement, inclusion and culture through clearer role clarity, improved change and communication practices, and better support for teams to work effectively across functions and regions. Together, these investments will support a capable, engaged and connected TasWater workforce, enabling better outcomes for our customers, communities and the long-term sustainability of the business.

Specifically, we will be investing in the FY27 'Safety and wellbeing' enterprise priority, which will directly support our Corporate Scorecard objective to lift the organisation's safety maturity from a baseline 'Progressing' level in FY27 to 'Leading' by FY29. Equally, our investment in the FY27 'Future-fit capabilities' enterprise priority is expected to improve employee engagement and generate positive flow-on impacts across multiple Corporate Scorecard measures, including customer experience and trust, service levels, network reliability, and our environmental and financial outcomes.

Strategy aspirations



Key outcomes to be achieved within 5 years

Safe and well	• Clear understanding of workforce safety and psychosocial risks enables proactive action, reducing harm and strengthening wellbeing. • A mature safety and security culture where accountability is consistently demonstrated through actions, decisions, and outcomes.
Great place to work	• Workforce capabilities are clearly understood and future-ready, supported by targeted development pathways that build technical, non-technical and leadership strength. • Improved attraction and retention of critical skills capabilities through effective selection, clear development pathways and engaging onboarding that accelerates contribution and belonging.
Effective partnerships	• TasWater is recognised as a trusted and valued partner, with partners and stakeholders proactively seeking opportunities to collaborate. • All partnerships are grounded in shared values and supported by strong commercial discipline and accountability. • Active collaboration with local suppliers and businesses to keep investment local and support a thriving Tasmanian economy.

Healthier Environment

Tasmania is one of the most beautiful places in the world. We want to work with our precious environment, not against it.

We are looking at how to do things differently to regenerate and improve Tasmania's precious environment both today and for generations to come. This includes improving assets, rethinking services, and going beyond minimising environmental harm. Over the past year already, we have progressed work on our Sustainability Report that explains how we will identify, manage and respond to climate-related risks and opportunities. The Report will improve the rigour and transparency of our environmental disclosures, supporting meaningful progress toward our Healthier Environment strategic outcome. We look forward to reporting on progress against these aspirations in our Sustainability Report commencing for the 2025-26 financial year.

We will continue to invest in maintaining and upgrading our assets and systems to protect drinking water quality, safeguard Tasmania's waterways, and reduce our environmental footprint across the State. To support our strategy aspirations, we will be investing as follows over the period of this Corporate Plan:

- **Net zero emissions:** We will invest $4.2M to progress initiatives to reduce emissions and energy use across our operations.
- **Towards zero waste:** We will invest $3.8M in initiatives to move towards zero waste.
- **Healthy land and waterways:** This includes $563.0M investment in sewerage treatment plants to ensure environmental compliance and assurance activities and improved monitoring and data to better detect and manage environmental risks.

Collectively, these investments of $571M (representing approximately 36 per cent of our overall capital expenditure forecast) will materially support delivery of TasWater's Corporate Scorecard targets for greenhouse gas emissions, waste to landfill, and nutrient discharges, and reinforce our role as a responsible steward of Tasmania's water and environment.

Strategy aspirations

Key outcomes to be achieved within 5 years

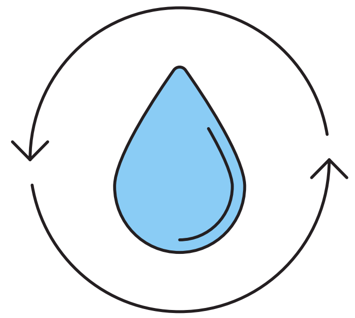
Net zero emissions	• Decarbonisation principles embedded in procurement, reducing emissions and strengthening long-term value for customers and the environment. • Greenhouse gas emissions reduced, delivering stronger environmental outcomes and efficiency gains.
Towards zero waste	• Increased resource recovery, reducing reliance on landfill, lowering environmental impacts, and supporting a cleaner, more sustainable future for communities across Tasmania. • Circular economy principles embedded across planning, design and day-to-day operations, supporting a more sustainable future for Tasmania.
Healthy land and waterways	• Improved waterway health through an overall reduction in nutrients and spills. • Increased recycled water output by prioritising recycled water opportunities across existing and new schemes, guided by improved demand insights, reducing nutrient discharges and strengthening water security. • New and innovative approaches to improve how we care for land and waterways (for example, floating wetlands), delivering more sustainable and resilient environmental outcomes.

