



PARLIAMENT OF TASMANIA

TRANSCRIPT

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Tasmanian Water and Sewerage Corporation Pty Ltd

Thursday 27 November 2025

MEMBERS

Ms Burnet (Chair)
Mr Rob Fairs (Deputy Chair)
Mr Vica Bayley
Ms Kristie Johnston
Mr Marcus Verney
Mr Dean Winter

OTHER PARTICIPATING MEMBERS

Mr Michael Ferguson
Prof George Razay
Mr Brian Mitchell
Mr Peter George
Mr Carlo Di Falco

WITNESSES IN ATTENDANCE

TasWater

George Theo
CEO

Kevin Young
Chair

PUBLIC

THE HOUSE OF ASSEMBLY GOVERNMENT BUSINESS SCRUTINY COMMITTEE MET IN COMMITTEE ROOM 1, PARLIAMENT HOUSE HOBART ON THURSDAY, 27 NOVEMBER 2025

Tasmanian Water and Sewerage Corporation Pty Ltd

The committee met at 8.45 a.m.

CHAIR (Ms Burnet) - I welcome everybody, good morning. Good morning to TasWater officials and to the committee. This is our last day for committee scrutiny of GBEs. The time scheduled for the scrutiny of the Tasmanian Water and Sewerage Corporation is one-and-a-half hours. As is the practice of the committee, the time taken for any breaks will not be added to the time for scrutiny. I do not intend to take dedicated break. Members and witnesses are welcome though to help themselves to tea and coffee throughout the day and take any other appropriate breaks as necessary.

Members would be familiar with the practise of seeking additional information which must be agreed to, to be taken by the Chair of the board and the questions handed in writing to the Secretary, Fiona.

I invite you, Mr Young, to introduce any other persons at the table, including names and positions, then if you'd like to make an opening statement. Thank you, very much.

Mr YOUNG - Thank you, Chair. We really appreciate the opportunity to be here today and to engage in questions. I'd like to introduce the team: Kate Crawford is the acting General Manager of Customer and Community at the far end; we have Kane Ingham, the CFO of TasWater; George Theo, the CEO; Kevin Young, the Chair of TasWater; we have Tony Wilmot, the General Manager of Project Delivery; and Matt Derbyshire, General Manager of Infrastructure Services here today.

I'd like to make a brief statement. Since the formation of TasWater, there's been some excellent progress. The days of boiled water alerts across Tasmania don't exist anymore; we've invested heavily the 24 Glasses program. In fact, the water that's supplied in Tasmania has been voted a number of times the best in Australia, it's won the national awards. In fact, George, I think one year it went to the world water tasting championships and it won best water in the world, and that was from an area that previously had signs up to said 'Do not drink our water'. We continue to invest in that area, and we have made some great gains, but we are also meeting major challenges.

Water leakage a few years ago was 33 per cent, so we lost 33 per cent of all water that we produced at the plants and that is incredibly high. We have done well to get that down to around 22 per cent, but that's still much higher than what would be expected throughout the rest of Australia. We have double the number of water main breaks and sewer overflows compared to the average in Australia. Only 9 per cent of TasWater's wastewater treatment plants fully meet EPA guidelines.

George, I've heard you say this many times, but we're unique because we've spread out across the state; I think we have something like 30 -

Mr THEO - 38 per cent.

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Mr YOUNG - 38 per cent of Australia's water and wastewater treatment plants in Tasmania - 38 per cent, but 2 per cent of the population. That just shows the number that we have and the expense that's involved in that. We have a significant number of dams, and we still desperately need to invest in dams to meet Australian and international standards for dam safety

There's a fair few challenges ahead and we have a submission at the moment, PSP 5, which I will ask George to make a few brief comments on, but the board and the executive believe the time to invest is now. We have ageing assets in Tasmania. We believe climate change will continue to have its impact as it is across Australia and the rest of the world. We're seeing construction cost increases, which are going up much more than inflation.

Having said that, I think TasWater has a very enviable record of doing major projects on time and on budget, utilising Tasmanian expertise, contractors and suppliers. That's one of our key KPIs and we're very proud of working with team Tasmania to achieve delivery of great projects.

We're seeing cyber attacks increase and we're bolstering our defences. We need to invest more in our digital capability. I was reflecting that we're very lucky that we are living off infrastructure that was built by previous generations, principally after the First and Second World Wars. They built infrastructure for the future because they thought it was so important for future generations. They did that at the time when I'd suggest there wasn't as much money per family as there is today, but they did invest for the future and we're lucky to have those assets now. In short, we can't keep kicking the water investment can down the road and we've put a submission out.

Last thing I'd like to say is I've confirmed with the organisation that what we've put out is a proposal, not a decision. It's a proposal that now goes to scrutiny of the community and engagement, people saying what they think, the regulator will take submissions, and the regulator will make a call. We've put a proposal out and we're happy to be part of that process.

George, do you want to add anything?

Mr THEO - Thank you, Kevin, if I may just take a couple of minutes. I want to provide a really brief update since we were last here 12 months ago. We delivered \$371.7 million in capital across the state; 80 per cent of that value has been delivered by Tasmanian businesses and it's created thousands of jobs.

We continue to reduce, as the chair said, water leakage. We were losing a third of our product. We're now down to 21.5 per cent. We're counting everything. We're on a journey to be at 13 per cent within a few years and then we'll reset targets once we get there. We've rolled out more sensors and we are using artificial intelligence to find leaks that don't come to surface, so we can respond and fix quick.

We delivered 84.2 billion litres of food-grade product, being water, to 474,000 Tasmanians and 1.2 million visitors. You can put water in your mouth out of the tap and not get sick anymore. We met microbiological compliance as per the Australian Drinking Water Guidelines for the seventh consecutive year.

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We now have master plans, which is a first for Tasmania. We have nine of these across the entire state which is a 50-year outlook, which guides investment in water and sewage. Not only to meet and respond to climate change, water scarcity and security, but also accommodating growth and meeting our housing targets across the state.

We delivered a four-year enterprise agreement that commenced midyear, which is around 14.3 per cent. TasWater, staff, unions, delegates and management worked together to deliver an agreement without any industrial action. We're very proud of that. Our engagement has increased to an all-time high of 68 per cent, which is 1 per cent higher than the Australian average for utilities and resources and we plan to get better.

However, as the chair said, we still face many challenges and I hope we can discuss these challenges in the time that we have this morning. TasWater was created to bring its technical capability and its balance sheet to solve problems across the state. We have the highest choke and break rates in the country - the chair has made reference to that. The result of that is too many customer interruptions and sewage spills into the environment. Water main breaks are coming down, pleasingly, on the back of investment that we've made, however, we still have too many interruptions to customers causing inconvenience.

Of our 110 sewage treatment plants, 100 are not fully compliant with the environmental licence conditions, and 23 per cent, or 25 sewage treatment plants, are posing a high risk and causing environmental harm and that needs to stop. We're up for it and we will roll up our sleeves and do the work that needs to be done, but we can't keep ignoring the reality that is before us.

In our price and services proposal to the Economic Regulator, we aim to address these urgent issues. The non-compliances at our sewage treatment plants and poor condition performing assets will not be fixed in PSP5. It will take multiple PSPs over the best part of the next 20 years to address these urgent issues. In our opinion, our proposal before the regulator is in the long-term best interest of customers and we welcome the opportunity to discuss our proposal with the committee this morning.

