



Submission:

2026 Water and Sewerage Price Determination Investigation (TasWater PSP5)

1. About COTA Tasmania

The Council on the Ageing (Tas) Inc (COTA Tasmania) is the state peak body representing older Tasmanians. We are an independent, not-for-profit organisation working with and for older people, and with the wide range of organisations that support them.

For more than 60 years, we have been the leading voice for older Tasmanians, promoting positive attitudes to ageing, advancing social inclusion, and championing the rights, interests and value of people as they age.

We listen to the experiences of older Tasmanians, analyse emerging issues, and provide independent advice to Government, service providers and the broader community.

COTA Tasmania works across three main areas:

- policy and advocacy,
- information and education, and
- community programs and partnerships.

2. Why this matters

Water and sewerage are essential services: people cannot opt out, shop around, or delay using them. For older Tasmanians - many of whom live on fixed or low incomes - small changes in prices and tariff design can create real and immediate bill stress.

Just as importantly, reliability is a health and wellbeing issue. Older people are more likely to be at home during the day, to have mobility or health conditions, and to rely on safe water supply and functioning sewerage to remain independent. Service failures (bursts, leaks, sewer overflows, prolonged outages and poor complaint handling) can quickly become safety issues and impose extra costs and hardship on households least able to cope.

This price determination also matters because tariff design can either support or undermine longer-term affordability. If pricing does not encourage efficient water use, costs and infrastructure demand rise over time. If essential investment is delayed without clear disclosure of the long-term implications, customers may face higher bills and greater service risks later. And if impacts are reported only for the “average customer”, those most affected - single-person households, renters, and low-income customers - can be overlooked.

COTA’s focus is therefore on ensuring the final decision is transparent, fair across customer groups, and designed to minimise predictable hardship while maintaining safe, reliable services for people ageing in place.

3. Overall position

COTA supports OTTER's objective of keeping prices efficient and affordable while ensuring TasWater delivers safe, reliable water and sewerage services. We welcome strong scrutiny of prudence and deliverability, including OTTER's draft approach to moderate price increases and to stage delivery of capital works where needed.

However, affordability should not be achieved by deferring essential risk-reducing works without transparent explanation of:

- which projects are being deferred and why, and
- the longer-term bill and service consequences of that deferral.

COTA's submission focuses on five priorities: tariff design, transparent capex trade-offs, disclosure of deferral impacts, distributional impacts (not averages), and affordability by design.

4. Summary of recommendations

COTA requests OTTER, in its Final Report and Determination, to:

- Set a fixed/variable structure that supports efficient use and fair outcomes, with transparent explanation.
- Require TasWater to publish a capex risk/trade-off matrix and the allowance threshold needed to deliver the revised program.
- Make the longer-term bill and service impacts of deferring capital works explicit.
- Replace "average customer" reporting with distributional reporting (quintiles/deciles and household size).
- Strengthen and monitor vulnerable customer outcomes, ensuring accessibility and clear reporting.
- Explore deferral with estate recovery as an additional affordability tool (with rural safeguards).

5. Detailed comments

5.1 Tariff design: set fixed/variable charges to support efficient use and fair outcomes

COTA supports a tariff structure that provides a meaningful incentive for efficient water use. This reduces avoidable demand and, over time, can reduce infrastructure pressures and costs for all customers.

COTA notes OTTER's concern that TasWater has not provided sufficient evidence for a substantial change in the fixed/variable mix, and OTTER's view that because many costs are fixed, charges should be predominantly fixed. COTA encourages OTTER to also consider tariff design principles that reflect long-run marginal costs, recognising that efficient water use can influence the timing and scale of future infrastructure investment. This approach is consistent with the way regulators apply tariff principles in other capital-intensive monopoly networks.

By way of example, OTTER accepts materially usage-based tariff structures in electricity network pricing (including TasNetworks), despite those services also being driven largely by long-term fixed asset costs, with tariff design still requiring careful attention to low-income households and customers with unavoidable essential use.

While water and electricity are not identical services, the underlying principle remains: tariff design can support efficient demand and better long-run outcomes.

COTA is also concerned that an overly conservative approach to the fixed/variable mix risks maintaining the status quo and embedding implicit cross-subsidies between customer classes. If there are industrial customer impacts that require management, this should be addressed transparently (e.g., transitional arrangements), rather than weakening the efficiency signal for all customers.

COTA asks OTTER to:

- require TasWater to provide clearer evidence and modelling for a tariff structure aligned to long-run marginal costs (including demand/capex sensitivity), not only cost categorisation as “fixed vs variable”,
- revisit the fixed/variable balance and explain how the final position supports efficiency and fairness, and
- publish distributional impacts of tariff structure choices (see Recommendation 5.4).