Water Forever

We must ensure our infrastructure and our business is always able to support the delivery of high-quality, reliable water, and the safe, efficient treatment of wastewater – whatever the weather or economic conditions.

We will continue to invest in the assets, systems and practices needed to secure reliable, high-quality water supplies for our customers across Tasmania, now and into the future. This includes sustained investment in renewing and maintaining critical water supply and water treatment assets, reducing leakage and non-revenue water, improving demand management and forecasting, strengthening source protection and raw water quality management, and enhancing the resilience of our water supply systems to drought and climate variability. The investments of $76.5M in water treatment plants and $195.2M in our water networks will support long-term water security for Tasmanian communities and reduce supply risks. We will also invest in managing our catchments, including our dams – representing a $218.4M investment – ensuring we continue to provide safe, reliable drinking water as conditions, population and demand change over time.

Strategy aspirations



Key outcomes to be achieved within 5 years

Water security	• Customers experience improved consistency in service standards across the State, including with respect to water restrictions. • Climate-independent water supply options that improve customer supply resilience are identified. • Customers and communities (including the next generation of Tasmanians) are equipped with the knowledge they need to use water wisely and support long-term water security and environmental outcomes.
Climate resilience	• Tasmanian-specific climate change projections integrated across all parts of the business, improving long-term service planning and contributing to improved incident response management. • Planning, design and operation of our assets is 'climate informed' to ensure we have resilient water and sewerage services under a range of potential future climates.
Financial sustainability	• Strong long-term planning through enhanced capital forecasting across programs and projects, improving investment confidence, funding prioritisation and value delivered for Tasmania. • A step-change in organisation efficiency, with simpler processes and better use of data and digital tools, enabling an efficient cost-base. • A sustainable revenue base, underpinned by efficient core (regulated) services and the growth of complementary (unregulated) services that deliver value.

Underpinning each of the strategy outcomes will be the uplift of our digital capabilities, tools and systems, across the following focus areas:

- Major system upgrades and replacements
- Improving cybersecurity and customer privacy protections
- Data governance and analytics
- Generative and agentic artificial intelligence (AI)
- Cloud adoption
- Operational excellence

