



2026 Water and Sewerage Price Determination Investigation – Draft Report

Summary for customers and stakeholders

February 2026



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Overview of the 2026 Water and Sewerage Price Investigation

Water and sewerage services are essential for the health, wellbeing and prosperity of Tasmanian communities. Every four years, TasWater submits a proposed Price and Service Plan which sets out its intended prices, service levels and investment programs. TasWater submitted its Price and Service Plan 5 Proposal, known as PSP5, to the Tasmanian Economic Regulator on 30 June 2025. The Economic Regulator has reviewed the proposed PSP5 to make sure customers pay only what is necessary for safe, reliable and sustainable services.

The Draft Report sets out the Economic Regulator’s draft decisions for the period 1 July 2026 to 30 June 2030. The Economic Regulator is now seeking public feedback before finalising prices and service standards. A copy of the full Draft Report is available [here](#).

This summary explains the main findings, the reasons behind draft decisions, and the topics where your input is especially important.

TasWater has proposed an ambitious and complex expenditure program for the next four years

TasWater is facing long-standing challenges, driven by ageing infrastructure and the need to prepare for future risks, such as climate change. Its proposal includes a total expenditure program of almost \$2.8 billion, the largest in its history. This is driven by TasWater’s proposed increases of:

29%

in operational expenditure

94%

in infrastructure investment

compared to the approved allowances for the current regulatory period.

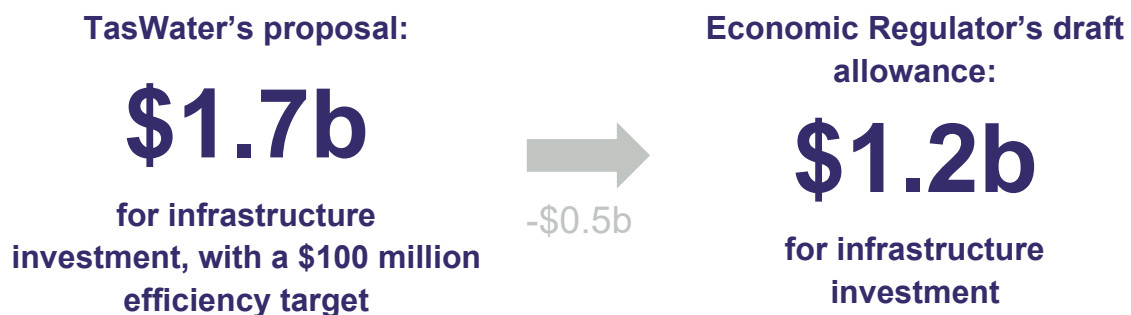
TasWater’s proposed total expenditure translates to a notional allowable revenue of \$2.3 billion over the four-year period. It is the notional allowable revenue figure that forms the basis of TasWater’s pricing framework.

A price increase of **11.5 per cent each year** for the next four years would be required to support this level of expenditure.

TasWater has acknowledged that this scale of price increase would not be affordable for its customers, so has proposed that customers fund it over two price periods (i.e. eight years). This would result in an 8.8 per cent annual price increase for the next four years, and embed an additional 5.8 per cent annual price increase for the following price period (on top of any additional price increase required to support TasWater’s expenditure over that regulatory period). The Economic Regulator is unable to support this approach, as it is inconsistent with the legislative framework. As such, the Economic Regulator has assessed that TasWater’s proposed starting point for PSP5 is an 11.5 per cent price increase each year.

As part of the investigation, the Economic Regulator identified a number of errors and inconsistencies in TasWater’s calculations, including \$365 million in errors in TasWater’s regulated asset base. This was largely due to TasWater not properly disposing of assets from its regulated asset base when they are replaced or decommissioned. The Economic Regulator’s corrections removed more than 50 000 assets that were no longer in use. In total, the Economic Regulator’s corrections reduced TasWater’s proposed notional allowable revenue to \$2.1 billion. This is equivalent to an annual price increase of 8.9 per cent per year, down from TasWater’s starting point of 11.5 per cent per year.

In addition to these corrections, the Economic Regulator has thoroughly analysed each of TasWater’s proposals. While it recognises that TasWater needs to invest in infrastructure, TasWater has not been able to demonstrate that it needs to deliver all of its proposed projects in the next four years. The Economic Regulator’s draft decision is to extend the delivery of TasWater proposed infrastructure program over two regulatory periods (eight years).

