Local Government Association Tasmania

Our Ref: BM | DJL

17 March 2026

Mr Joe Dimasi
Tasmanian Economic Regulator
Office of the Tasmanian Economic Regulator
Via email: office@economicregulator.tas.gov.au

Dear Mr Dimasi

2026 Water and Sewerage Price Determination Investigation

Thank you for the opportunity to provide a submission on the *2026 Water and Sewerage Price Determination Investigation*. This submission has been prepared by the Local Government Association of Tasmania (LGAT) on behalf of Tasmanian local government, in collaboration with our members; all 29 councils.

LGAT is incorporated under the *Local Government Act 1993* and is the representative body and advocate for local government in Tasmania. Where a council has made a direct submission to this process, any omission of specific comments made by that council in this submission should not be viewed as lack of support by the LGAT for that specific issue.

Please contact Ben Morris, Policy Director if you have any questions or would like further information at ben.morris@lgat.tas.gov.au or (03) 6146 3743.

Yours sincerely,

Dion Lester
Chief Executive Officer

LGAT Submission: 2026 Water and Sewerage Price Determination Investigation

Introduction

Tasmanian councils have multiple roles relating to TasWater and its services and functions:

- to provide for, and advocate for, the needs of their communities
- a customer for council offices, depots, and community facilities
- a regulator for development approvals, plumbing and trade waste connections
- a partner in development through land use planning
- an owner, with councils as 90 per cent shareholders due to their historical investment in water and sewerage infrastructure.

These multiple roles frame this submission. Our submission is informed by 18 council submission made before the Economic Regulator's draft report was released, subsequent feedback and council submissions to the draft report.

Infrastructure investment

Tasmanian councils, as the original providers of water and sewerage services, know first-hand the challenges with providing these across the state. They recognised, along with the State Government, that the scale of the task was greater than any one council, or group of councils.

Councils have highlighted the need to invest and modernise infrastructure to address:

- Unacceptable, ongoing environmental impacts on our waterways with 91 per cent of sewage treatment plants not meeting Environment Projection Authority requirements. This not only impacts on our environment, but also undermines Tasmania's 'clean and green' brand.
- Ongoing failure of infrastructure, such as the sewerage network, where there are 64 sewer main breaks and chokes per 100km of network (2023-24), compared with the Australian median of 18 per 100km.
- Growth needs across key areas of the state where treatment is constraining development and growth. For example, in Sorell rezoning of the town and future growth is not able to proceed without TasWater's investment.
- The high level of water loss and water main failures across the network, requiring continued investment.

Reducing the allowable investment means that the environmental harm will continue for longer into the future, growth will be slowed and services will degrade. It is not a matter of whether the investment is needed, rather when it will be made. The delay will increase the duration of harm and delay growth, and will invariably cost more in the future.

TasWater has undertaken extensive customer consultation to inform and shape its Price and Service Plan 5 proposal (PSP5), perhaps the most of any Tasmanian regulated entity to date. The AtkinsRéalis review of the capital expenditure states that the engagement was insufficient as it did not seek feedback on specific capital expenditure. The PSP5 is informed by a range of investments. It is an unrealistic expectation for consultation on specific location-based investments. For

example what is the benefit of asking residents in Strahan of their willingness to pay for improved environmental outcomes in Launceston, because of an upgrade to Ti-Tree Bend?

Pricing and affordability

Councils are acutely aware of cost-of-living impacts in their communities. They are strongly supportive of the independent role of the Economic Regulator to scrutinise TasWater's investment and services to ensure prices are set to cover needed investment for the long-term interests of customers and the state.

However, councils remain concerned that some community members will find it difficult to absorb the price increases. Alongside the Economic Regulator's ongoing scrutiny of prudency and efficiency, councils recommend the following actions:

- Support the full funding to the TasWater Assist hardship program that provides early, targeted support for those most in need, along with the corresponding service standard to measure its effectiveness.
- Clearly articulate the impacts of the proposed prices on different cohorts of customers, particularly where there are changes to tariff structures.
- Review the Tasmanian Government's remission scheme to ensure those on fixed incomes have the ability to pay their bills in a higher cost environment. We note that this is not the responsibility of the Economic Regulator.

Sewerage charging

We understand that transitioning to a new charging approach is challenging from a cost and price perspective, particularly where the sewage outputs are not readily measured. While not perfect, the proposed sewerage discharge methodology is likely the best fit approach and is widely used in other states.

However, the implementation of this change requires further refinement. Councils are the main provider of community sporting fields. These consume large volumes of water for grass and turf, but the sewer discharge is low, limited to game/training days with the use of toilet and trade waste facilities. Further clarification is required on the discharge category that is to be applied to this use case. For example, does a sporting field and its associated facilities match to the 'sporting club' business type? In this example, one council has calculated increases of several thousand per cent in their sewerage charges. Compare this with other jurisdictions, where South East Water uses a discharge factor of 10 per cent and Hunter Water uses 26 per cent.

A number of councils also manage cemeteries where the water to sewer discharge is also low, for example South East Water applies a 25 per cent discharge factor. Clarity is also required on the discharge category for this use. It is suggested in both these cases application of TasWater's 'No discharge' category of 0-25 per cent would be more appropriate.

The correct matching of estimated discharge to business/land use is critical given the large volume of water some council faculties use.