6. Capital program

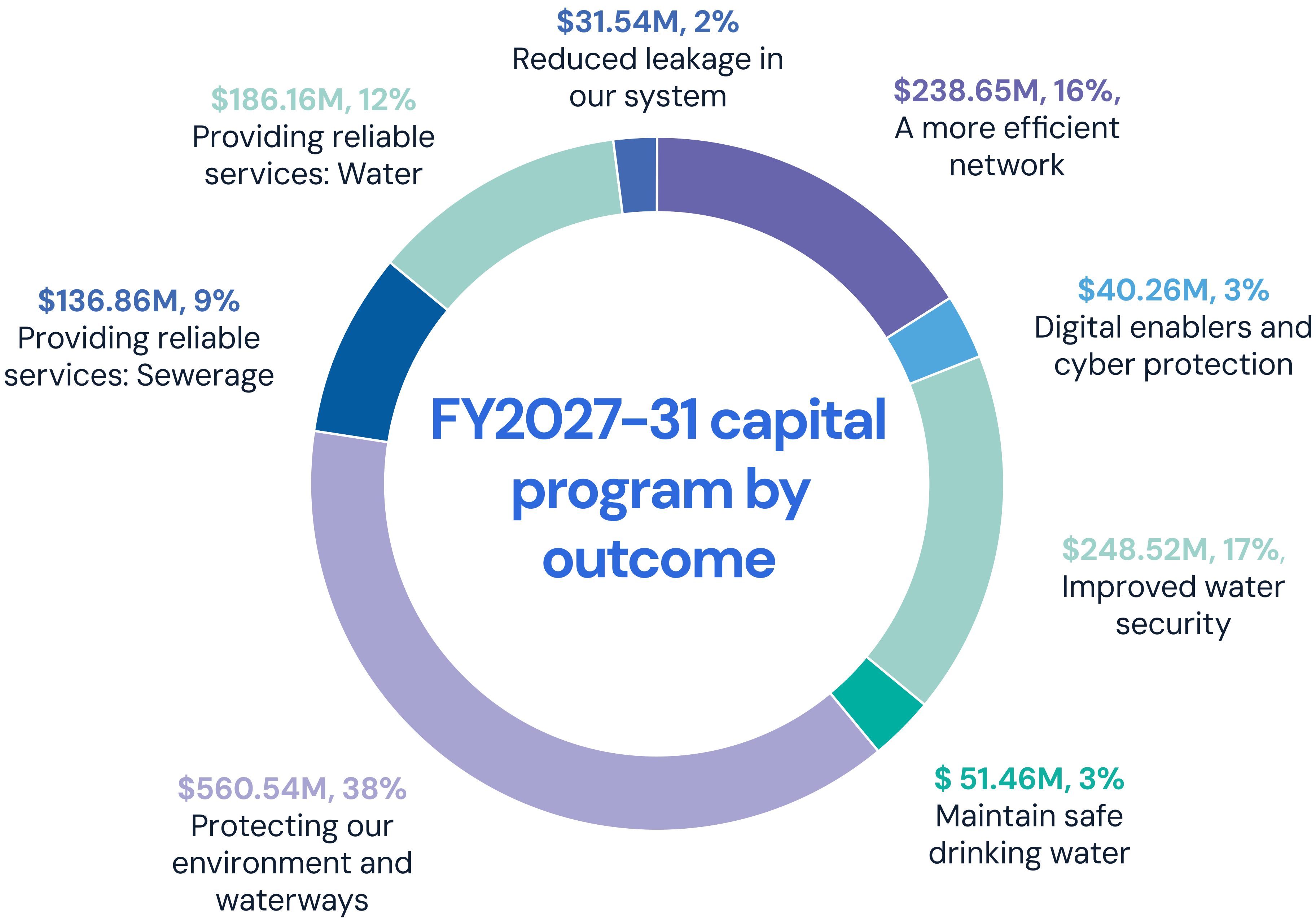
Capital expenditure forecast

We will deliver a major capital program of approximately $1.5 billion during FY2027–2031. External funding ($35 million of the $1.5 billion) will contribute to the delivery of several projects, noting FY31 investment is subject to the outcomes of Pricing and Servicing Plan 6 with the Tasmanian Economic Regulator.

This level of investment will allow us to meet a number of our regulatory obligations and deliver on customer expectations. The capital program will reduce leakage and enable us to respond to the impacts of climate change, ensuring we meet the demands of a growing population and state.

The large focus of our capital expenditure program is on sewage treatment to improve environmental outcomes and start closing the gap on environmental compliance. We will also improve water quality and security, which includes reducing our critical dam safety risks.

However, the timing, scope and sequencing of improvements have been shaped by the PSP5 determination and the funding envelope available. This means a number of key projects related to water security, and environment and service standard improvements that we had planned to make in the next five years will not be delivered within this timeframe, as we make difficult choices about where effort and investment are prioritised.



Our capital plan has been carefully prioritised to meet the highest investment needs in a planned and staged manner that reflects our regulatory allowance. Our priority capital investment areas are:

#	Priority investment area	PSP5 outcome	Region	PSP5 capital ($M)
1	Launceston Sewerage Treatment – Ti Tree Bend Sewerage Treatment Plant Transformation	Protecting our environment and waterways	Meander Tamar	271.9
2	Hobart - Ridgeway Dam Upgrade	Improved water security	Derwent Hobart	127.7
3	Water Main Renewals	Providing reliable services: Water	Statewide	120.6
4	Electrical and SCADA Renewals	A more efficient network	Statewide	110.4
5	Selfs Point Sewer Transformation	Protecting our environment and waterways	Derwent Hobart	81.4
6	Metering Renewals	A more efficient network	Statewide	57.0
7	Burnie - Pet Dam Ridgley Safety Upgrade	Improved water security	North West	45.3
8	Sewer Main Renewals	Providing reliable services: Sewerage	Statewide	40.4
9	Launceston Sewerage Treatment – Prospect Vale Sewage Treatment Plant Transformation	Protecting our environment and waterways	Meander Tamar	36.8
10	Sewage Treatment Plant Renewals	Providing reliable services: Sewerage	Statewide	33.0
Total				**924.5**

Overall, approximately 50 per cent of the capital program is driven by compliance, with 38 per cent renewal, 8 per cent growth, and 4 per cent improvement (largely ICT). More specifically, over the FY27–31 Corporate Plan period our capital program is driven by:

- Sewerage infrastructure compliance, consisting of sewerage treatment and mains ($469.8 million)
- Water infrastructure compliance, consisting of water mains, treatment and dams ($262.5 million)
- Water infrastructure renewal, consisting of water mains, treatment, metering, tanks, and pumping stations ($292.9 million)
- Sewerage infrastructure growth, consisting of sewerage treatment and mains ($99.5 million).