In closing, I would like to remind everyone that we had just come out of a crisis. The crisis we were in, and the chair made reference to it, was that 24 towns had permanent 'do not consume' or 'boil water' notices in place. In fact, it ended up being 28 towns across Tasmania. The last 'do not consume' notice came off in 2023, so not that long ago.

My concern is that we are sleepwalking into another crisis. This one is sewerage, and unless we act, we will replicate the mistakes of the past that we had with water. While our PSP proposal requests a price increase, it also includes tariff reform and that is really important. We shouldn't lose sight of the fact that the combination of tariff reform and a price increase means that 63,000 customers across the state who use no more than 80,000 litres of water a year will actually get a \$53 reduction in their bill, and 50 per cent of customers who use no more than 153,000 litres of water in a year will receive an increase of no more than 2.6 per cent, which is below inflation.

Everyone at TasWater is working incredibly hard to do the right thing by Tasmanians, the environment and the Tasmanian economy. While no-one likes the price increase, when customers understand the issues we face as a community, they tell us to get on with it. If

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TasWater is to be criticised, I would rather be criticised for being open, honest and transparent than keeping silent and be criticised later when we are in another crisis.

CHAIR - Thank you, Mr Theo, that's wonderful. You're in the right place, then, to have questions asked of you. Mr Winter, would you like to start?

Mr WINTER - Thank you, everyone, for being here today. We do not have a lot of time so I'll try to get through this pretty quickly.

The announcement you made on 24 July in relation to a 40 per cent increase in customer bills on average over the pricing period up until financial year 2030 is pretty concerning for people doing it tough when it comes to cost of living, so I think it's important it's properly scrutinised, as you said in your opening statement. I would like to understand the process TasWater is going through here. Has TasWater's owners approved the pricing submission?

Mr YOUNG - We have had engagement with the councils leading up to our strategy and our price submission. Also, I think George engaged with each individual council and they have come back strongly.

Mr THEO - We have engaged with all our councils through a number of different forums when we come together to present our performance throughout the course of the year. We have also taken the opportunity to inform councils, individually. Many have taken that opportunity and many have already written letters of support for the proposal because they recognise that price suppression going forward is not going to deliver the outcomes people are asking for.

Mr WINTER - If I remember my time in local government correctly, there's a corporate planning process you go through every year. The only corporate planning process, from memory, is at the start of the calendar year leading into the start of financial year. Will you take the pricing proposal here for approval through your corporate planning process?

Mr YOUNG - The corporate plan is out. We have already taken the policy proposal and engaged with all of the councils and the board selection committee and I think we've presented that to LGAT and others, so we have taken that through. The decision of putting a proposal forward is a board decision, but we have engaged with the owners of the business.

Mr WINTER - Will that be included in the corporate plan that gets approved formally through your ownership structure?

Mr YOUNG - It would be included because we always have a prop financial outlook as part of the corporate plan and that will be included, but what we have at the moment is a proposal. What should be included is the final decision, not a proposal by TasWater. It will be going through a process to see what the final decision is and that will be included.

Mr INGHAM - That's right. Maybe I could add that heading into the corporate planning process last year, prior to our proposal we included the key assumptions in our PSP proposal in the corporate plan that was approved by our council shareholders, and we were pretty clear that there were some assumptions in that included in the proposal. There'll be a draft determination next year and we'll make sure that's reflected in the next corporate plan.

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Mr WINTER - In terms of your ownership structure, you now have a percentage ownership by the Tasmanian government of 10 per cent, I believe, and they're required to approve the corporate planning process. When was your state government owner first made aware of the proposal, and have they agreed to the proposal as it currently stands?

Mr THEO - The government, being one of 30 shareholders, was informed at the same time as the other shareholders through our annual process of putting forward the corporate plan. Our corporate plan for the next five years is one year of surety in terms of pricing, which is the last year of PSP 4, and then the next four years is based on the proposal we've put before the Economic Regulator. So the corporate plan through the annual process we go through was endorsed by the collective 30 shareholders.

Mr WINTER - When was that done, though? What date?

Ms CRAWFORD - We hold our general meeting in June for the approval of the corporate plan. I'm getting the exact date for you when it was this year, but every June.

Mr THEO - It was in the month of June.

Mr WINTER - The pricing increases here are very substantial. We're talking about a 40 per cent increase for an average family of two adults and two children. We're looking at significant increases of almost \$800 over the four-year period. What's TasWater's response to people? People are doing it really tough. There is a cost-of-living crisis out here and a lot of families are going to struggle to pay that. Has TasWater, in its engagement, sought to understand the economic conditions impacting Tasmanian families and their ability to pay?

Mr THEO - Yes, we have. We've engaged in customer engagements for the best part of two years, the most intense customer engagement process TasWater has ever gone through. We had over 200,000 touch-points with customers and 3500 participated in surveys, culminating in about 45 customers over a period of seven or eight full days being immersed in the proposals being put forward. The last day was on pricing.

What was really interesting when we went through that process, the customer forum or citizens' jury, which represented customers from across the state and all demographics, actually said we should be pricing higher, but we didn't think that would be the right thing to do. They were suggesting to us that we should be pricing at a higher level to do more work and fix the things that need to be fixed in a quicker timeframe, but we did not take that view. What we put forward was a price path that looks like what you have in front of you, which we believe is responsible.

With respect to customers who find themselves in a vulnerable state and can't pay their bill, there are a couple of things to understand. The first thing is we never turn customers off, so if you can't pay your bill and you want to but you're struggling, we will never turn you off. We don't do that. We don't restrict and we will support those customers. In our PSP 5 submission we've upped the amount of money we've put in our proposal to support those individuals who are finding it difficult. We're increasing our total support by \$2.4 million to \$4 million over four years to support customers who might find themselves in a vulnerable state.

Mr YOUNG - Another important component is changing your control of the bill.

Mr THEO - Yes.

Mr YOUNG - Part of this is that we've said there's more on the variable, and what we know from the rest of Australia is that when the variable price goes up and people are struggling with their bills, they say let's make smarter decisions about how we use water, and if you use less water your bills go down. It's been a driver and gives more control within people's own capability.

Mr WINTER - In that engagement you said that people were telling you they wanted to pay more for their water and sewage bill -

Mr YOUNG - Yes.

Mr WINTER - in order to - did you consider -.

Mr YOUNG - Sorry, I think they were saying they wanted to fix the problems. They thought they weren't going to go away. What I heard from my involvement in those deliberative juries with the customers was they said, 'Let's get on with it. This is not going to go away. It's going to become more expensive in the future. It's not an easy thing to do, but let's get on and fix these problems'. That's what I heard.

Mr WINTER - And you also heard -

CHAIR - Last question, Mr Winter.

Mr WINTER - Okay, thank you, Chair. I think you said that as part of that engagement people wanted to pay more volumetric, they wanted to see that change. I certainly remember at the start of these reforms it was very controversial about having to pay for the amount you used. You're saying that in your engagement Tasmanians were -

Mr YOUNG - They want control. What they said was increase the variable price. Give us control on our bill because if it's just all fixed then you do not solve the major issues. You don't see water as precious, as things get worse in the future - drought, climate change - what they said was, 'Give us control on our bill. The changes that we've made on variable to fixed pricing, there's nothing in it for us. There's no revenue, it's zero-sum'.

