

Service Introduction Charges Policy



Purpose

This policy outlines the circumstances and the terms and conditions that must be met for us to introduce water services and/or sewerage services (service introduction) to an area not previously receiving those services and the charges that will apply.

Policy

Introduction of service

We will consider service introduction for water services and/or sewerage services when a proposal is put forward by:

- A community or a council on behalf of the community; or
- The relevant council's Environmental Health Officer, the Environment Protection Authority or the Department of Health who have identified that the absence of water services and/or sewerage services is causing significant and/or wide-scale environmental harm and/or public health issues.

Stage 1 – Initial consultation

We will consult with each relevant community on any service introduction proposal. As part of this consultation, we will define the proposed service introduction area(s). Using the proposed service introduction area(s), we will provide property owners and the community generally the following information:

- High-level, preliminary design work and
- Estimated service introduction charges per title for the service(s).

In order to proceed to Stage 2, the service introduction proposal must be commercially viable. External funds will offset the costs and subsequent service introduction charges.

Stage 2 – Indicative community support

Consideration of service introduction will only proceed to Stage 3 if at least 50 per cent of each relevant community supports the proposal.

Stage 3 – Community commitment to service introduction

A detailed design and business case will be developed for service introduction as part of this stage. These will provide a more accurate estimate of the project costs and the

service introduction charges. Approval of the business case by the TasWater Board will be conditional, among other factors, on the 80 per cent community threshold (detailed below) being achieved.

For the proposal to progress to the procurement and construction stage, at least 80 per cent of the owners of developed land within the proposed service introduction area must enter into an agreement committing to connect to the relevant system and to pay the service introduction charge.

Developed land means land titles where there is an existing development and/or use that would reasonably be expected to require or receive reticulated drinking water services and/or sewerage services. This may include, but not be limited to, a residential dwelling or commercial premises. It would not include other uses that do not require drinking water, for example, irrigation or stock watering.

Following the conclusion of the Stage 3 consultation, we will advise the community of the results of the consultation and the next steps for the project.

Service introduction charges

Service introduction charges will reflect the reasonable costs of providing the infrastructure less what would be recovered from customers in the new service area through ongoing annual water charges and/or sewerage charges less contributions from third parties (e.g. state or local government).

We will calculate service introduction charges at two stages of the consultation process:

- Stage 1 – estimated service introduction charges based on the net present value (NPV) of the cost of providing the infrastructure specific to the service introduction, less the present value of the amount that would be recovered from 80 per cent of customers through ongoing annual water charges and/or sewerage charges.
- Stage 3 – final service introduction charges based on the NPV of the cost of providing the infrastructure specific to the service introduction, less the present value of the amount that would be recovered from the actual percentage of committed customers (more than 80 per cent) through ongoing annual water charges and/or sewerage charges.

Third-party funding contributions are subtracted from the NPV calculations. This calculation determines the commercial viability. We will provide, to a person on whom a service introduction charge is imposed, information as to how we have determined the amount of the charge.

Service introduction charges are levied on the owner of land who has signed a contract committing to a connection from the date on which the property is able to connect to

our water infrastructure and/or sewerage infrastructure and the agreement has commenced.

The owner of a property to which a service introduction charge relates may elect to pay the charge:

- Over a period of not less than 12 months; or
- At the owner’s request, over a period of less than 12 months.

Other charges

In addition to service introduction charges, a connection charge for water services and/or sewerage services may be payable when the property is connected to our water infrastructure and/or sewerage infrastructure in accordance with the requirements set out in Section 3 of this document. The list of connection and other charges is available at www.taswater.com.au).

Ongoing water and sewerage access charges and variable charges will also apply once the property is connected, and service provision has commenced.

Owners of land who choose not to connect to our services will become liable to pay service charges following completion of works and availability of services and once the requirements of our *Access Charges Policy – Unconnected Properties* have been met.

Requirements

The CEO is responsible for implementing this Policy.

Relevant Legislation

- Water and Sewerage Industry Act 2008 (the Act)
- Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021 (Pricing Regulations)
- Land Use Planning and Approvals Act 1993

Definitions

| Team | Meaning |
|------------------------------------|--|
| Owner | Means the person(s) who holds the freehold interest in any land that is connected to our infrastructure or that a water or sewerage service is available to from us. |
| Unconnected Property Access charge | Has the same meaning as a service charge that is levied under Section 68A of the Act. |
| Service introduction | Means the construction of water infrastructure and/or sewerage infrastructure by us to provide reticulated water services and/or |

| Team | Meaning |
|------------------------------|--|
| | sewerage services to established communities/townships not previously receiving reticulated water services and/or sewerage services. |
| Service introduction charge | <p>Means a charge, in respect of a property, that relates to the installation, alteration or utilisation of assets by us to enable the provision by us of a regulated service to the property but does not include:</p> <ul style="list-style-type: none"> • a connection charge • a water and sewerage access charge • a developer charge. |
| Standard sewerage connection | Means a 100 mm sewerage connection to an unconnected property that is classified as serviced land and meets the requirements set out in Section 3.2 of this document. |
| Standard water connection | <p>Means a 20 mm water connection to an unconnected property that is classified as serviced land and meets the requirements set out in Section 3.2 of this document.</p> <p>(TasWater has identified serviced land where, based on historical practices, some 25 mm water connections are also considered to be a standard water connection as defined above.)</p> |

Associated Documents

- Access Charges Policy – Unconnected Properties
- Connection Policy
- Developer Charges Policy
- Customer Charter

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| Endorsed By | TasWater Board |
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