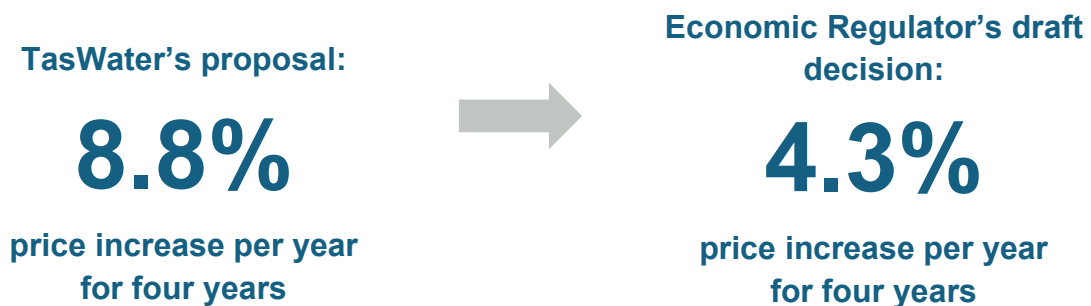


The Economic Regulator also intends to reduce TasWater’s proposed operational expenditure through adjustments to its wage increases and efficiency savings.



These draft decisions have been informed by the detailed assessment from two teams of independent experts who worked closely with the Economic Regulator and TasWater over six months, to assess whether its planned investments are reasonable, necessary and represent a cost-effective use of customers’ money.

The Economic Regulator’s draft decisions reduced the notional allowable revenue from \$2.1 billion to \$1.9 billion, representing a reduction of more than \$210 million. This will lead to lower prices for regulated customers.



TasWater’s proposed changes to the structure of prices

TasWater’s PSP5 proposed shifting more of customers’ bills to usage charges and reducing fixed annual charges. These proposals include:



increasing the variable component of water bills



a new fixed and variable charging approach for sewerage



a new trade waste charging model



significant changes to headworks charges.

The Economic Regulator is generally supportive of TasWater’s proposed tariff reform, recognising its intent is to make charges more responsive to customer usage. However, more work is needed before these reforms can be fully implemented. TasWater needs to improve the accuracy and transparency of its cost modelling, ensure that fixed and variable prices are generally more reflective of the actual costs of providing services, and conduct more robust analysis of customer impacts - particularly for those who may be disadvantaged by the changes.

As new pricing structures are introduced, clear review and dispute processes will be particularly important.

The Economic Regulator’s draft decisions for water, sewerage, trade waste and headworks pricing are outlined in this summary of the Draft Report.

A new naming convention

TasWater has proposed to adopt the term **access charge** in place of **fixed charge**, and **unconnected property access charges** in place of **service charges**, to enhance clarity for its customers. The Economic Regulator intends to accept this naming convention.

| Current naming convention | Proposed new naming convention |
|---|---|
| water – fixed charges | water access charge |
| sewerage – fixed charges | sewerage access charge |
| water service charge for unconnected properties within serviced land | unconnected property access charge (water) |
| sewerage service charge for unconnected properties within serviced land | unconnected property access charge (sewerage) |

A modest increase to the variable price for water

TasWater has proposed to increase the water variable charge, which will increase the variable component of customers’ bills and decrease the access charge. This means that bills would be impacted more by how much water customers use. TasWater has indicated that its goal is to give customers who are able to reduce their water consumption more control over their bills and encourage water conservation.

The Economic Regulator recognises that customers value the ability to manage their bills by reducing water use. However, TasWater’s proposal is not well supported by evidence of its costs of treating and delivering water to customers.

The Economic Regulator intends to approve a modest increase to the variable price of water, that aims to better reflect the cost of supplying additional water and encourage efficient use.

Draft maximum variable water charges – full service (per kilolitre):

| 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|---------|---------|---------|---------|---------|
| \$1.26 | \$1.41 | \$1.48 | \$1.54 | \$1.61 |

The maximum variable water charge for limited quality customers will be 20 per cent lower than the price for full-service customers.

The Economic Regulator’s draft water access charges are included in the table below.

