

CM ref: 26/13027

27 February 2026

Hon Ruth Forrest MLC

Chair
Parliamentary Standing Committee of Public Accounts
Parliament House
Hobart TAS 7000

Via email: Simon.Scott@parliament.tas.gov.au

Dear Ruth,

TasWater Price and Services for 2026–2030

Thank you for your letter of 13 February requesting information regarding our Fifth Price and Services Plan, PSP5 and the dividends we pay to councils.

I am happy to provide the following responses to the specific questions raised in your letter.

If you have any further questions about this matter, please contact our Stakeholder Relations Manager Christian Attfield on [REDACTED] or [REDACTED]

Yours sincerely,



Kevin Young
TasWater Chair

Question 1. Can TasWater outline the justification behind providing special dividends back to Councils from previous years?

The dividend payments pertaining to the COVID 19 impacted years of FY20 and FY21, were temporarily reduced in recognition of the financial risk at that time.

Subsequently these foregone dividends were returned to councils through special dividends in later years. These special dividends were structured as modest, fixed annual amounts and reflected the deferral – rather than cancellation – of dividend payments from earlier periods.

The last of these special dividends is due to be paid in the current financial year.

Question 2. What is the basis for the decision to increase Council Dividends by 50%?

The *Water and Sewerage Corporation Act 2012* requires TasWater’s Board to determine a dividend policy.

As part of the Corporate Plan process, target dividend payments are nominated by the TasWater Board annually. The Corporate Plan is approved by TasWater’s owners at the General Meeting (Planning), held in or around June of each year.

These are targets. In the event that circumstances change such that the Board determines to increase, reduce or cancel a dividend payment, it retains discretion to do so. When determining whether to pay a dividend, the Board considers the requirements of the *Corporations Act 2001* and whether there is sufficient underlying profit, operating cash-flow, and net assets to pay the dividend.

TasWater’s Corporate Plan is a forward-looking planning document that outlines assumptions regarding future financial and operational performance. The 2026–30 Corporate Plan included a target dividend level of \$30 million per annum for FY27 to FY30.

The target \$30 million per annum dividend was considered appropriate at the time the Corporate Plan was developed, having regard to TasWater’s financial performance and position, historical dividend levels, and balancing an appropriate return to TasWater’s owners.

However, these assumptions were made acknowledging that they were subject to review following the Tasmanian Economic Regulator’s final determination for PSP5, recognising that regulatory outcomes have a direct and material impact on TasWater’s revenue, borrowing capacity and overall financial capacity.

Question 3. How do the concerns raised by TasWater about the need for a significant uplift in capital spending on its infrastructure align with the decision to increase dividends back to Councils by 50%?

TasWater has been transparent about the scale and drivers of its infrastructure investment needs, which have been clearly set out in our PSP5 proposal, supporting documents, and public submissions. These materials detail the condition of assets,

compliance requirements, environmental obligations, and service reliability risks that underpin the proposed uplift in capital expenditure.

Dividend payments do not form part of the price setting process under the regulatory framework. Capital investment levels, customer prices and allowed revenues are determined independently by the Tasmanian Economic Regulator through the PSP process.

Dividend targets included in TasWater's Corporate Plan were disclosed as forward-looking planning assumptions and were explicitly identified with TasWater's owners as being subject to review based on regulatory outcomes and TasWater's financial sustainability. TasWater has been transparent that its ability to fund necessary capital investment is contingent on the final regulatory determination, rather than on dividend settings.

Question 4. Does TasWater intend to change its dividend payments, as outlined in its Corporate Plan, given the draft determination by the Economic Regulator provides less than 50% of the requested revenue uplift?

Dividend payments to owners will be reviewed under the regular Corporate Planning process following the Regulator's approval of TasWater's Final Price and Service Plan in June 2026.

Question 5. Does TasWater intend to reduce its capital spend as outlined in its corporate plan, given the draft determination by the Economic Regulator?

The Draft Determination is one step in the price determination process. We will continue to engage with the Economic Regulator and will make a formal submission during the consultation process.

Following the publication of the Investigation Final Report and the Regulator's Price Determination, TasWater will update its updated Final Price and Service Plan which will detail the PSP5 capital program.