

APPENDIX 11: SUMMARY OF SUBMISSIONS RECEIVED ON DRAFT REPORT

The following table summarises the issues raised in submissions received in response to the Economic Regulator's Draft Report. The table also refers readers to the relevant section of this Final Report where the specific issues are discussed. All submissions are available on the Economic Regulator's website.

Submission received from	Key Issues	Section in Report
Catherine Reynolds	<ul style="list-style-type: none"> Service charges - Ms Reynolds raised concerns about the imposition of service charges and suggested that TasWater should substantially reduce or preferably eliminate its charges for unconnected properties. 	4.10.3 Service charges policy
Graeme Wathen	<ul style="list-style-type: none"> Sub-metering/joint property ownership - Mr Wathen is proposing amendments to TasWater's Sub-metering policy to accommodate multiple owner properties. 	4.10.2 Sub-metering policy
John Marrone	<ul style="list-style-type: none"> Service replacement - Mr Marrone appeared to support postage stamp pricing in general but questioned why most Tasmanians should pay substantial increases in their water bills so that a small number of Tasmanians obtain water in very remote locations. Funding of remedial infrastructure work - Mr Marrone's submission also raised the issue of TasWater's substantial financial resources and its ability to obtain interest free loans from councils as support for his view that TasWater should not be increasing customers' bills to the extent that it has to fund its infrastructure upgrades. 	4.12 Service replacement 12.7 Pricing zones 6.4.4 Capital expenditure
Nekon Pty Ltd	<ul style="list-style-type: none"> Equivalent tenements - Nekon raises concerns that the average annual residential water consumption figure that TasWater bases its equivalent tenement (ET) calculations on is inaccurate. TasWater uses an estimate of 200kL, whereas Nekon points out that according to the Bureau of Meteorology's <i>National performance report 2015-16: urban water utilities</i> (NPR) the annual average residential water consumption for TasWater customers was 176kL (in 2016-17, this figure was 178kL). Trade waste - Nekon contends that TasWater has provided insufficient evidence to justify its current and proposed trade waste charges. 	12.11 Equivalent tenements 4.8 Trade waste policy
Emily Devine	<ul style="list-style-type: none"> Limited water quality - Ms Devine's submission contended that TasWater's pricing for services that are not fit-for-purpose, i.e. a permanent boil water alert (BWA), was unreasonable and did not reflect the inconvenience and cost to customers. 	12.10.3 Variable water charges (limited service)
R B Manson	<ul style="list-style-type: none"> Equivalent tenements - Mr R Manson raised concerns about the excessive water and sewerage charges imposed on several one bedroom units that he owns due to TasWater assessing all residential properties as a minimum of one ET regardless of the size and value of the property. 	12.11 Equivalent tenements Issues outside the scope of the investigation
Kevin Close	<ul style="list-style-type: none"> Equivalent tenements - Mr Close raises one of the same points as Nekon, describing his own circumstances as an example of TasWater's current method for estimating business ETs leading to unreasonable outcomes. 	12.11 Equivalent tenements

Submission received from	Key Issues	Section in Report
Malcolm Eastley	<ul style="list-style-type: none"> ▪ Trade waste - Mr Eastley raised three issues in relation to trade waste. Mr Eastley notes that TasWater's Commercial Trade Waste Customer Pre-treatment Guideline specifies that bucket traps and sink strainers must have 3mm diameter drainage holes. Mr Eastley comments that standard residential sinks typically have 10mm drainage holes, and argues that 3mm holes are therefore inadequate. ▪ Mr Eastley compares a trade waste customer against a standard residential customer, highlighting that trade waste customers pay considerably more for wastewater treatment than do residential customers. ▪ Mr Eastley points out the various costs involved in installing and maintaining grease traps, in accordance with the requirements of TasWater's Commercial Trade Waste Customer Pre-treatment Guideline, and questions why trade waste customers who install grease traps should still have to pay trade waste charges. 	4.8 Trade waste policy
Bob Harder	<ul style="list-style-type: none"> ▪ Fire service charges - Mr Harder's submission notes that TasWater has advised that the fire service charges were imposed to recover the additional costs TasWater incurs providing this service. The submission also suggests that there are fire services nearby that could be used in the event of a fire such that the fire hydrant in question is no longer required. ▪ Affordability - Mr Harder referred to the increase in his water and sewerage bills over the last ten years. ▪ Dividend payments - In his submission Mr Harder argued that publicly owned corporations such as TasWater did not need to pay large dividends to owners particularly as councils didn't own the water schemes in the first place ie the schemes were paid for by the users and, in some cases, by government grants. 	<p>12.9.3 Fixed water charge (fire services)</p> <p>Issues outside the scope of the investigation</p> <p>Issues outside the scope of the investigation</p>