Over the FY27–31 Corporate Plan period, 45 per cent of capital expenditure is for sewerage infrastructure (consisting of treatment, mains, and pumping stations), 36 per cent for water (consisting of dams, mains, treatment, metering, tanks, and pumping stations), and 19 per cent other (consisting of digital and technology, electrical and SCADA, fleet and facilities/ plant and equipment, and program management).

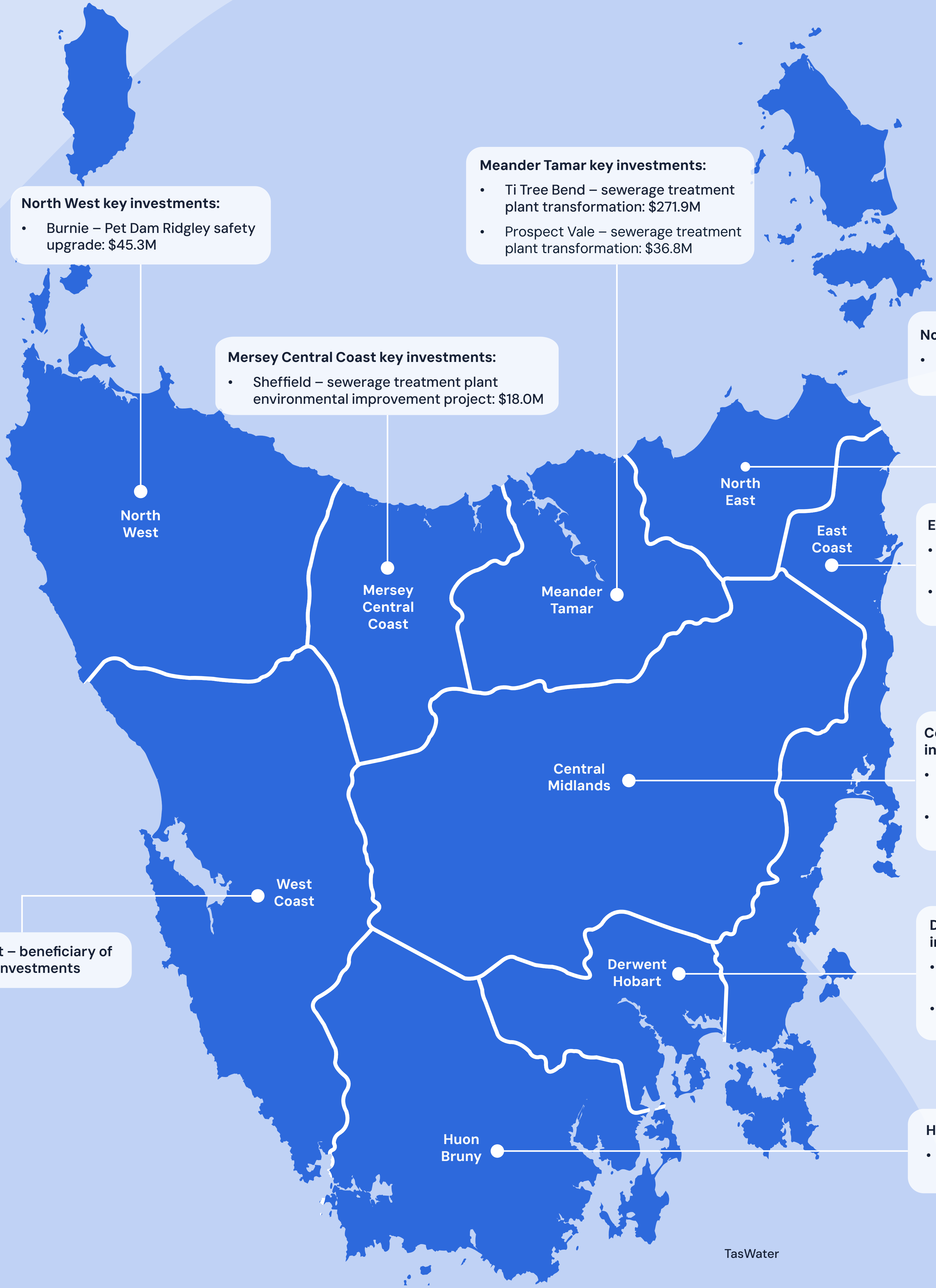
Key investments by region

Our regional master plans[2] provide a 50-year vision for water, sewerage, and recycled water infrastructure across nine geographic areas statewide. These plans consider climate change, water quality and security, growth for new houses, water efficiency, and environmental compliance and seeks to balance long-term planning with urgent capital priorities all within our allowed funding envelope as determined by the independent economic regulator.

