



TW CM ref: 23/69509

12 October 2023

Mr Joe Dimasi

Tasmanian Economic Regulator
GPO Box 770
Hobart TAS 7001

Dear Mr Dimasi

Response to the Draft Report on the Inquiry into the Level of TasWater's Services Charges

We welcome the opportunity to provide a response to the Tasmanian Economic Regulator's Draft Report on the Inquiry into the Level of TasWater's Service Charges. Our objective is to ensure that the pricing framework delivers fair prices for our current and future customers.

Service charges to unconnected properties within our network are considered necessary to ensure all customers contribute towards us providing essential water and sewerage services. TasWater supports the Draft Report findings that these charges are consistent with the pricing principles prescribed within the *Water and Sewerage Act 2008*.

Our response to the Draft Report findings and recommendations are provided in Appendix 1.

Should you have any questions or require clarification with our response, please contact Hayden Moore, Head of Commercial and Pricing, at hayden.moore@taswater.com.au or 0408 132 503.

Yours sincerely

A handwritten signature in black ink, appearing to read "Kane Ingham".

Kane Ingham
Chief Financial Officer

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Appendix 1: TasWater’s Response to the Draft Report Findings and Recommendations

Draft Report Section	Regulator’s Recommendation	TasWater’s Response
<p>Section 5 – Developer Charges</p>	<p>That TasWater review the calculation of the Shared Infrastructure Contribution Charge, which is applied to new developments, during the development of its price and service plan for the fifth regulatory period to consider whether the inclusion of incremental capital expenditure during the previous regulatory periods is appropriate.</p>	<p>We acknowledge the recommendation and will review the calculation of the Shared Infrastructure Contribution charge, including the incremental capital expenditure that is included.</p>
<p>Section 6 – Pricing Principles</p>	<p>That TasWater review and recalculate its fixed and variable water and sewerage costs during the development of its price and service plan for the fifth regulatory period. Data gathered from the implementation of activity-based costing may be useful in this task.</p> <p>That TasWater establish the appropriate costs that are relevant to servicing unconnected properties within serviced land, including costs that are avoided from not having these customers connected to its infrastructure, and use these to inform and justify its proposed water service charge and sewerage service charge for the fifth regulatory period.</p>	<p>The intent of service charges is to equitably distribute the fixed costs of water and sewerage infrastructure across the community, noting the direct and indirect benefits to those properties within our serviced land.</p> <p>We acknowledge the recommendations and will review our fixed and variable water and sewerage costs and charges as part of our Price and Service Plan 5 submission, using data gathered through activity-based costing.</p>