Mr THEO - Tariff reform is a revenue neutral outcome for TasWater before they apply the increase. At the moment, everyone's bill in this room is 84 per cent fixed. You can't influence the size of the bill based on the volume of water that you choose to use. We're moving that from 84 per cent being fixed to 67 per cent being fixed. A third of the bill is variable, which allows you to influence the size of your bill based on how much water you use.

We need to also remember, while we talk about the impact, and it comes down to current usage patterns, every consumer in the state will get a \$176 reduction to their fixed access charges on day one. Then, if they use the same volume of water they used in the previous year, the results are in the table that we've shown you. If they choose to use less water, they will pay less.

Mr YOUNG - We hope they do.

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CHAIR - I'm asking the next question. I understand that that is also influenced by environmental factors. You're actually using less water; I suppose that may be an outcome from that.

I want to go to the issue of the Mondelez Cameron Bay spillage and problem last year. The Cameron Bay Treatment Works was overcome by a spillage and lack of processing at the Mondelez/Cadbury factory. I am curious to know how much you knew beforehand, in relation to their likely problems.

Ms CRAWFORD - The situation at Cadbury was that there was a deterioration in the performance of the plant from around 12 December. Obviously, with those kinds of things we had to go through a period of investigating and trying to understand why that may be. It came to the conclusion that the high strength discharge that we were receiving from Mondelez had, in fact, caused issues with our treatment plant to the point of a critical failure. At that point, we made the decision on 20 December to cease accepting the discharge from Mondelez. Over that Christmas period into January we worked very closely with them to work on their pre-treatment processes and make sure that the quality of the materials we were receiving, we could treat and that our treatment plant also had time to recover during that period.

CHAIR - This was a significant breach. My question is, how much did you know beforehand that this was a likely problem? What is going to happen so that this kind of thing doesn't happen again?

Mr THEO - This played out pretty quickly pre-Christmas, and we were aware in the day or two prior to the actual treatment plant being compromised that we were receiving noncompliant industrial trade waste. We've dealt with those issues.

I'm really pleased to say though that Mondelez has invested heavily in their pre-treatment process. They've been fully compliant over the best part of, I think, six months. We continue to work with them on a fortnightly basis. We have very good constructive conversations with the company. They have stepped up, they've done the right thing, they've invested in their pre-treatment, and they're compliant.

CHAIR - You didn't know beforehand that there was likely to be a problem?

Mr THEO - As I mentioned, we were aware that we were receiving noncompliant trade waste and we were working with the company, and it did end up compromising our treatment plant.

Prof RAZAY - First, congratulations to TasWater for a major infrastructure upgrade of our water system that manifested us having the highest quality of water, not in Australia, but in the world, I expect. Thank you for that. As chair, you said that only 9 per cent of our Tasmanian sewerage system is compliant with our EPA standards and it needs a massive investment in that upgrade. It's estimated, if we are doing an upgrade of our sewerage system between, let's say, 2026-30, we estimate an increase of roughly 35 per cent to our water bills, which is equivalent to an extra \$522 per household by 2030. That means we need massive funding support. How is our government going to support this urgently needed upgrade of our sewerage system?

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Mr YOUNG - That's a good question, but I think that we have been successful in the past of getting funding.

Mr THEO - Yes, I think we've been very successful working with government, seeking federal government grants for a number of projects across the state. Matt could talk to that in a moment. Just recently - which was in the media - co-funding from different levels of government, including TasWater, led to a significant infrastructure project being delivered, which opened up development opportunities in the Brighton region.

In terms of further support, the revenue we're seeking to generate is not the revenue that is required to fix the problems we have. The revenue we're seeking to generate will allow us to service the loans that we have to take out through TASCORP in order to invest in water and sewerage infrastructure. I want to make that really clear. The support that we need is support for our proposal because, in the absence of that proposal being supported, we can't generate the revenue we need to invest in water and sewerage infrastructure, which means things that are broken today will continue to be broken. They're not going to get fixed until sometime down the track when it's going to be even more expensive to fix. One of the things we're seeing right now is that the cost of construction is outpacing inflation, so we need to be really mindful of that. Matt, did you want to add to some of the grants?

Mr DERBYSHIRE - Yes, I had a couple. The National Water Grid has provided funding for various projects around Tasmania. We've received \$5 million for the Penna recycled water scheme. There are water improvements in Bothwell. We've had half of the business case for the north-west water strategy that would see a rationalisation of treatment plants around Devonport and that project could be \$300 million to \$400 million. It's a good sign when the feds are funding the business case. More recently, for the Tamar Estuary Recovery Health Action Plan, we received - Tony?

Mr WILLMOTT - \$42.5 million from the state, \$42.5 million from the feds, \$11 million from the Launceston City Council.

Mr DERBYSHIRE - Those opportunities exist and we're really hungry to go after them.

Mr THEO - Did you want to mention that we're also looking to put the Launceston project onto the Infrastructure Australia funding opportunity list?

Mr DERBYSHIRE - Yes. The Launceston sewer transformation - which is seven treatment plants to one over the next less than 10 years now - is on the Infrastructure Tasmania shortlist, it's on the Infrastructure Australia shortlist now, so again, that gives us a really good opportunity to make the case for federal funding to support that project.

Mr GEORGE - There are something like 12 to 14 flow-through salmon hatcheries on Tasmanian rivers, as I understand it. Each one of those contributes to the nutrient load on our rivers downstream. How much is the salmon industry paying for the use of our water for each hatchery on our Tasmanian rivers? When will you move to restrict or get rid of entirely flow-through hatcheries on our rivers?

Mr DERBYSHIRE - That's probably a question for the EPA. We don't charge businesses for use of water. We only have one intake that's downstream of a salmon hatchery

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in Tasmania and that's at Bryn Estyn where we've just invested more than \$200 million upgrading it, but that was not just driven by the salmon industry alone.

Mr GEORGE - Substantially, though?

Mr DERBYSHIRE - No. We do a catchment risk assessment which determines how many treatment barriers are needed to make the water safe and compliant with the Australian drinking water quality guidelines. That upgrade was due and that's what we've delivered, but it's definitely not linked to the salmon hatcheries.

Mr FERGUSON - Good morning to the TasWater representatives and thank you for your work. Congratulations on your appointment, Mr Young. I'd also like to acknowledge the work of Dr Gumley, your predecessor, who was excellent to work with.

I seek an update from you, Mr Young, or your team, in relation to the Launceston sewer transformation project. You've already referred to a number of the facilities that are currently exceeding environmental standards. I have a particular interest in Legana and seek an update from you about that. You've just discussed how the overall project aims by 2035 to amalgamate and unify the treatment of wastewater in Launceston and you're seeking federal support for that. I suppose my question more zeroes in on how are Legana or other treatment facilities in that catchment currently being managed while you work towards the long-term solutions?

Mr THEO - Matt's very close to Legana and Legana is one of 110 for us. Matt, would you like to respond to that question?

Mr DERBYSHIRE - Sure. Legana is part of the Launceston sewer transformation and we very much agree that it needs an upgrade. It is over capacity. More recently, though, for the medium term we've installed aerators which introduce oxygen into the treatment process and we've desludged that sewage treatment plant. As late as September, we are actually starting to see an improvement in compliance. The non-compliance that we talk about is not 100 per cent of the time, so when we say 91 per cent of our treatment plants comply, there are times like wet weather when inflows increase and the treatment plant will go out of compliance for that time with the licence parameters set by the EPA.