The FY2027–31 statewide investments include:

- Water main renewals ($120.6 million)
- Electrical and SCADA renewals ($110.4 million)
- Metering renewals ($57.0 million)
- Sewer main renewals ($40.4 million)

The FY2027–31 key investments by region are shown on the map:



North West key investments:
- Burnie – Pet Dam Ridgley safety upgrade: $45.3M

Meander Tamar key investments:
- Ti Tree Bend – sewerage treatment plant transformation: $271.9M
- Prospect Vale – sewerage treatment plant transformation: $36.8M

Mersey Central Coast key investments:
- Sheffield – sewerage treatment plant environmental improvement project: $18.0M

North East key investments:
- Scottsdale – sewerage treatment plant upgrade: $1.1M

East Coast key investments:
- Bicheno – Recycled water scheme: $17.0M
- Orford-Prosser Dam – safety and capacity upgrades: $6.8M

Central Midlands key investments:
- Bothwell and Oatlands – water treatment plants: $17.2M
- St Mary's – water quality improvement project: $10.3M

West Coast – beneficiary of statewide investments

Derwent Hobart key investments:
- Hobart – Ridgeway Dam upgrade: $127.7M
- Hobart – Selfs Point sewer transformation: $81.4M

Huon Bruny key investments:
- Geeveston – sewerage treatment plant outfall: $9.1M

[2] Master Plans | Your Say

7. Financial forecast

Overview

The FY2027–31 financial outlook reflects a moderation in earnings from FY2026, primarily driven by materially lower revenue from our recent Pricing Determination (PSP5), and the need to proactively respond to emerging challenges. This outlook reinforces the need to maintain efficiency while balancing capital investment with customer price outcomes, earnings and borrowing levels. While earnings remain sufficient to support increased debt levels associated with delivering our $1.5 billion capital investment program, a deteriorating credit profile may limit future investment capacity.

The table below contains our financial and capital forecasts.

Financial summary	FY2024-25 ACTUAL	FY2025-26 FORECAST	FY2026-27 BUDGET	FY2027-28 FORECAST	FY2028-29 FORECAST	FY2029-30 FORECAST	FY 2030-31 FORECAST
Net earnings ($ million)	61.5	80.1	58.8	58.9	62.6	68.2	72.5
Underlying earnings[3] ($ million)	39.0	42.9	26.3	29.2	35.5	43.4	50.0
Total Shareholders Distribution ($ million)	24.0	26.0	24.0	20.0	20.0	20.0	20.0
Capital investment excluding external funding ($million)	278.4	273.0	300.0	270.2	298.1	311.7	313.9
Debt ($ million)	1,088.6	1,330.6	1,422.5	1,579.4	1,778.4	1,979.6	2,173.6
Gearing[4] (%)	36.1%	40.2%	41.4%	43.4%	45.9%	48.0%	49.7%
Return on equity[5] (%)	4.0%	5.1%	3.6%	3.6%	3.7%	3.9%	4.0%
Interest cover ratio (times)	2.5	2.3	1.6	1.6	1.6	1.6	1.6

3 Underlying earnings calculated as: Net earnings less contributed asset revenue plus depreciation on contributed assets
4 Gearing levels have been calculated in accordance with our Financial Sustainability Strategy as Debt/(Debt plus Shareholders Equity)
5 Return on Equity calculated as: Net earnings/(Equity less asset revaluation reserve)

Earnings

Over the period of this Plan, underlying earnings are forecast to total $184.5 million, increasing from $26.3 million in FY2027 to $50.0 million by FY2031. This increase in earnings is required to service the increasing debt needed to fund our capital investment program over the planning period.

Earnings in FY2027 are lower than the current year due to the recent Pricing Determination and are not forecast to return to current levels until FY2030. The approved increase in prices for regulated services does not fully offset rising interest and depreciation costs, impacting the underlying earnings profile.