5.2 Tariff design: Capex and revenue allowance - publish the “what it buys” trade-off and the threshold number

Customers and stakeholders need a clear picture of what different funding envelopes deliver. At present, public discussion risks becoming a contest of headline numbers rather than a transparent statement of: *what is delivered now, what is deferred, and what risks change as a result.*

COTA supports the approach that TasWater should provide a prioritised investment narrative rather than a “never-ending list” of critical projects.

COTA asks OTTER to require TasWater to publish:

A public risk/trade-off matrix for the proposed capital program, showing:

- priority ranking and the basis for it (public health, compliance, reliability, growth enablement, etc),
 - what is *in/out* under different funding envelopes,
 - consequences of deferral (service, compliance, environmental, cost), and
 - regional/community impacts and mitigations.
- The approximate revenue allowance threshold required to deliver the revised capex program (with key assumptions), so stakeholders can meaningfully assess trade-offs.

5.3 Deferrals: disclose long-term bill and service impacts, not only near-term smoothing

COTA supports affordability, but deferral of capital works can increase future cost pressures and service risks.

COTA asks OTTER to:

Publish clear scenario information showing:

- which categories of work are deferred,
- the service/risk consequences of deferral, and
- indicative future bill trajectories beyond PSP5 (PSP6/PSP7 impacts), so customers can understand the “longer game”.

5.4 Replace “average customer” reporting with distributional reporting (quintiles and household size)

COTA strongly supports the principle that there is no meaningful “average customer” where consumption and impacts are skewed. Decisions based on averages can hide hardship impacts and produce unintended consequences.

COTA asks OTTER to:

- Require bill impacts to be reported by:
 - usage quintiles (or deciles), and
 - household size, including single-person households
- Where possible, show impacts for relevant vulnerability cohorts (e.g., concession-eligible households and hardship-program participants).
- Use distributional reporting as the default presentation in the final report (not buried in technical annexes).

5.5 Affordability by design: minimise predictable hardship and strengthen accessibility and reporting

COTA supports hardship assistance, but also supports the principle that monopoly pricing should not knowingly drive predictable hardship and then rely on bolt-on remedies.

COTA asks OTTER to:

Strengthen expectations and transparency around vulnerable customer outcomes by requiring clearer reporting on:

- uptake and effectiveness of hardship supports,
- arrears trends and early-intervention practices, and
- accessibility of assistance pathways (including phone and paper options, not digital-only).

6. Policy option for exploration

Option: Deferral with estate recovery (asset-rich, cash-poor owner-occupiers)

COTA suggests OTTER and Government consider exploring an additional structural tool to balance affordability and fairness for low-income owner-occupiers who are cash-poor but asset-rich (a common situation for older Tasmanians ageing in place).

In plain English, this means eligible low-income owner-occupiers could defer a defined component of fixed charges, recorded as an accumulated debt against the property and repaid on sale/transfer or from the estate, without compounding interest.

This reduces immediate bill stress while maintaining fairness over time.

Rural equity design note: if land value is ever used as a proxy in future tariff design, it must avoid unfair outcomes for rural properties by:

- treating farm homes like other principal residences (ie apply any proxy only to a defined serviced home block/curtilage, not the whole farm), and
- excluding unserviced rural blocks (no land-value charging where a property is not connected, and not reasonably connectable, to the relevant service).

COTA is not proposing a detailed scheme in this submission, but recommends it be explored as part of a broader affordability framework.

7. Conclusion

COTA Tasmania supports OTTER's role in ensuring TasWater's prices reflect efficient costs while maintaining safe, reliable water and sewerage services.

For older Tasmanians, this determination is not just a technical pricing exercise. It will shape household affordability, service reliability and the ability of people to age safely at home and in their communities.

COTA urges OTTER to ensure the final determination is transparent about trade-offs and long-term consequences.

In particular, OTTER should:

- set a tariff structure that supports efficient water use and fair outcomes,
- require clear public disclosure of what different revenue allowances deliver (including a prioritised capex risk/trade-off matrix),
- explain the longer-term bill and service impacts of deferring works, and
- present bill impacts in distributional terms (quintiles/household size), not averages that can mask hardship.

COTA also encourages OTTER and the Government to explore additional structural affordability tools (such as a deferral-with-estate-recovery model for low-income owner-occupiers) so that predictable hardship is minimised by design, not patched after the fact.

COTA welcomes ongoing engagement as OTTER finalises its decision and would be pleased to provide further information or participate in discussions that support fair, affordable, and reliable essential services for Tasmanians.