Mr FERGUSON - Is that a fully rounded answer? If I may, it was just clarity on what management techniques are being used apart from aerating to address that until and before the long-term solution is achieved. Are there any other tactics?

Mr DERBYSHIRE - No. We've looked at inflow infiltration in that catchment as it doesn't rank as high as some others. We apply the Water Services of Australia guidelines on managing inflow and infiltration. They have three parameters they look at and all three of those parameters are below, which would dictate intervening, so it's a long-term solution.

Mr WINTER - I'm going to your corporate plan around pricing. Section 9, appendices and financial assumptions - it outlines total revenue increases from what's budgeted this year at \$475.7 million and going up to \$658.4 million. Is this incorporating the proposed price increases you put forward to the Economic Regulator?

Mr THEO - Correct.

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Mr WINTER - Just to reaffirm my question earlier, this was approved by your owners in June. Was that right?

Ms CRAWFORD - Yes, I have the date for you - 23 June was the general meeting.

Mr WINTER - As part of that approval process, it goes through the 29 councils and your other owner, which is the Tasmanian government. So 23 June is when the state government was made aware. As part of that you've then announced the proposed changes a month later, despite the fact that the information was in the document. Can you explain to us the reason for choosing that date? I think the announcement was on 24 July.

Mr THEO - We launched our proposal with the Economic Regulator. We have an obligation to do that by 30 June and we did that. The Economic Regulator, as I understand, made available that document, I think 3 or 4 weeks later, after it was lodged with them. I think one of the reasons they uploaded it on their website sometime in late July was because they wanted to go through the document and understand it and then they uploaded it.

Mr YOUNG - I think there were major changes compared to previous documents because we were not only covering the need for significant investment, but also there was the change in the variable fix they wanted to review and understand.

Mr INGHAM - In terms of the corporate plan, we made the assumption that they should align together. We had the proposal at that time and we felt that was going to be the most meaningful set of financial projections to include in the corporate plan at the time in the absence of anything else.

Mr YOUNG - But they were projections because we're subject to a complete review process that goes into the community and be under scrutiny and discussion, so a decision won't be made until July next year.

Mr WINTER - You've talked about this being about being able to generate the revenue to pay for some of that increased debt that you're seeking to take on over the course of the next four or five years. Yesterday, there was a credit downgrade issued. Can you explain to the committee where you're at in terms of your engagement with TASCORP and your understanding of the level of interest you're going to be paying annually as part of that?

Mr YOUNG - I will give an overview and then Kane might go from there. From a board viewpoint we look at long-term projections and we want to stay a strong investment-grade company. When we look at the debt, even with the increase of the future, we are lightly indebted compared to most utilities around Australia. We're in a very good position with our debt. We're remaining, even with our projections, to be a strong investment-grade company. Kane has had discussions with TASCORP about this.

Mr INGHAM - Thanks, Kevin. We're in constant dialogue with TASCORP, especially through our planning processes, and we provide them our projections on debt. The key thing they want to understand around our debt is our ability to service that debt. Our pricing proposal was a big input into that, because it determines our ongoing cash flows and signals our ability to service it. Included in this, we've done projections. The projections in that corporate plan reflect the investment we've included in the PSP and the prices in the proposal to support that

investment. TASCORP provides to us the projected cost of debt amounts, and again we've reflected that in our forecasts.

Mr WINTER - Part of the media pack said our sewerage network is in terrible shape and I think that's consistent with what we've heard today. We've heard that you're having to take on debt and your debt will just about double from 2025 at \$1.08 billion to more than \$2.1 billion. Has there been any discussion with your owners, the 29 councils, around dividends? You've called it - the network's in terrible shape and you're increasing charges for Tasmanian mums and dads by \$800 for an average family over four years. Have you had a conversation with your owners about their flexibility in terms of demanding dividends, given the state of the network and the price impact that's about to happen for Tasmanian families?

Mr YOUNG - I think we pay dividends and we do it. It's a year-by-year discussion on that. I think our dividends are reasonable given the situation that we're in. We will always, as a board, look to our future when the price path comes out and determining what is the level of debt and our loan repayments. That will be all taken into account. It's a year-by-year discussion. But I do find, right around Australia, there is a payment of dividends to owner - it's a zero-sum game. The councils' customers are our customers, and the councils invest those dividends back into the community. If they don't get dividends, they can increase their rates to cover what they need to invest, but it is a zero sum game. What we want to make sure, as a board, is that the dividends we pay are prudent and reasonable, and that discussion will occur year by year into the future.

Mr WINTER - Just around that, the special dividends that have been included, so the ordinary dividends paid, according to the forecast - \$20 million across, I assume, the 29 councils - then moving up to \$30 million. Is that correct?

Mr THEO - Yes, so -

Mr YOUNG - It's a forecast.

Mr THEO - It's based on the proposal that's before the regulator. The special dividend you're referring to is the dividend that was not provided during the COVID years.

Mr WINTER - I'm sorry, but COVID knocked everyone around. Why do the councils feel they need to be made whole, given everyone was impacted by it.

Mr THEO - The reality is that no dividend payments were paid for those - I think - two years. What we have done is - and I think we're currently in the final year of those special dividend payments, which was a recognition of dividends that weren't paid in those prior years -

Mr WINTER - That's pretty extraordinary. I was there at the time -

Mr DERBYSHIRE - Dean, I think it was just such an extreme time. We didn't know how long it would go for and we didn't know the impact on the business. We made a call on risk and held the dividends back. Then we found that once COVID had passed, we didn't need to -

Mr WINTER - I'm sure the state, during COVID, didn't accept a lot of dividends and they didn't go asking the GBEs like Hydro and TasNetworks for more money after the fact. Do

you just need to stand up to these councils and tell them that given the state of your network, given the state of what you're asking Tasmanian families to do, that potentially providing them with a special dividend - then, further to that, you're increasing the size of the dividend by 50 per cent from the 2026-27 forecast year. Is this really prudent, given the state of the network and what you're asking from Tasmanian families?

Mr INGHAM - I think the dividend is pretty modest comparative to the earnings. If you benchmark that compared to our peers across the country, or even other government businesses, I think you'd find the dividends, as a percentage, are pretty low.

Mr YOUNG - It's a year-by-year discussion. I know we've got forecasts in, but it will depend on what comes out of the price path, what our debt is, what we need to borrow, and the decision will be made at that time.

CHAIR - I'd like to follow on from Mr George's question about the salmon hatcheries. It was said that it was a matter for the EPA. I'm very pleased to see that you've got your regional plans for the whole of Tasmania, and the Derwent catchment is a really important component of that. I'm wondering if you are advocating for a catchment authority and moving towards that? I know we've had this discussion before, Mr Theo.

Mr THEO - TasWater is a strong supporter of improving outcomes from catchments. Whether that requires a catchment management authority or whether the institutional instrument already exists and it just needs to be refocused. I'm not an expert in that area. What I can say is that TasWater is supportive of those things that we can do, as a collective, to improve health of catchments, including rural water quality.

CHAIR - I note in your annual report, I think there's only one reference in the whole report about algal blooms. I'm concerned about what steps TasWater have in place to assess the risks of, and proactively monitor for, blue-green algal blooms, and which waterways and supplies have been affected or are at greatest risk.