Draft maximum water access charges – full service (\$):

| Connection Size | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| Standard 20 mm | 407.33 | 403.37 | 420.88 | 439.15 | 458.22 |
| 25 mm | 635.44 | 630.27 | 657.63 | 686.18 | 715.97 |
| 30 mm | 916.50 | 907.58 | 946.98 | 988.10 | 1 030.99 |
| 32 mm | 1 042.77 | 1 032.63 | 1 077.46 | 1 124.24 | 1 173.04 |
| 40 mm | 1 629.33 | 1 613.48 | 1 683.53 | 1 756.62 | 1 832.88 |
| 50 mm | 2 545.82 | 2 521.06 | 2 630.51 | 2 744.72 | 2 863.87 |
| 65 mm | 4 301.42 | 4 260.60 | 4 445.57 | 4 638.57 | 4 839.95 |
| 75 mm | 5 727.09 | 5 672.39 | 5 918.66 | 6 175.61 | 6 443.72 |
| 80 mm | 6 517.31 | 6 453.92 | 6 734.12 | 7 026.47 | 7 331.52 |
| 100 mm | 10 183.30 | 10 084.26 | 10 522.06 | 10 978.86 | 11 455.50 |
| 150 mm | 22 912.42 | 22 689.58 | 23 674.62 | 24 702.44 | 25 774.87 |
| 200 mm | 40 733.19 | 40 337.03 | 42 088.22 | 43 915.44 | 45 821.99 |
| 250 mm | 63 645.60 | 63 026.60 | 65 762.85 | 68 617.88 | 71 596.87 |

Note: Most customers have a standard 20 mm sized water connection.

The maximum water access charge for limited water supply customers will be 10 per cent lower than the full-service water access charge.

A new fixed and variable charging approach will be introduced for sewerage

TasWater proposed replacing the current equivalent tenement method with a new sewerage charging system made up of a fixed access charge and a variable usage charge. The access charge is an annual fee based on the size of a customer's water connection, while the variable charge depends on how much water a customer uses and how much of that water is likely to go into the sewer. This is calculated by multiplying a customer's metered water by a sewerage discharge factor and then applying a set price per kilolitre to the calculated discharge volume.

The Economic Regulator has identified several issues that suggest TasWater has not fully considered how its proposal would affect customers. Concerns have also been raised by stakeholders, particularly about the size of TasWater's proposed changes.

The Economic Regulator is not satisfied that TasWater has shown that its proposed variable charge is cost-reflective or that the proposed sewerage discharge factors fairly reflect the load that different customers place on the sewerage system.

Additionally, the relationship with trade waste charging arrangements does not appear to have been adequately accounted for. This creates the risk that some customers could be charged twice for the treatment of the same sewerage discharge. The residential sewerage discharge cap proposed by TasWater may also create an ongoing cross-subsidy between customers.

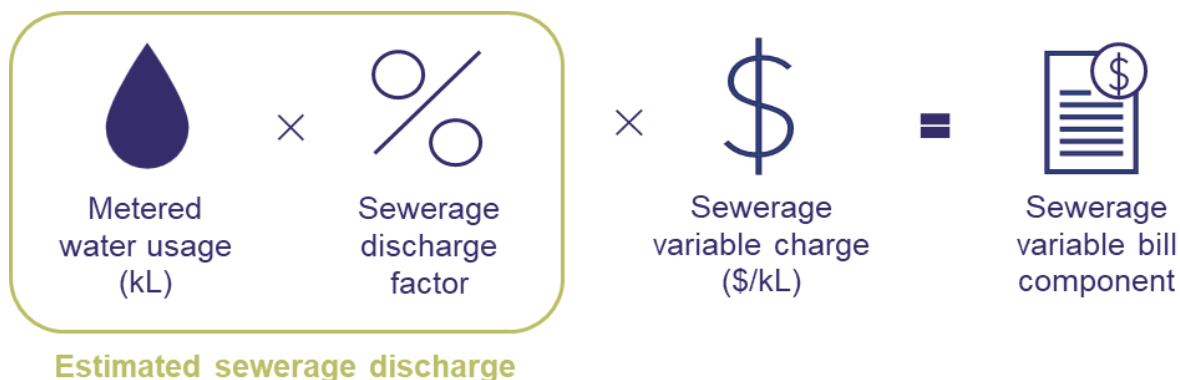
TasWater has proposed a review process for its sewerage discharge factors, to be made available for non-residential customers only on a customer-pays basis.

