
SUBMISSION TO THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS
TASWATER

Tasmania needs a financially sustainable water and sewerage provider capable of delivering the infrastructure required to support existing communities, housing supply and economic growth. The Property Council supports necessary investment in water and sewerage infrastructure. Our concern is how that investment is funded, the financial decisions that have brought TasWater to this point, and the increasing pressure to recover costs through higher charges on businesses, property owners and new development.

The Property Council's December 2025 submission on TasWater's proposed Price and Service Plan 5 raised concerns about the following:

- Dividend payments to council owners while significant infrastructure investment remains necessary.
- The disproportionate impact of pricing changes on commercial customers.
- Substantial developer and headworks charges.
- The risk that higher costs will undermine project feasibility, housing supply and economic growth.

Financial sustainability and accountability

TasWater faces a significant infrastructure challenge. It inherited ageing water and sewerage networks following decades of underinvestment. The Property Council and Master Builders Tasmania accept that this requires significant investment. However, continually increasing charges on existing customers and new development should not become a substitute for examining the efficiency, prioritisation and funding of that investment.

The Committee should examine whether TasWater's current financial model appropriately balances capital investment, operating efficiency, customer affordability, development and economic growth, prudent borrowing, retained earnings and returns to its council owners.

Dividends and returns to council owners

The payment of dividends and other returns to TasWater's council owners while substantial infrastructure investment remains necessary has been a longstanding concern of the Property Council and of Master Builders Tasmania.

In our 2025 PSP5 submission, we argued that the significant capital investment required today is, in part, a consequence of historical underinvestment in water and sewerage infrastructure. In that context, the Property Council questioned the justification for distributions to owners while TasWater simultaneously seeks materially higher revenue from customers.

Where TasWater argues that higher prices and charges are necessary to fund essential infrastructure, it is reasonable for the Committee to scrutinise the level of dividends and other owner returns and whether a greater proportion of available funds should instead be retained for infrastructure investment.

Customers should not carry historical underinvestment alone

TasWater's infrastructure challenge did not emerge overnight. Developers, businesses and property owners should not become the revenue backstop for historical infrastructure deficiencies.

The Property Council and MBT support consideration of a broader and more transparent funding model involving TasWater, its owners and, where appropriate, State and Commonwealth governments.

TasWater should also demonstrate that reasonable opportunities for operating efficiencies, prudent borrowing, sequencing and prioritisation of capital expenditure have been exhausted before additional costs are imposed on customers.

Development, housing and developer charges

TasWater's financial management cannot be considered separately from Tasmania's housing challenge. Water and sewerage charging arrangements directly affect development feasibility and ultimately the cost and supply of new housing.

The Property Council's PSP5 submission warned that substantial increases in developer and headworks charges could make marginal projects unviable, delay development and increase the cost of new homes. Costs imposed on development do not disappear, they are either absorbed into already constrained project feasibility or ultimately reflected in the price paid by purchasers and tenants.

This concern is amplified when water and sewerage charges are considered alongside planning costs, infrastructure requirements, construction costs, finance, council charges and state taxes. The cumulative impact is what determines whether a project proceeds.

TasWater's developer charging framework should be assessed against Tasmania's broader housing supply objectives, including whether new development is being asked to carry costs that more appropriately relate to network-wide or historical infrastructure.

Developer Service Charges Holiday

The Property Council and MBT have also raised concerns about the removal of the longstanding Developer Service Charges Holiday. The practical effect is that eligible newly created lots can begin attracting fixed water and sewerage service charges before a dwelling has been constructed and before there is an end user consuming those services.

While an individual annual charge may appear modest in isolation, the impact across larger subdivisions and over extended development periods can be significant. More importantly, it is another addition to the cumulative cost of delivering new housing.

At a time when governments are seeking to accelerate housing supply, the Property Council and MBT believe charging decisions should be tested against whether they encourage or inhibit the delivery of new homes.

Commercial customers and economic growth

The Property Council's PSP5 submission also raised concerns about the impact of the proposed pricing reforms on commercial and non-residential customers. Commercial customers represent a small proportion of TasWater's overall customer base, yet significant increases in fixed and usage charges can have a disproportionate economic impact.

Water and sewerage charges are commonly passed through to commercial tenants as statutory outgoings. Higher charges therefore affect retailers, hospitality businesses, offices and other employers at a time when businesses are already managing increases in wages, insurance, energy and other operating costs.

The broader economic consequences of pricing decisions should be considered to ensure productive sectors of the economy are not disproportionately relied upon to fund infrastructure investment.

Infrastructure planning and growth

The Property Council and MBT acknowledge positive elements of TasWater's reform agenda. In the Property Council's PSP5 submission we supported measures that could see TasWater take greater responsibility for bulk infrastructure and reduce the 'first mover disadvantage' where an individual developer is required to fund infrastructure that ultimately services a much broader development area.

We also support the effective use of Infrastructure Agreements where they provide greater certainty and a fair allocation of costs.

These reforms must be supported by transparent long-term infrastructure planning. TasWater should clearly identify where future growth is expected, what infrastructure is required, when it will be delivered, how it will be funded and how costs will be allocated.

This work should align with regional land-use strategies, local planning, housing targets and identified growth corridors. The private sector cannot make long-term investment decisions without reasonable certainty about infrastructure availability, timing and cost.

Conclusion

Tasmania needs a strong and financially sustainable TasWater. It also needs more housing, private investment and infrastructure capable of supporting population and economic growth. These objectives should complement each other, not compete.

The Property Council and MBT accept that addressing Tasmania's water and sewerage infrastructure needs requires substantial investment. However, the solution cannot simply be to progressively

transfer the cost of historical underinvestment onto today's businesses, property owners and new development.

The Committee's inquiry is an opportunity to examine not simply what TasWater charges, but why those charges are necessary, how revenues and capital expenditure are being managed, what alternative funding options have been considered, and whether TasWater's financial settings are supporting or hindering Tasmania's broader housing and economic objectives.

Sincerely

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