Mr DERBYSHIRE - Yes, I can take that. We do monitor for blue-green algae at all our rural water intakes. Probably where we've felt it the most would be, like, Trevallyn. I think it was 12 or 24 months ago, there was a significant blue-green algae breakout further upstream, and Tamar Estuary and TasWater, Hydro and all other stakeholders in that area worked together to monitor that situation. It didn't eventuate into anything that significantly impacted our water quality, but I think we did dose carbon at that moment, which takes out the earthy taste from the water and also removes any toxins that could have been present.

CHAIR - Given the significant impacts from agriculture, aquaculture, all sorts of processes and uses, are you not doing that for the Derwent as well?

Mr DERBYSHIRE - We do it for the Derwent. We do it for all of our raw water intakes. But in that instance, it was something that was more significant than normal operations. That's why the catchment stakeholders came together to look after that situation.

Mr GEORGE - I'd like to go back to the salmon issue, please, particularly in the Derwent catchment area. I'm still trying to figure out why it is that the salmon hatcheries, a big, very profitable industry, are apparently paying nothing for the use of an important natural resource from Tasmania, i.e. the fresh water of the rivers. Why is TasWater not raising money from

flow-through hatcheries when, obviously, the impact is nutrient load downstream into the catchment area?

Mr YOUNG - We don't have responsibility for - we don't have any assets that they use to get that water. It's the river, it's not a TasWater asset. We don't have any capability to charge for that

Mr DERBYSHIRE - Or jurisdiction or regulatory powers.

Mr GEORGE - You don't? None at all?

Mr DERBYSHIRE - We don't own the catchment; it's not a protected catchment. What I would say, though, is that TasWater participates in the Rural Water Roundtable and that involves Tas Irrigation, Tas Hydro, TasFarmers and Graziers Association and others. We work together to make sure that we're sharing data and that we're monitoring those types of situations so that we can keep in front of them. Our treatment processes are equipped to deal with removing what needs to be removed from our water.

Mr Di FALCO - Looks like you've already answered the question I was going to ask. Alternatively, Hydro's got massive water reserves, are you talking to them to avoid water restrictions?

Mr DERBYSHIRE - Absolutely. We've got a number of places where we work with TasWater and actually either have plans in place to purchase water - the North West Water Strategy is a good example, where we are locking away 50 years' worth of growth in that catchment, where we will take water from Lake Palooona that would pass down to Forth, where we will draw it out. We also have arrangements in place in Lake Trevallyn, where we use water. Town drinking water is just a rounding for Hydro; it's a very small number.

In places like Meadowbank, Tas Hydro release water as part of environmental flows, and further downstream at Bryn Estyn we take raw water out of the Derwent, from the water that Hydro pass from Meadowbank.

Mr Di FALCO - Thank you.

Mr FERGUSON - Last year's annual report recorded that for 2 per cent of the national population, TasWater, as a water and wastewater authority, operates 38 per cent of the country's treatment plans. That genuinely surprised me.

Mr DERBYSHIRE - True - 38 per cent of major large water utilities in Australia.

Mr FERGUSON - I wonder if you could then help the committee and me to understand that better. What is TasWater's competitive disadvantage, if I can use that term, as an entity and as a water authority and wastewater authority, in the national context? Is TasWater, by virtue of the legacy assets that it's inherited from 29 councils, struggling because of that legacy and, therefore, the need for that consolidation of assets into the future? I wonder if you could take us through that because I'd like to understand it better. Finally, how does that impact upon financial strategies that the entity must pursue?

Mr THEO - You're spot on. We're the most decentralised, if you like, community in Australia. We have many, many towns. The challenges we have before us at the moment is the issue of many councils being water and sewage authorities in their own right, building their own infrastructure for the best part of 100 years.

If you look at Hobart, greater Hobart has 19 sewage treatment plants that serve a population of a couple hundred thousand people. In Launceston, we have seven sewage treatment plants that serve a population of, I think, about 70,000 people. It's crazy. You just don't need that many assets to serve that many people.

Part of our financial forecasting and engineering master planning is to not keep investing in maintaining the same number of assets. When it comes time to invest in an asset, actually invest in a different solution - that different solution, let's say Legana, we will be turning that off, putting in a pump station and sending the flow down to Ti Tree Bend, which will be gaining a significant upgrade in the next few years to allow us beyond the next few years to decommission the other six sewage treatment plants around Launceston. It also creates scale for us, and it will create an opportunity where 9 billion litres of potentially nutrient-rich water will come out of Ti Tree Bend that we could make available for agricultural or industrial purposes.

Mr DERBYSHIRE - Just to add to the master plans that we've completed for the next 50 years show that we could potentially reduce that number down to about 130 treatment plants, so we can rationalise 50. That's obviously expensive and why the price and services plan is so important. There is one advantage to having small treatment plants and that is that you can quickly trial pilots for innovation - things like floating wetlands in smaller treatment plants - before you roll it out across the rest of your fleet.

Mr YOUNG - But it is the economy of scale. Previously, the CEO of Sydney Water, the biggest treatment plants there would serve more than 1.2 million people at one plant and drive huge scale and huge efficiency.

Mr FERGUSON - We should pump it there.

Mr YOUNG - Yes. In Launceston, you have seven plants for 70,000. It's just so expensive to have so many plants.

Mr WINTER - I got a bit distracted earlier about debt and interest being paid. According to the corporate plan, by year 2029-30, interest paid will be \$93.5 million a year. Have you started those conversations with TASCORP? How much, if any, sensitivity analysis has been done around the level of interest that will be paid in the back end of your forecasting?

Mr INGHAM - The answer to the first question is, yes, we've provided these projections to TASCORP. As I said, they're heavily dependent on the outcome of PSP5. Our investment in PSP5 is a big input into this, the capital program, the pricing and the cashflows that come from that. We have factored in the projected interest rates that TASCORP have provided, and we haven't done a heap of analysis around what the interest rates could be and what that does to our future earnings at this stage. It's something that we're having ongoing discussions with them and expecting to gauge heavily with them in the new year once the draft determination is released.

Mr WINTER - Again, in terms of the financials going forward, receipts from customers will rise to \$657 million by 2029-30, which is a 46 per cent increase in revenue coming from customers over those few years, which is pretty substantial.

Unknown - If approved.

Mr WINTER - If approved, but that's what's forecast? Has TasWater considered any other options other than this? Do you have different options in front of you that you can go to, particularly, if this isn't approved?

Mr THEO - The only other option is to keep pushing out investment.

In PSP5 we're looking at investing \$1.7 billion. We're only looking to recover revenue to fund \$1.6 billion of that investment. TasWater has put itself on the hook to find \$100 million worth of capital efficiencies over the PSP5 period. The answer to your question is, we won't be able to do \$1.7 billion worth of work. We will have to defer work.

The consequences of deferring work will mean that growth will not be accommodated as much as we would like to meet housing targets and also councils' projections around their own growth within their own areas because we have to prioritise based on the resource that we have and money will go into compliance, making sure our treatment plans are not polluting the environment, so that will take precedence over other programs. The answer is we will have to defer work.

Mr WINTER - It feels like you're going from zero to 100. You've had a capped price increase situation since the MOU was signed in 2018, I believe. Mr Ferguson will correct me if I am wrong. We've had 3.5 per cent capped increases for a very long period of time, now going to 8.8 per cent increases. The question is, surely there's another scenario that's been modelled here that isn't quite so extreme on Tasmanian families, your customers?