Despite these issues, the Economic Regulator recognises that there is customer support to move away from the current sewerage charging approach and implement a fixed and variable charging approach.

The Economic Regulator has sought to minimise these issues through a transitional approach based on:

- ❑ a much lower variable sewerage charge
- ❑ a 40-percentage point discount on discharge factors for trade waste customers (to prevent double charging on sewerage and trade waste fees)
- ❑ a sewerage discharge factor review mechanism that is available to all sewerage customers, at no cost to the customer, with refunds backdated if an error is found.

Method for calculating the variable component of your sewerage bill:



Draft maximum sewerage variable charges (per kilolitre):

| | | | |
|---------------|---------------|---------------|---------------|
| 2026-27 | 2027-28 | 2028-29 | 2029-30 |
| \$0.11 | \$0.11 | \$0.12 | \$0.12 |

Sewerage discharge factors (SDF) by customer type:

| Group category | SDF | Group category | SDF |
|--|------|--------------------------|-------------|
| Accommodation | 0.90 | Medical | 0.90 |
| Aged Care | 0.90 | Retail – indoor | 0.90 |
| Business | 0.90 | Retail – outdoor | 0.50 |
| Child Care Centres | 0.80 | Residential | 0.90 |
| Commercial – beverage | 0.83 | Services | 0.90 |
| Commercial – fabrication & manufacturing | 0.90 | Sporting Clubs | 0.70 |
| Community – indoor | 0.90 | Undefined | 0.90 |
| Community – outdoor | 0.70 | Unknown | 0.90 |
| Educational | 0.80 | Vacant – residential | 0.00 |
| Hospitality | 0.90 | Vacant – non-residential | 0.00 |

A 40-percentage point discount is to be applied to sewerage discharge factors for customers that pay trade waste charges.

Draft maximum sewerage access charges (\$):

| Connection Size | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|-----------------|------------|------------|------------|------------|
| Standard 20 mm | 796.87 | 831.47 | 867.57 | 905.23 |
| 25 mm | 1 245.12 | 1 299.17 | 1 355.57 | 1 414.43 |
| 30 mm | 1 792.97 | 1 870.81 | 1 952.03 | 2 036.77 |
| 32 mm | 2 040.00 | 2 128.56 | 2 220.97 | 2 317.39 |
| 40 mm | 3 187.50 | 3 325.88 | 3 470.27 | 3 620.93 |
| 50 mm | 4 980.46 | 5 196.69 | 5 422.30 | 5 657.70 |
| 65 mm | 8 416.98 | 8 782.40 | 9 163.68 | 9 561.51 |
| 75 mm | 11 206.04 | 11 692.54 | 12 200.17 | 12 729.83 |
| 80 mm | 12 749.99 | 13 303.52 | 13 881.08 | 14 483.71 |
| 100 mm | 19 921.86 | 20 786.75 | 21 689.18 | 22 630.80 |
| 150 mm | 44 824.18 | 46 770.18 | 48 800.66 | 50 919.30 |
| 200 mm | 79 687.43 | 83 146.99 | 86 756.74 | 90 523.20 |
| 250 mm | 124 511.61 | 129 917.17 | 135 557.40 | 141 442.50 |