Submission received from	Key Issues	Section in Report
TasCOSS	<ul style="list-style-type: none"> <li data-bbox="549 226 1150 461">▪ Fixed versus variable charges - TasCOSS stated in its submission on the 2018 Price Determination Investigation Draft Report that a customer using 200kL per annum in 2018/19 would pay a total bill of \$1,265 per annum based on a fixed water charge of \$357; a fixed sewerage charge of \$659, and a variable charge of \$221. This results in the water usage component being 17 per cent of the total water and sewerage bill. <li data-bbox="549 472 1150 645">▪ Customer transition to target tariffs - In its submission TasCOSS stated that it shares the Regulator's concern about customers facing price increases to reach target tariffs but that it does not support the proposed approach of assigning a dedicated account manager and providing access to the TasWater Hardship Program. <li data-bbox="549 656 1150 801">▪ Funding of remedial infrastructure work - TasCOSS contended that current Tasmanian households should not be responsible for providing funding, through their water and sewerage bills, to rectify the historic neglect of water and sewerage infrastructure. <li data-bbox="549 813 1150 898">▪ Affordability - TasCOSS also raised concerns about the impact of the proposed price increases particularly for customers on fixed or low incomes. <li data-bbox="549 909 1150 1025">▪ Recognising assets on commissioning - TasCOSS supports this change, and agrees with the Economic Regulator that it will provide an incentive for TasWater to deliver its agreed capex projects on time and on budget. <li data-bbox="549 1037 1150 1153">▪ Planning for asset consolidation - TasCOSS supports the Economic Regulator's intention to require TasWater to justify its proposed capex for the fourth regulatory period in the context of appropriate long term strategies. 	<p data-bbox="1224 226 1385 371">12.10.2 Extent of fixed costs recovered through variable charges</p> <p data-bbox="1224 495 1385 551">13.3 Proposed price transition</p> <p data-bbox="1224 640 1385 696">6.4.4 Capital expenditure</p> <p data-bbox="1224 808 1385 898">Issues outside the scope of the investigation</p> <p data-bbox="1224 954 1385 1043">6.4.3 Recognition of capex in the RAB</p> <p data-bbox="1224 1111 1385 1167">3.5.2 Capital project reporting</p>

Submission received from	Key Issues	Section in Report
Environmental Protection Authority (EPA)	<ul style="list-style-type: none"> ▪ Performance standards re sewer spills - The EPA notes in its submission that failure to set this standard at an acceptable level may give rise to unacceptable impacts on human health and environmental outcomes, and could be open to interpretation by TasWater staff. 	4.4 Customer service standards
	<ul style="list-style-type: none"> ▪ Impact of re-use water on environment and TasWater's costs - The EPA notes, that in addition to cost, re-use water schemes also provide environmental benefits of load reduction in the receiving environment, and reduction in future capex requirement by diverting treated effluent to reuse, and economic benefit to the re-use water end user. 	7.9 Re-use water
	<ul style="list-style-type: none"> ▪ Regulatory compliance improvement - The EPA endorsed the proposal to require TasWater to further justify its proposed capex for the fourth regulatory period in the context of a long-term plan on the basis that it is likely to provide for better short and medium term planning. The EPA also supported the proposed introduction of more frequent reporting on the status of scheduled and completed projects as this will likely complement the objectives of the MOU. The EPA suggested that this proposal be implemented in a way that makes use as appropriate of TasWater's existing reporting mechanisms. 	3.5.1 Longer term planning 3.5.2 Capital project reporting
	<ul style="list-style-type: none"> ▪ Recognising assets on commissioning - The EPA is open to this concept and supported its intent to incentivise project completion. 	6.4.3 Recognition of capex in the RAB
Department of Health & Human Services	<ul style="list-style-type: none"> ▪ Water quality - The Department of Health & Human Services (DHHS) states that TasWater's proposed Price and Service Plan adequately addresses the "themes" relating to drinking water in the priority list that DHHS provided to TasWater in March 2017. 	3.3.1 Regulatory compliance - Director of Public Health
	<ul style="list-style-type: none"> ▪ Proposed service replacement process - DHHS suggests the Economic Regulator reword the following proposal "The Economic Regulator also intends to require TasWater to not offer the option of paying cash to customers to undertake the installation of assets for service replacement, unless otherwise approved by the Economic Regulator" to provide some discretion around the option of cash payments which may, in some instances, be the only workable solution in some communities. 	4.12 Service replacement

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TasWater	<p>TasWater's submission covered the following issues:</p> <ul style="list-style-type: none"> ▪ Weighted average cost of capital (WACC) <ul style="list-style-type: none"> ○ Risk-free rate and debt risk premium ○ Gamma ▪ Regulatory depreciation <ul style="list-style-type: none"> ○ Calculation method for existing assets ○ Correction of arithmetic error for depreciation of existing assets ▪ Operating expenditure <ul style="list-style-type: none"> ○ Salaries ○ Materials and services ○ Chemicals ○ Motor vehicles ○ Productivity savings and operating expenditure arising from new capital expenditure ▪ Capital expenditure <ul style="list-style-type: none"> ○ Facilities, fleet and plant ○ Gifted assets ▪ Other <ul style="list-style-type: none"> ○ Working capital allowance ○ Recognising assets on commissioning ○ Service replacement ○ Trade waste application fee ○ Labour Force Plan and asset rationalisation plan ○ Correction of items in TasWater's proposed PSP3 submission 	<p>9 WACC</p> <p>8 Regulatory depreciation</p> <p>7 Operating expenditure</p> <p>6 Capital expenditure</p> <p>11.2.3 Working capital allowance</p> <p>6.4.3 Recognition of capex in the RAB</p> <p>4.12 Service replacement</p> <p>13.2.2 Trade waste prices</p> <p>7.6.1 Opex - salaries</p> <p>3.5.1 Longer term planning</p>