Mr INGHAM - There's probably another point that I want to add with the price. There's a lot going against us at this particular time as we forecast. A large part of that increase is driven by some external factors like increasing cost of debt, inflation, other things that have happened over the last three or four years comparative to the last price increase that's having an impact and that might make it feel like this is largely driven by a capital program, but there are other things pushing that up. That's one point.

The other point is, we did a range of different scenarios around our capital program and what that meant for prices, and this is one where we felt this level of investment was needed and we had to trade that off between that and the proposed price increase.

Mr WINTER - Is TasWater able to provide that scenario analysis to the committee, through you, chair?

Mr YOUNG - We looked at what we were putting forward as our proposal. We are going through a review at the moment with the regulator who will scrutinise every one of our capital projects and operating, and say, 'You need to be more efficient, and you need to look at these projects and decide -'

PUBLIC

Mr WINTER - I understand how that works, but the question is that presumably in the preparation of this you will have looked at a number of scenarios, and it sounds like you have. I'm asking whether you can provide that to the committee so we can see what TasWater considered or didn't?

Mr YOUNG - What we've done is say, look what happens if we don't get the capital, but we don't know the decision that's going to be made. We don't know what total amount of capital we're going to get. We don't know what the targets are. That will come out as part of the review process and when that occurs, we will do scenarios to say, if we're limited to this amount of capital, where should we best spend it, but we don't know that answer at the moment.

CHAIR - Mr Young, we'll move on.

Mr WINTER - The question is whether we can get a copy of that data that we haven't heard exists.

CHAIR - Yes, I believe the question was -

Mr WINTER - Can we have a copy of that tabled?

Mr INGHAM - For me, the regulator has a role of going through and doing an investigation. I believe it's for the regulator to make that assessment and to do their work in that balance between investment and trade-off. I'm not sure if it's something we might need to consider.

Mr YOUNG - We're not second guessing what's going to come out of the process and when it does, we will do all the scenarios at that time.

CHAIR - I'd like to ask some questions. With the impact of the Greater South East Irrigation Scheme, which is the largest proposed in Tasmania and proposes to take 41,000 megalitres of water from the River Derwent - and that will occur primarily during summer months when the system is at its most vulnerable. Current summer takes transferred as potable water via TasWater are limited to 3000 megalitres, so it's a massive jump. I'm curious to know what modelling you're doing or looking at with this potentially big take of water out of the system, given that we know its vulnerability in the upper Derwent catchment?

Mr DERBYSHIRE - I think the water you're talking about comes from the Derwent, so it's not necessarily a question for TasWater.

CHAIR - Yes, but will that impact on TasWater's take?

Mr DERBYSHIRE - No. We have surety 1 and surety 5 licences for the Derwent. That water comes from regulated sources from Hydro, so it's stored in dams and released.

CHAIR - I'm sorry, but you're putting out a regional plan, and part of the plan, I would have thought, with TasWater and other users is that there's good monitoring, knowing what sorts of flows there might be and how that might impact on your business.

Mr THEO - We do all that and don't see any impact on our business -

CHAIR - You don't see any impact?

Mr THEO - No, because we take a fraction of the water out of the Derwent to treat that water through our treatment plant at Bryn Estyn and create drinking water. The source of water that's available to us, we don't see that impacting our ability to be able to produce drinking water. If you recall in the past, prior to the Bryn Estyn treatment plan being upgraded, the old plant had difficulties with respect to treating different raw water qualities. The current treatment plan does not have those constraints. If we're talking about the volume of raw water that is available to TasWater to treat, we don't have any concerns.

CHAIR - Would there not be impacts? The water will be treated at Bryn Estyn and then it will be used by customers, but would that water also be used by the irrigation scheme?

Mr THEO - Yes, correct.

CHAIR - So what is the cost being subsidised by TasWater customers, in effect?

Mr THEO - I don't have the exact numbers in front of me, but what I do know is that Tasmanian Irrigation and TasWater have agreed that they will work to come off potable water over the next 10 to 15 years. We have an agreement in place that will be ratified shortly and they will be moving to potable water pricing over that period as well.

Mr DERBYSHIRE - Tasmanian Irrigation will not take potable water once the southern irrigation scheme is created, they will take raw water from the Derwent, so they will be off TasWater's supply.

CHAIR - Okay. It would be good if you could table those predictive things that you're doing, but also if there's any modelling that makes you fully sure there is no problem with the water supply.

Mr DERBYSHIRE - Our water extraction is regulated by NRE and we have surety 1 and surety 5 licences that won't be impacted by irrigators. If you think about how Hydro uses 99 per cent of the water, and TI use 0.9 per cent, we use 0.1, so town drinking water is a very small fraction of that number.

CHAIR - It gets expensive, though, doesn't it? We'll move on.

Prof RAZAY - Water is the most precious commodity in the world. Billions of dollars spent on infrastructure upgrades come with the need for skilled labour. Currently Tasmania faces challenges in sourcing enough qualified water engineers, project managers and treatment plant operators locally. What are we doing in our master plan for the next two decades in trying to train our local Tasmanians for it? Do we have initiatives like scholarships, TAFE courses or cadetship that can prepare us to look after our infrastructure? How will we make sure that a \$1 billion spend on water infrastructure will also leave behind a stronger Tasmanian workforce equipped to operate and maintain those assets in the future?

Mr YOUNG - Great question. We had a board and executive strategy day yesterday. One of the scenarios we were discussing is how TasWater can bulletproof itself from making sure it has the capability, skills and numbers of people employed both directly and indirectly through our programs to make sure we can continue to invest in water and sewerage

infrastructure, because every [inaudible] is chasing the same resources. We have to grow the number of people in the sector and not compete across different sectors for the same people. It's a great question.

In our own right, based on government formulas, we know that our \$1.7 billion worth of investment over the next four years will create or support 15,000 jobs. TasWater also has a graduate program of 20 people we continue to maintain on an annual basis through our delivery partners - and Tony might want to chat to that in a second - that are delivering wastewater treatment plant upgrades and pipelines in streets. They employ professionals but also tradespeople, so indirectly we are supporting them.

We also sit on the - I will probably get the name wrong - Skills Tasmania board looking at the skills required in the water sector and how we can work closer with TAFE and universities to make sure there is a pipeline of people who can come into the sector.

Tony, do you want to talk to the work we're doing with our partners around that?

Mr WILLMOTT - Yes, sure. About eight years ago we realised that we were lacking the ability to be able to deliver this increasing program, so we went into a capital delivery alliance, which really featured the upskilling of our people and certainly the market. We've done significant work over that period until now. In the new frameworks we're delivering, our capital delivery [inaudible] will come to an end at the end of next year when we finish some of our major projects. We're also working with the local market to make sure that our frameworks for deliverability of our program are suited to their businesses. They've benefited significantly from our investment in them and that has been a direct investment in their businesses.

We've also stabilised the workflow and workload for their businesses as well. That's allowing them to hire more trainees and tradespeople to make sure they have that stable, consistent workforce. That stable load that we're providing them is also giving them confidence to buy machinery and invest in systems and process as well. We've really tried to holistically look at this, from internally right through to the end of the market.