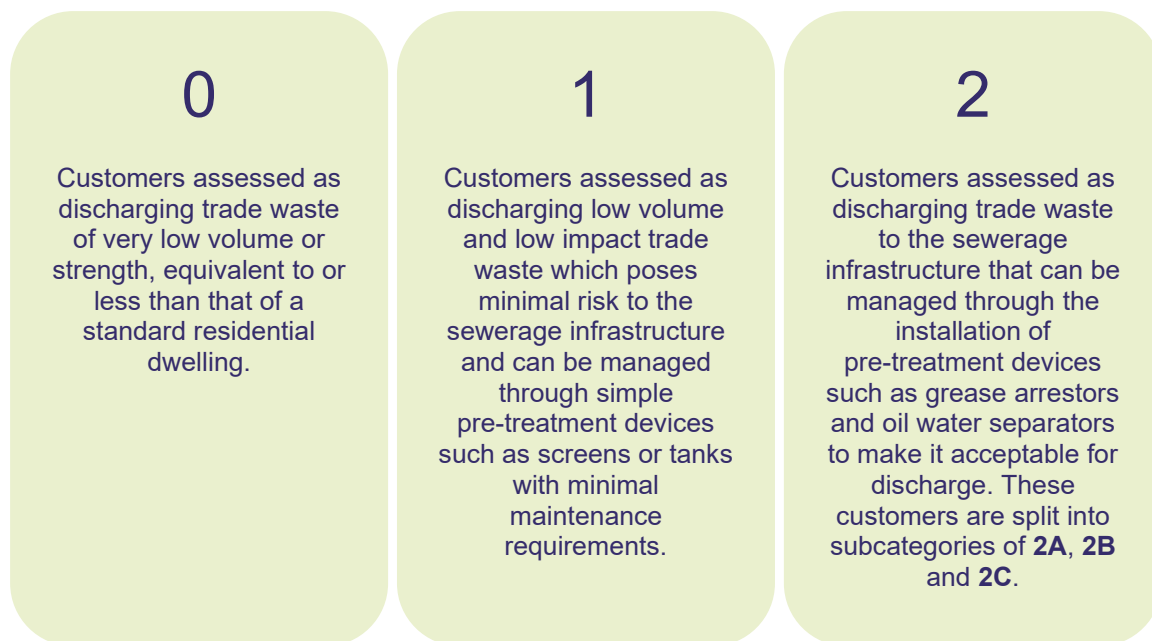
The current trade waste charging approach will be retained

TasWater proposed a completely new approach to its trade waste charging method, including new customer categories, new charging bands and a shift to a fixed cost-to-serve and variable cost-to-treat pricing.

The Economic Regulator found several problems that mean TasWater’s new trade waste proposal cannot be adopted yet. TasWater did not update its trade waste discharge factors, even though they were designed for an older system and may not suit a volumetric charging approach. It also did not check that its sewerage and trade waste discharge factors align, creating a risk that customers could be charged twice for the treatment of same sewerage discharge. Further, TasWater did not undertake adequate consultation on its proposed changes to trade waste charging.

The Economic Regulator intends to retain the current trade waste charging system for the next four years. This will allow TasWater to carry out further analysis and meaningful customer consultation before any changes are considered for the sixth regulatory period.

Trade waste categories with regulated prices:



The Economic Regulator does not intend to approve TasWater’s proposed non-compliance trade waste charges. This decision will be reconsidered if TasWater provides sufficient information to support the inclusion of these charges.

The Economic Regulator also intends to require TasWater to implement and submit its trade waste review process to the Economic Regulator.

Draft trade waste prices for category 0, 1 and 2:

| Consent Fee | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|--|-------------------------------|----------------|----------------|----------------|----------------|
| Application fee | 175.06 | 182.67 | 190.60 | 198.87 | 207.50 |
| Macerator fee - per bedpan macerator | 62.78 | 65.51 | 68.35 | 71.32 | 74.41 |
| Catchment management fee - up to 499 kL per annum | 1 411.40 | 1 472.67 | 1 536.61 | 1 603.32 | 1 672.93 |
| Catchment management fee - 500 to 1 500 kL per annum | 2 367.11 | 2 469.88 | 2 577.10 | 2 688.99 | 2 805.73 |
| Category 0 annual fee | <i>No trade waste charges</i> | | | | |
| Category 1 annual fee | 676.36 | 705.73 | 736.37 | 768.33 | 801.69 |
| Category 2A annual fee | 1 108.73 | 1 156.86 | 1 207.09 | 1 259.49 | 1 314.17 |
| Category 2B annual fee | 1 555.82 | 1 623.37 | 1 693.84 | 1 767.38 | 1 844.11 |
| Category 2C annual fee | 2 333.38 | 2 434.68 | 2 540.38 | 2 650.66 | 2 765.74 |

TasWater will need to recalculate its headworks charges

TasWater proposed very large increases to developer charges, with a 101 per cent increase for a standard 20 mm water and sewerage connection. TasWater also proposed the introduction of multipliers based on connection size, which would result in extremely high charges for larger connections.

