

Mr Joe Dimasi  
Economic Regulator  
Office of the Tasmanian Economic Regulator  
GPO Box 770  
Hobart TAS 7001

By email: [office@economicregulator.tas.gov.au](mailto:office@economicregulator.tas.gov.au)

Dear Mr Dimasi,

**RE: TasWater Price and Service Plan 5 (2026–2030) – Impacts on the Tasmanian Visitor Economy**

I am writing on behalf of the Tourism Industry Council Tasmania (TICT), the peak body for Tasmania's visitor economy, regarding TasWater's proposed Price and Service Plan 5 (PSP5).

TICT acknowledges the critical role TasWater plays in ensuring safe, reliable and sustainable water and sewerage services across Tasmania. Our sector also recognises the importance of long-term environmental stewardship and the need for ongoing infrastructure investment. However, as outlined in submissions from other peak bodies and major employers, PSP5 presents significant affordability, competitiveness and operational risks for Tasmanian industry more broadly.

For the tourism sector, these risks manifest differently but no less seriously.

**Rising water and sewerage charges for tourism operators**

Many tourism and hospitality businesses operate on tight margins, particularly in regional areas where seasonal fluctuations, high input costs and workforce shortages already place pressure on viability. The substantial annual increases proposed in PSP5 of 6.1 per cent plus inflation (2.7 per cent) each year, compounding across the four-year period, will materially increase operating costs for accommodation providers, tourism attractions, hospitality venues and caravan-park operators.

Unlike other sectors, many tourism businesses cannot readily pass through increased utility costs without affecting demand, especially during softer seasonal periods. A sharp rise in water and sewerage charges adds to an already challenging cost environment and risks undermining the industry's recovery and growth trajectory.

**Impacts on regional economies**

Tourism is one of the largest employers in regional Tasmania and a foundational economic driver for many small communities. PSP5's cost increases disproportionately affect regional operators, many of whom rely on ageing infrastructure, operate small family-owned businesses, or sit at the end of long water networks where service challenges are already present.

If PSP5 is implemented without appropriate moderation, it will place further pressure on operators at a time when Government and industry are working hard to rebuild demand, strengthen workforce participation and stimulate regional visitation.

### **Flow-on effects for tourism infrastructure and investment**

A number of tourism businesses, including accommodation providers, eco-retreats, distilleries, breweries, adventure tourism operators and attractions, are significant water users and trade waste producers. Increased charges, combined with uncertainty about future trade waste and sewerage requirements, may impact investment decisions, including planned upgrades, capacity expansions and new products vital to maintaining Tasmania's competitive advantage.

The tourism sector is deeply concerned about the precedent being set across industries regarding trade waste charging and negotiated pricing arrangements. As seen in the experience of major manufacturers, the absence of clear benchmarks and the potential for material year-on-year cost increases without independent oversight pose real risks to business confidence and long-term planning.

### **What the tourism industry respectfully requests**

As part of your review of PSP5, TICT asks the Regulator to:

#### *Moderate the proposed price path*

Consider staged or more gradual increases that reflect Tasmania's economic conditions and the fragile recovery of small and regional operators.

#### *Ensure transparency and predictability in pricing frameworks*

Encourage clearer, more consistent charging structures for water, sewerage and trade waste services to support business planning and investment confidence.

#### *Consider impacts on the visitor economy in the Draft Report*

Explicitly recognise the flow-on effects of higher water and sewerage charges on tourism operators, regional communities and employment.

#### *Support alignment with broader Government work*

TICT welcomes the Government-led review of TasWater's legislative and regulatory framework. Your determination for PSP5 will inform this process, and we encourage close consideration of its alignment with Tasmania's long-term economic and visitor-economy objectives.

#### *Commitment to constructive engagement*

Tasmania's tourism operators are committed to playing their part in supporting high-quality water and sewerage infrastructure and improved environmental outcomes. However, cost increases of the magnitude proposed under PSP5 will have real consequences for the businesses that underpin Tasmania's brand, visitor experience and regional prosperity.

TICT would welcome the opportunity to discuss these issues further and to contribute to the consultation process following release of the Draft Report and Draft Determination.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Hills', with a horizontal line underneath.

Amy Hills  
Chief Executive Officer  
Tourism Industry Council Tasmania