Prof RAZAY - I'd like to comment that it's not just Tasmania's problem, it's an Australia-wide issue. I know on the mainland they try to promote a career in the water industry. I think we have to plan for the future.

Mr DERBYSHIRE - I would add that we have a graduate program with around 20 graduates in our business at any one time.

Mr Di FALCO - In the paper right now there are reports of a big sewage spill at Penguin that's impacting beaches. What are you doing to stop this happening in rivers and oceans to lessen the impact on recreational and commercial fishing or the public enjoying the beach? What is the risk to the status quo without large upgrades?

Mr THEO - We had two pumps fail simultaneously, which is quite unusual. We're hopeful that one of those pumps is back up and running this morning but we're waiting on some information to confirm that. We also have a replacement pump arriving tomorrow for that second pump. In the short term, we have been responding to the incident. We're also using inductor trucks and we've been running them for the best part of 18 hours a day to stop the sewage spill as much as we can.

In terms of going forward, again, it's symptomatic of the fact that we have assets that are close to the end of their life and we need to invest. So, while we've been talking about sewage treatment plants, there is significant money in our capital works program under PSP5, and we do that at the moment as well, investment in sewage pumping stations. Again, they need to be upgraded, they need to be modernised.

Mr DERBYSHIRE - I was going to add, too, one of the grant fundings that we did receive was \$5 million from the national water grid to invest in sensitive receiving environments. That's been a major program of works around the state where we have upgraded pump stations, rising mains, emergency storages. And the analysis that we have shown for similar wet weather days where we would've spilt into sensitive receiving environments, we are now riding through those without having any spills. The other thing our analysis shows is that those sensitive receiving environments receive three times better level of service from TasWater.

Mr FERGUSON - I would like to take you to the Tamar Estuary River Health Action Plan. I absolutely want to congratulate the team for the progressive delivery of a major piece of infrastructure that's deeply impressive. Of course, as you would appreciate, most of it happens behind the hoarding, and the community has a great interest in that project. Would you update the committee on the progress of that? Not just the specific pipeline, for example, but the overall transformation. Would you care to give a comment on whether there's any new materials or animations that can help the community to appreciate not just the engineering elements, but the river health outcomes that are expected? How is the project going?

Mr WILLMOTT - Thank you for the question. Right now we are at 90 per cent complete on the suite of projects. We've completed the major power upgrades at the Margaret Street pump station; the mechanical upgrades are complete; the pipeline, as you mentioned, is complete as well and ready to receive the stormwater and sewerage. The tank at the other end, so the balancing tank, which is 10 megalitres - you've seen that site yourself, it's a very large structure - that's at 76 per cent complete. By around April next year, we are expecting to be into commissioning. So yes, that project has gone very well.

Mr FERGUSON - The second part of the question was around whether TasWater could have a look at public information materials that makes it easy for people to appreciate how the movement of materials will be different and how that will lead to better river health.

Mr WILLMOTT - I think this project has actually set the bar for all the other projects that come after it, certainly with communication. The comms team has done a fantastic job, and I know Hagen Rieck has led the engagement there with the local community, right down to sitting in people's kitchens explaining what we are doing. We've got extensive YouTube channel videos that explain all the parts of the project and the progress that we've had throughout that time. So, I think that's been an exemplar, certainly from communications, and we will continue to communicate that right through to completion. Then obviously we will shift our thinking around those benefits that it will actually provide.

Mr WINTER - Going back to the approval of the corporate plan on 23 June, either that day or - did TasWater ever engage with the minister at the time, who I think was either Mr Jaensch or Mr Barnett, in relation to the corporate plan or the proposed pricing proposal?

PUBLIC

Mr THEO - I don't recall. I think we were still in the midst of finalising our pricing proposal for submission to the regulator. Once we'd landed on a position and lodged our submission, then we were in a position to talk with some specificity around what was in our proposal.

Mr WINTER - The state government signed off on 23 June as part of the corporate planning process. I presume that was someone in Treasury. When was the state government, the relevant minister, informed of the corporate plan or the pricing proposal?

Mr DERBYSHIRE - The minister was told about it the day before the announcement.

Mr WINTER - So, that's 23 July?

Ms CRAWFORD - If I can just clarify: the Crown provides an owners' representative, which is one of the voters at a general meeting, to adopt the corporate plan. An affirmative vote is required of the state. That's in our governance documents, and that was the case on 23 June.

The day prior to the proposal being published by the Economic Regulator, which is 23 July, we did inform the Treasurer.

Mr WINTER - Thank you. In terms of other issues that came out of the state election, one was the trade waste proposal or policy that was announced by the government, which was particularly focused on Simplot. Can you take us through the engagement you've had with government around trade waste policy? What's TasWater actually going to do in terms of changing policy on trade waste?

Mr THEO - The first thing, before Kate says a few words, is that we actually welcome the review on trade waste, so we will be an active participant in that process. All I know is what I read in the newspapers in terms of the aims that government is looking to do as part of the trade waste review process, and we are supportive of the objectives that review seeks to achieve.

Ms CRAWFORD - We do operate in accordance with the compliance requirements set out in the *Water and Sewerage Industry Act* and regulations and, of course, also by the EPA. We are certainly willing to work with government on any proposal to look at that regulatory arrangement. Currently we are having, and continue to have, conversations with our major industrial and commercial customers around compliance and, of course, with the outcome of trying to protect our precious waterways and make sure that both they are compliant and we are compliant. We are pleased to say, in the case of our major industrial customers, that they are cooperating. We've been successful in negotiating contracts with them which reflect their commitment to continue to invest in pre-treatment and to work towards compliant discharges.

Mr WINTER - Is it correct that TasWater, with the Simplot example, was on site threatening to turn the system off?

Mr THEO - I'm not sure whether that's a statement of fact or not. I can't answer that question. What I can say is that there is an obligation on the part of industrial customers to comply with trade waste requirements. You then go through a process to ensure that parties are working collaboratively to make good the situation that's before us.

PUBLIC

Physically turning off an industry? Think about the practicalities of that. It's pretty impractical. We focus our attention on making sure that people are committed to doing the right thing.

Mr WINTER - Has TasWater threatened to do that, though? Does anyone here know?

Mr THEO - Again, I don't know. I wasn't at that site. Whether that was a statement of fact or not, I can't tell you.

Mr WINTER - Do any of your colleagues know the answer?

Mr THEO - I don't think anyone at this table would've been on site.

Mr WINTER - Surely someone at management level would have known what was happening.

Mr THEO - Well, management would've been aware that with all our trade waste customers, we're in regular dialogue.

Mr DERBYSHIRE - I think also, Dean, the language around threatening is not quite right - we would have had a conversation. There is an option that if a business doesn't come into compliance that we could go down that path. Our first preference is always to work with that business and look at options for keeping them running and keeping the environment protected.

CHAIR - I have a follow-up question around biosolids. We know that there have been breaches at various sites and you're talking about legacy issues around maintenance and how many of these treatment works need to be replaced. Where do your biosolids end up? What are the controls in place to ensure that there is no spillage, or that they're going to a good home, so to speak, but handled properly after they leave your treatment works?

Mr DERBYSHIRE - We have a contractor that, beneficially, land spreads more than 98 per cent of our biosolids. I think you're referring to a spill recently on the eastern shore on the road, which was quite minor and cleaned up really quickly.

CHAIR - I wasn't, but thank you for bringing it up.