For example, a development requiring a 100 mm connection would face headworks charges of more than \$176 000 for both water and sewerage. A 250 mm connection would incur a headworks charge that exceeds \$1.1 million. The Economic Regulator considers that TasWater has not justified this substantial change in approach.

The Economic Regulator intends to accept TasWater's proposal to separate the headworks charge into water and sewerage components. However, the Economic Regulator does not intend to accept TasWater's proposed change in methodology for calculating headworks charges.

The Economic Regulator estimates that, if TasWater had used its previous methodology, the combined water and sewerage headworks charge would be around \$4 200 in 2026-27. However, TasWater will be required to recalculate and resubmit its headworks charges, based on the current approach to calculating the charges and the updated inputs impacted by the Economic Regulator's other draft decisions.

The minimum service standards

The Economic Regulator intends to set realistic but improving targets for TasWater's performance, including:

- ❑ reduced water leakage
- ❑ faster responses to bursts, leaks and sewer issues
- ❑ improved reliability of supply
- ❑ continued improvements in customer service and complaint handling
- ❑ stronger support for vulnerable customers through TasWater Assist.

Some indicators proposed by TasWater (such as water security and environmental performance targets) are not included, as they are not suited to service-based measurements in the Customer Service Code.

The Economic Regulator's draft service standards – water:

| | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|---|---------|---------|---------|---------|
| Percentage of response times within one hour to attend Priority 1 bursts and leaks | 90 | 90 | 92 | 92 |
| Percentage of response times within three hours to attend Priority 2 bursts and leaks | 90 | 90 | 92 | 92 |
| Percentage of response times within three days to attend Priority 3 bursts and leaks | 90 | 90 | 92 | 92 |
| Number of water main breaks, bursts and leaks, per 100km of water main | 35 | 32 | 28 | 25 |
| Number of unplanned water supply interruptions per 1 000 properties | 200 | 200 | 190 | 190 |
| Percentage of unplanned water supply interruptions restored within three hours | 95 | 95 | 95 | 95 |
| Percentage of unplanned water supply interruptions restored within five hours | 87 | 88 | 89 | 90 |
| Percentage of planned water supply interruptions restored within five hours | 95 | 95 | 95 | 95 |
| Percentage of planned water supply interruptions restored within the time nominated to affected customers | 78 | 82 | 86 | 90 |
| Percentage of unaccounted for water (of total sourced potable water) | 19.5 | 17.6 | 16.0 | 14.4 |
| Percentage of drinking water supplied lost as leakage | 17.5 | 15.0 | 12.5 | 10.0 |

The Economic Regulator’s draft service standards – sewerage:

| | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|--|---------|---------|---------|---------|
| Number of sewer mains breaks and chokes per 100km of sewer main | 50 | 45 | 40 | 35 |
| Percentage of sewer spills, breaks and chokes responded to within one hour | 90 | 90 | 92 | 92 |
| Percentage of sewer spills, breaks and chokes rectified within three hours | 99 | 99 | 99 | 99 |

The Economic Regulator’s draft service standards – customer:

| | 2026-27 | 2027-28 | 2028-29 | 2029-30 |
|--|---------|---------|---------|---------|
| Number of water complaints per 1 000 properties | 5.5 | 5.0 | 5.0 | 4.5 |
| Number of sewerage complaints per 1 000 properties | 1.5 | 1.4 | 1.3 | 1.2 |
| Percentage of calls resolved upon first contact | 95 | 95 | 95 | 95 |
| Customer satisfaction score | 65 | 67 | 69 | 71 |
| Percentage of complaints responded to within 10 business days | 100 | 100 | 100 | 100 |
| Percentage of customers who are accessing or have accessed the TasWater Assist program that agree the program is effective | 80 | 80 | 85 | 85 |

What this means for bills

Due to the Economic Regulator's draft annual price increase of 4.3 per cent combined with changes to usage-based tariffs, the impact on individual customer bills will vary significantly.