This outlook reinforces the need to maintain strong cost discipline and deliver sustained efficiency improvements. The Plan incorporates targeted productivity and operational efficiency initiatives to minimise pricing impacts for customers, including $54 million in savings over the first four years, equivalent to 1.5 per cent efficiency gains annually. These improvements are critical in the context of continued economic pressures, including higher inflation and interest rates in the short- to medium-term.

Throughout our Plan, we continue to be exposed to the risk of escalating regulatory costs, particularly across security of critical infrastructure, and cyber security. Given the uncertainty in both the magnitude and timing of these obligations, there is potential for costs to materially exceed current assumptions, placing downward pressure on future profitability.

Dividends

We seek to pay dividends to our council owners where supported by financial capacity and in accordance with the Board-approved dividend policy. The earnings profile supports dividend distribution to council owners over the planning period, noting all dividend payments are subject to annual approval by the TasWater Board.

It should be noted that as a result of the organisation’s lower earnings forecast, dividends will be $24M in the first year and $20M for the remainder of the Plan.

All forecast dividend payments are subject to these payments being supported by sufficient underlying financial performance and position in the year that they are paid. This must take into account the higher cash flows needed to fund our capital works program and to sustainably manage debt levels.

The end of FY2026 concluded $20 million of special dividend payments foregone during Covid and paid in instalments through FY22-FY26.

Gearing

Total debt is expected to reach $2.17 billion by FY31, increasing from $1.33 billion prior to the commencement of the Plan period. The level of debt is supported by the underlying earnings which will generate the requisite levels of operating cash flows to meet borrowing requirements.

The financial projections show that our gearing levels will be within the 45-55 per cent target that we have set for ourselves.

TasWater will continue to review and monitor gearing and cash-flows over the period and adjust capital investment as required to ensure TasWater remains within serviceable debt levels

8. Corporate Scorecard

Outcomes	Measures	Baseline	FY27	FY28	FY29	FY30	FY31
Customer Value	Customer trust (%) [6]	57.3 (FY25)	≥58	≥62	≥65	≥68	>70
	Complaints per 1,000 customer (no.)	8.8 (FY25)	≤9.0	≤8.5	≤8.0	≤7.5	<7.0
	Water main breaks per 100km of water main	33.5 (FY25)	≤35	≤30	≤25	≤22	≤20
	Microbiological compliance (%)	100 (FY25)	100	100	100	100	100
Better Together	Safety Maturity Model [7]	N/A	Progressing	Progressing	Leading	Leading	Leading
	Total Recordable Injury Frequency Rate	4.3 (FY25)	≤3.8	≤2.6	≤2.6	≤2.6	≤2.6
	Employee engagement (%)	68 (FY26)	≥73	≥75	≥77	≥79	≥80
	Stakeholder trust (%) [8]	56.7 (FY25)	≥62	≥65	≥68	≥70	≥70
	Value of capital projects awarded to Tasmanian businesses (%)	80 (FY25)	80	80	80	80	80
Healthier Environment	Greenhouse gas emissions [9]	51,501 tCO2-e (FY23)	-15%	-20%	-25%	-30%	-33.5%
	Total waste to landfill	6,205 tonnes (FY24)	-15%	-20%	-23%	-25%	-29%
	Nutrient discharge (Nitrogen/Phosphorous) [10]	1,324/263 tonnes (FY22)	-14%, -21%	-14%, -21%	-14%, -21%	-21%, -26%	-22%, -27%
	Sewer main breaks and chokes per 100km of sewer main	63.3 (FY25)	≤50	≤45	≤38	≤32	≤28
Water Forever	Non-revenue water leakage (%) [11]	22 (FY25)	19	17.6	16	14.4	13.3
	Residential drinking water use per person per day (litres)	208.3 (FY25)	≤200	≤190	≤180	≤170	<169
	Water security level of service (%) [12]	55 (FY25)	≥56	≥58	≥60	≥60	≥60
	Return on equity (%) [13]	4.0 (FY25)	3.6	3.6	3.7	3.9	4.0
	Underlying earnings ($ million) [14]	39.0 (FY25)	26.3	29.2	35.5	43.4	50.0
	Capital Program Expenditure ($ million)	371.8 (FY25)	330.9	272.2	300.1	311.7	313.9