Mr DERBYSHIRE - Okay, no worries. That was just on the road.

CHAIR - I was actually thinking about Blackmans Bay and the waste treatment works. I think there were problems there. But biosecurity, when you're moving from place to place with contractors or whoever moves it -

Mr DERBYSHIRE - Blackmans Bay is a relatively new plant. We had some minor issues with stability of the biosolids before carding that we worked on with the EPA. Our contractors go through rigorous inductions. They operate under our policies and procedures. Has that answered your question?

CHAIR - Well, it's a complex question and a complex issue. You said you had a contract where - I can't remember the percentage of -

PUBLIC

Mr DERBYSHIRE - More than 98 per cent beneficially reused.

CHAIR - Beneficially reused for land spreading. Do we know actually what is in the materials that are spread?

Mr DERBYSHIRE - Yes, we do.

CHAIR - Is there any PFAS or anything of concern in relation to that?

Mr DERBYSHIRE - We test all our biosolids. The PFAS National Environment Management Plan has recently been updated and sets limits for land application. If we do find PFAS, and we have, it doesn't get land spread, it gets taken to landfill and destroyed.

CHAIR - So you're 100 per cent sure that no PFAS has been land spread?

Mr DERBYSHIRE - We operate in line with the latest National Environment Management Plan.

CHAIR - All right. I'd love to ask more questions but I know we've only got a few more minutes. Professor Razay.

Prof RAZAY - TasWater has an ambitious goal to recycle 100 per cent of the treated effluent by 2050, in line with Tasmania's sustainability commitments. What initiatives are in place to support accelerating this reuse goal? What are we doing to encourage people or incentivise the industry to use recycled water? Are there any interim targets rather than 100 per cent by 2050, let's say 50 per cent by 2030?

Mr THEO - Great question. The first thing we need to do is consolidate a number of our treatment plants, which is what we're doing, so we can create scale for recycled water use. We're targeting industry and agriculture for potential end users of that recycled water.

In the next calendar year - and you can let me know if I've got this wrong, Kane - we want to go out with an expression of interest to the market and say, 'This is what we've got in terms of volume of recycled water. This is the quality of the recycled water and this is where it is. Is there anyone out there who would have an interest in that water?' We actually want to open it up Australia-wide. It might even attract new business to Tasmania, where they may see the volume of water we have as an opportunity for them to set up here. We are very open-minded. It's not just looking at what already exists in Tasmania but potentially looking at who can come.

Mr FERGUSON - I'm out of questions, so I want to use this opportunity to thank TasWater. I'll finish with a question, then, to save Mr Winter getting anxious. I want to congratulate TasWater. It's a completely different business to what it was even five or six years ago. It's very professional, very customer focused, there are challenges ahead but I'm greatly impressed, and so should you be. I wonder if you agree.

CHAIR - Mr Winter.

Mr WINTER - Hello to Miles Hampton, if he's watching.

PUBLIC

Mr FERGUSON - It should be possible to give a compliment at these hearings.

Mr WINTER - Of course. In terms of the trade waste policy, where are we at? Since the election policy came out, can you explain to the committee what is actually happening in terms of the trade waste policy? You mentioned a review. What's going on and what's the timeframe in relation to that?

Mr THEO - We're not driving this process. Personally, I don't know where it's at. We will be a participant in the process. I don't have any more detail than that.

Mr WINTER - Does someone else at the table?

Mr THEO - We're not driving this process.

Mr WINTER - So what engagement have you had from the state government in relation to trade waste policy since the announcement was made?

Ms CRAWFORD - It's in very early stages. We haven't had a lot of engagement to date specifically on the scope of the review. However, we have provided some context to them in relation to the way the current regulations work and how that constrains us in terms of what waste we could accept. We are constrained currently by certain limitations in the legislation which don't allow us to accept waste that has levels above that.

Mr WINTER - What engagement have you had? You said not a lot, but can you take the committee through exactly what engagement you have had?

Ms CRAWFORD - I think we'd have to take that on notice so we can provide the right information to you.

Mr WINTER - Sure. Back to Simplot, I wasn't very satisfied with the answer I got. It's a really big employer on the north-west coast and I was lucky enough to go up and meet with a few workers there. What was the engagement TasWater had with Simplot in relation to their trade waste and what is the current situation with them?

Mr THEO - What I can tell you is that there's been conversations with Simplot and other industrial customers for years to work towards compliance.

Mr WINTER - But it's escalated pretty heavily in the last few months.

Mr THEO - I think there comes a point in time when you've got to say that you're going to make inroads into being compliant or you're not. Either we take the environment seriously or we don't.

Mr WINTER - I'm trying to get to the bottom of what the situation is at the moment.

Mr THEO - I'm happy to provide that information to you. What I can tell you is that we continue to work constructively. The vast majority of our industrial trade waste customers are on modern agreements. These are global businesses with huge amounts of resource behind them that can do the right thing by the quality of their trade waste and invest in pretreatment.

PUBLIC

Mr DERBYSHIRE - We signed a trade waste agreement with them on 10 July 2025. Within that agreement it includes a commitment for site improvement works and lifting discharge quality within compliance limits for the outfall.

Mr WINTER - Within what time period?

Mr DERBYSHIRE - I don't have that in front of me, sorry.

Ms CRAWFORD - Three years, to 2028. We acknowledge that these are significant investments and it does take time. In the contracts that we have there are milestones so we can also have comfort that it's going through design and planning, approval processes, and then implementation.

CHAIR - This is my last round of questions. I'm interested in the AI facility proposed for St Leonards and I'm just wondering, do you supply water to those kind of commercial -

Mr DERBYSHIRE - No. In that situation, early on they made some inquiries around water for cooling - which I think from memory is around a megalitre per day - but they've since moved away from that. They use some other way of cooling down the processes that doesn't require water.

CHAIR - Are you concerned about impacts and demand from such businesses, because it's very energy- and water-intensive?

Mr DERBYSHIRE - It's a huge issue at the moment and we're not alone in Tasmania with the number of inquiries about data centres. I know in Victoria they have - I can't remember, George - something like -

Mr THEO - About 30 in the planning.

Mr DERBYSHIRE - Thirty in the planning process. Sydney's the same. We worked with the Water Services Association of Australia to lobby government to think about smarter investment in data centres, which have things like the efficiency and how much water they actually use to drive that down as low as possible, and encouraging developers or businesses to come and talk to us as early as possible so that we can discuss where we may or may not have capacity in our networks.

CHAIR - What discussions are you having with the state government in relation to this?

Mr DERBYSHIRE - I think it's actually being done at a federal level at the moment.

CHAIR - So no discussions with the state?

Mr DERBYSHIRE - Well, it goes through the planning process so we have involvement there through our development services team. In terms of water extraction, NRE is the regulator and I guess we're looking at the capacity of our infrastructure to supply those data centres.

CHAIR - Thank you. Professor Razay, we've only got a few seconds left.

PUBLIC

Prof RAZAY - I have a question for you guys. With the increased demand for infrastructure -

CHAIR - I'm afraid the time for scrutiny is over. I would like to thank everybody who has come along. Thank you for taking our questions. Thank you, committee members. It might be the last time that I see you.

We will have a direct changeover. We have Sustainable Timber Tasmania next.

You can halt the recording, thank you.

The witnesses withdrew.

The committee suspended from 10.15 a.m. to 10.20 a.m.