Estimated draft bill impacts – residential customers (\$):

| Household size | Average annual water use | 2025-26 | 2026-27 |
|-------------------|--------------------------|----------|----------|
| Average household | 173 kL | 1 407.00 | 1 461.30 |
| Single occupant | 80 kL | 1 289.82 | 1 320.96 |
| Family | 320 kL | 1 592.22 | 1 683.12 |
| Household of 6+ | 479 kL | 1 792.56 | 1 923.05 |

Estimated draft bill impacts – residential tenants (\$):

| | Average annual water use | 2025-26 | 2026-27 |
|--------------------|--------------------------|---------|---------|
| Residential tenant | 163 kL | 206.00 | 229.83 |

The Economic Regulator has made a number of assumptions to develop typical non-residential customers, including the number and size of water connections, the amount of water used, the application of sewerage discharge factors and whether the business pays trade waste charges.

Estimated draft bill impacts – non-residential customers (\$):

| Customer type | Average annual water use | 2025-26 | 2026-27 |
|----------------|--------------------------|---------|---------|
| Takeaway shop | 800 kL | 2 197 | 2 372 |
| Hotel | 3 000 kL | 11 663 | 9 196 |
| Garden nursery | 1 800 kL | 5 086 | 8 638 |
| Sports ground | 5 600 kL | 19 794 | 25 131 |
| Nursing home | 6 000 kL | 45 884 | 38 796 |
| Small workshop | 200 kL | 1 441 | 1 493 |
| Factory | 800 kL | 5 390 | 7 173 |

Have your say

The Economic Regulator is inviting feedback on all draft decisions. Your insights will help to shape the Economic Regulator’s final decisions and inform water and sewerage prices for the next four years.

We are particularly interested in your views on:



Naming conventions

The Economic Regulator is seeking feedback to understand whether TasWater’s proposal to rename ‘fixed charges’ to ‘access charges’ and ‘service charges’ as ‘unconnected property access charges’ improves clarity for customers.



Water charges

The Economic Regulator is seeking feedback to understand the level of support for increasing the variable component of water bills and the effect this may have on customers’ water use. The Economic Regulator is particularly interested in how this change could influence efficiency and productivity.



Sewerage charges

The Economic Regulator is seeking feedback on its approach for transitioning to a fixed and variable sewerage charging method. The Economic Regulator is particularly interested in feedback on:

- ❑ the proposed sewerage discharge factors that will be used to estimate sewage discharge volumes;
- ❑ the discount that will be applied to trade waste customers; and
- ❑ the review mechanism that will be available to all customers.



Trade waste charges

The Economic Regulator is supportive, in principle, of TasWater’s proposal to transition to a fixed and variable trade waste charging method but considers that further work is required before the method can be implemented. The Economic Regulator is seeking customer feedback that can be used to help inform future decisions about trade waste charging.



Tankered waste services

The Economic Regulator is seeking feedback from tankered waste customers to help shape new reporting requirements that aim to improve transparency around the delivery of tankered waste services.



Developer charges

The Economic Regulator is seeking feedback from customers to understand whether the proposed fees and charges for development services are:

- ❑ simple for developers to understand; and
- ❑ transparent enough to give developers a clear line of sight, and a sufficient level of confidence and predictability.



Service standards

The Economic Regulator is seeking feedback on whether the draft minimum service standards that TasWater will be required to meet reflect customer expectations for regulated services.



Customer Contract

The Economic Regulator is seeking feedback to understand whether the draft Customer Contract is easy for customers to understand and reflects their needs and expectations.



Policies

The Economic Regulator is seeking feedback on proposed changes to TasWater's policies to understand whether:

- ❑ the policies are helpful and easy for customers to understand; and
- ❑ there are any potential customer concerns about how the policies would be implemented.



Review of TasWater's regulatory framework

The Economic Regulator is seeking feedback to understand the level of support for undertaking a comprehensive review of TasWater's regulatory framework. The Economic Regulator is also seeking views from customers and stakeholders on any specific challenges with the current framework, or improvements that could be considered as part of a review.

A copy of the full Draft Report is available at: [2026 Water and Sewerage Price Determination Investigation](#)

For more information visit: www.economicregulator.tas.gov.au

Submissions are open until 13 March 2026.

You can provide feedback via:

- Email: office@economicregulator.tas.gov.au
- Mail: Tasmanian Economic Regulator, GPO Box 770, Hobart TAS 7001

If any part of your submission is confidential, please state this clearly when lodging.