[6] Reflects residential customers only.
[7] The SMM outlines three stages of maturity progression: Minimum, Progressing and Leading. Overall rating for each FY will be an average across 8 factors.
[8] Stakeholder trust survey to include all three tiers of government, commercial and industrial customers, developers, delivery partners and peak bodies.
[9] Scope 1 and 2 emissions. Significant progress has been made to baseline our Scope 3 emissions, laying the groundwork for setting future Scope 3 targets.
[10] Priority will be given to reduce nitrogen and phosphorous discharges to sensitive receiving environments. Percentage reductions are cumulative from baseline.
[11] This measure replaces the previous 'Percentage of drinking water supplied lost as leakage (%)' to provide a more complete and comparable view of water losses by capturing all water produced but not billed, rather than leakage alone.
[12] Expressed as a percentage of customers that will experience water restrictions no more than once in 10 years and for a duration of no more than 6 months.
[13] Return on Equity calculated as: Net earnings/(Equity less asset revaluation reserve)
[14] Underlying earnings calculated as: Net earnings less contributed asset revenue plus depreciation on contributed assets.

9. Appendices

Financial assumptions

Revenue assumptions

Revenue projections for FY27 reflect the approved prices by the Tasmanian Economic Regulator for regulated services from our Fifth Pricing and Services Plan. The Plan includes increased revenue from new customer connections and unregulated sources such as trade waste and irrigation.

Expense assumptions

In the current economic environment, expectations for inflation and interest rates are uncertain, and frequent changes to the operating environment are expected. Cost increase assumptions across the Plan are aligned with the most recent consumer price index (CPI) forecasts of the Reserve Bank of Australia.

- CPI assumed 2.95% over the Plan period.
- Fixed salary increases are based on TasWater's 2025 Enterprise Agreements until FY2028, and projected CPI for the remainder of the Plan.
- Power expenses are modelled based on current contracts, forward estimates and projected usage.

Interest expense assumptions

The average interest rate for the loan portfolio is 5 per cent across the period of the Plan.

Asset assumptions

There is no material revaluation of our assets over the planning period.

Dividend forecasts

In developing these forecasts, it has been assumed there will be no material adverse financial impacts to TasWater. To the extent such changes occur, resulting in underlying earnings being reduced below the threshold required to support the dividend forecasts, dividends would be reduced. To the extent that underlying earnings are greater than forecast, consideration would be given to how best to use these funds. All dividend payments are subject to annual approval by the TasWater Board.

Income statement ($ million)

	FY24-25 actual	FY25-26 forecast	FY26-27 budget	FY27-28 forecast	FY28-29 forecast	FY29-30 forecast	FY30-31 forecast
Revenue							
Fixed and Volumetric Charges	399.7	421.6	431.9	458.0	485.6	514.9	546.0
Services and Consulting Revenue	8.8	8.4	9.7	10.3	10.9	11.5	12.1
Developer Contributions	35.1	46.4	41.3	39.5	37.1	34.9	32.8
Sundry Revenue	4.0	3.2	17.1[15]	7.5	7.6	7.6	7.7
Total revenue	**447.6**	**479.6**	**500.1**	**515.3**	**541.2**	**568.9**	**598.6**
Expenses							
Chemicals, Power and Royalties	31.9	35.2	35.3	36.9	37.7	38.6	39.6
Material and Services	46.4	47.3	50.0	51.7	53.5	55.4	57.0
Salaries and Related Personnel Expenditure	118.8	119.6	127.6	131.2	136.7	141.6	145.8
Administration including facilities, information systems, and regulatory	63.9	66.4	80.7[16]	61.8	60.4	57.9	59.8
Total expenses	**261.0**	**268.5**	**293.6**	**281.6**	**288.3**	**293.5**	**302.2**
Earnings before Interest, Tax and Depreciation	**186.6**	**211.1**	**206.5**	**233.7**	**252.9**	**275.4**	**296.4**
Interest	34.1	39.5	47.8	66.3	77.6	90.4	102.6
Depreciation	91.0	91.5	100.0	108.5	112.7	116.9	121.4
Net operating earnings	**61.5**	**80.1**	**58.8**	**58.9**	**62.6**	**68.2**	**72.5**

[15] Includes $13.4 million grant for operational costs relating to the Macquarie Point STP relocation project.
[16] Includes $13.4 million in decommissioning and asset write-off costs for the Macquarie Point STP relocation project.

Balance sheet ($ million)

	FY24-25 actual	FY25-26 forecast	FY26-27 budget	FY27-28 forecast	FY28-29 forecast	FY29-30 forecast	FY30-31 forecast
Assets							
Cash and Cash Equivalents	3.0	2.5	2.5	2.5	2.5	2.5	2.5
Receivables	50.4	59.0	65.9	72.1	80.0	88.2	98.5
Inventories	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Property, Plant and Equipment	3,242.3	3,611.3	3,879.2	4,076.8	4,295.8	4,519.9	4,739.7
Other	5.9	6.5	8.0	8.9	9.3	12.1	13.4
Total assets	**3,310.5**	**3,688.1**	**3,964.4**	**4,169.2**	**4,396.4**	**4,631.6**	**4,863.0**
Liabilities							
Borrowings	1,088.6	1,330.6	1,422.5	1,579.4	1,778.4	1,979.6	2,173.6
Employee Benefits	34.6	36.1	38.7	40.5	44.7	47.4	48.6
Payables	52.7	69.8	72.8	73.3	71.7	72.5	65.8
Unearned Income	152.6	210.7	346.5[17]	366.9	360.8	354.6	348.5
Other	53.5	58.5	66.5	53.0	42.0	30.5	27.0
Total Liabilities	**1,382.1**	**1,705.8**	**1,947.1**	**2,113.0**	**2,297.6**	**2,484.7**	**2,663.5**
Net assets	**1,928.3**	**1,982.3**	**2,017.3**	**2,056.2**	**2,098.7**	**2,146.9**	**2199.5**
Equity							
Retained Earnings	(200.7)	(146.7)	(111.7)	(72.9)	(30.3)	17.9	70.4
Reserves	401.2	401.2	401.2	401.2	401.2	401.2	401.2
Contributed Equity	1,727.8	1,727.8	1,727.8	1,727.8	1,727.8	1,727.8	1,727.8
Total Equity	**1,928.3**	**1,982.3**	**2,017.3**	**2,056.2**	**2,098.7**	**2,146.9**	**2,199.5**

17 Includes State Government contribution for the Macquarie Point STP relocation project.

Cash flows ($ million)

	FY24-25 actual	FY25-26 forecast	FY26-27 budget	FY27-28 forecast	FY28-29 forecast	FY29-30 forecast	FY30-31 forecast
Cash flows from operating activities							
Receipts from Customers	413.5	444.1	455.5	481.7	512.2	541.1	572.9
Payments to Suppliers and Employees	(302.2)	(323.2)	(344.7)	(347.9)	(357.9)	(365.4)	(375.0)
Interest Paid	(31.1)	(31.3)	(45.7)	(65.8)	(77.4)	(91.3)	(104.7)
Government Grants	–	–	13.4[18]	–	–	–	
GST refund from the ATO	42.5	50.5	47.3	41.9	45.2	47.1	47.8
Net Cash Flows from Operating Activities	**122.7**	**140.0**	**125.8**	**109.9**	**122.1**	**131.5**	**140.9**
Cash flows from investing activities							
Payments for Property, Plant and Equipment	(373.7)	(415.0)	(330.9)	(272.2)	(300.1)	(311.7)	(313.9)
Government Grants	49.1	59.5	138.2	26.5	–	–	–
Proceeds from Property, Plant and Equipment	0.7	–	–	–	–	–	
Net Cash Flows from Investing Activities	**(323.9)**	**(355.5)**	**(192.7)**	**(245.7)**	**(300.1)**	**(311.7)**	**(313.9)**
Cash flows from financing activities							
Proceeds from Borrowings	222.4	242.0	91.9	156.8	199.0	201.2	194.0
Repayment of Lease Liabilities	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Special Dividends[19]	(4.0)	(4.0)	–	–	–	–	–
Ordinary Dividends Paid	(20.0)	(22.0)	(24.0)	(20.0)	(20.0)	(20.0)	(20.0)
Net Cash Flows from Financing Activities	**197.5**	**215.0**	**66.9**	**135.8**	**178.0**	**180.2**	**173.0**
Net Movement in Cash Flow for the Year	(3.7)	(0.5)	–	–	–	–	
Opening Cash Balance	6.8	3.0	2.5	2.5	2.5	2.5	2.5
Closing Cash Balance	**3.0**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**

[18] State Government Grant for the Macquarie Point STP relocation project.
[19] Special dividends were previously paid to owner councils over a five-year period between FY22 and FY26 to return foregone dividends during COVID-19.

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