D. CUSTOMER CONTRACT AND POLICIES

Customer contract

A customer contract is defined in the Industry Act as the *"contract between a regulated entity and a customer for the provision of regulated services to the customer, which includes standard terms and conditions of service"*.

A customer contract is legally binding on TasWater and its customers and sets out obligations for both parties. TasWater's customers do not sign the contract as under section 60 of the Industry Act customers are deemed to have entered into a customer contract. The Regulator approves TasWater's customer contract as part of the approval of TasWater's final PSP.

In the Draft Report, the Regulator noted that TasWater stated that it had revised its customer contract to make it easier for customers to understand. In addition to simplifying the customer contract, TasWater noted that it had incorporated the following changes:

- removing detail that is replicated in legislation or the Code and cross-referencing customers to the relevant source of obligation instead;
- removing the Trade Waste Consent from the customer contract (instead cross-referencing to the Trade Waste Consent for trade waste customers);
- clarifying that the definition of Limited Water Quality Customers applies to customers within serviced land where there is an alert in place regarding use of the water; and
- clarifying TasWater's and customers' responsibilities for shared private pipelines.

Despite setting out the amendments it had made to its proposed customer contract, TasWater's proposed PSP did not include any discussion or evidence of customer consultation on its revised draft. It is therefore not known whether, or to what extent, customers support TasWater's proposed changes.

For the Draft Report, the Regulator reviewed TasWater's draft customer contract for the fourth regulatory period for consistency with the provisions of the Code, Industry Act and relevant Regulations and raised a number of issues with TasWater. The Regulator also sought advice from the Office of the Crown Solicitor (OCS) on the draft customer contract's completeness, that is, that:

- it includes all required/relevant terms and conditions;
- it is enforceable; and
- there are no elements that could make the contract void or voidable (e.g. no mistakes or misrepresentations).

OCS did not identify any matters of significant concern with respect to TasWater's proposed customer contract.

The revised customer contract does not alter the rights and obligations of TasWater's customers. It has, essentially, been streamlined into a simpler and more concise version of the customer contract approved for the current regulatory period.

The Regulator subsequently liaised with TasWater on matters identified as part of its own, and the OSC, review. This collaboration resulted in TasWater providing a revised draft customer contract to the Regulator for consideration. The Regulator reviewed that revised draft and was satisfied that issues identified have been suitably resolved by TasWater, except in one area, as discussed below.

Clause 14.5, which deals with shared private pipelines, contained provisions relating to the responsibility for maintaining and replacing these pipelines between parties other than TasWater. This extended to responsibility for damage to property. The Regulator considered that this clause should be redrafted to specify that TasWater is not responsible for any costs relating to shared private pipelines but not seek to specify how the responsibility is otherwise assigned. The Regulator, in its Draft Report, required TasWater to review Clause 14.5.

In its submission on the Draft Report, TasWater stated that it would amend Clause 14.5 to address the issue identified by the Regulator and would submit a revised customer contract as part of its final proposal.

Following receipt of TasWater's submission, the Regulator continued to liaise with TasWater, and prepared a further draft. This draft was acceptable to TasWater and included in the customer contract.

The Regulator approves the customer contract, as provided at Appendix E.

Water and Sewerage Network and Charges Policies

TasWater's draft Water and Sewerage Network and Charges Policies document contained TasWater's description of serviced land, information about TasWater's proposed service replacement process as well as TasWater's draft policies relating to:

- connections;
- sub-metering;
- service charges; and
- service introduction charges.

Serviced Land

Background

Serviced land is land that TasWater will permit to be connected to its infrastructure.

The identification of serviced land is important as it determines TasWater's obligation to connect and supply customers. Serviced land also underpins policies and arrangements with respect to service extension and expansion, service charges, service introduction, service replacement and developer charges.

Legislative requirements

Section 56U(1)(b) of the Industry Act requires TasWater's proposed PSP to include a description of the land (identifiable by individual title or locality) it will permit to be connected to its water or sewerage infrastructure, such as, a description of serviced land.

TasWater must also comply with clause 2.2 of the Code which requires that a regulated entity must permit an owner of land to connect a property to TasWater's infrastructure within 10 business days, or such later date as agreed between TasWater and the person, if:

- the property is on the serviced land as defined in the TasWater's PSP; and
- the person requests permission to connect the property to TasWater's infrastructure; and
- the person has paid, or has agreed to pay, all applicable fees for connection; and
- the person has complied with all reasonable terms and conditions of connection imposed by TasWater; and
- the connection is required to be made by the connection policy contained in TasWater's approved PSP; and
- the physical characteristics or location of the property are not such as to require the application of unusual or unusually costly infrastructure, design, or installation techniques in order for the connection to be made; and
- no plan of subdivision, or other instrument of a type approved by the Regulator, specifies that connection to TasWater's infrastructure, or provision by TasWater of regulated services, will not occur.

Describing and identifying serviced land

The PSP Guideline states that a description of serviced land must be included in TasWater's proposed PSP that complies with the Industry Act and the Code and is sufficiently detailed to be able to identify individual titles. TasWater was required to explain in its proposed PSP how it determines what land is included in its serviced land.

Connecting properties outside serviced land

TasWater does not have an obligation to connect a property to its infrastructure if that property is outside serviced land. However, there is nothing preventing TasWater from entering into an arrangement with a property owner to connect a property outside serviced land.

TasWater's Conditional Connections Policy and its Land Development Policies documents outline the circumstances in which TasWater will consider allowing properties in unserviced land to connect to its network.

TasWater's Conditional Connections Policy is not required to be submitted as part of TasWater's proposed PSP.

TasWater's proposed approach to serviced land - water

TasWater stated that it identifies property titles with a full service based on servicing factors and the standards outlined in the *TasWater Supplement to the Water Services Association of Australia (WSAA)*[145] *Water Supply Code of Australia WSA 03-2011-3.1 Melbourne Retail Water Agencies (MRWA) Edition V2.0* (the Supplement to the Water Supply Code of Australia).

This Supplement to the Water Supply Code details the minimum service pressure at peak hour demand and minimum flow rate:

[145] The Water Supply Code of Australia is prepared by the WSAA, which is the industry's peak body.

- the minimum service pressure at the connection point is 220 kPa, static head of 22m (section 2.5.3.3 of the Supplement to the Water Supply Code of Australia); and
- the minimum flow rate is 15 litres per minute at the connection point (section 2.12 of the Supplement to the Water Supply Code of Australia).

The Regulator notes that the minimum service pressure and minimum flow rate remain unchanged from those approved for the third regulatory period.

TasWater has not proposed any changes to the definition of serviced land for water for the fourth regulatory period. As per the definition of serviced land approved for the third regulatory period, serviced land for water is where titles meet all of the following criteria (land titles that do not meet the criteria are unserviced for water):

- can be supplied with treated water; and
- are within 30 metres of TasWater's water reticulation main; and
- can receive the minimum flow and pressure at the connection point as described in the Supplement to the Water Supply Code; and
- connection to TasWater's reticulation network would not cross a land title owned by a third party; and
- the physical characteristics or location of the land title are not such as to require the application of unusual or unusually costly infrastructure, design, or installation techniques in order for the connection to be made.

Treated water means either fully treated water or water supplies treated with disinfection only. Raw water supplies are excluded. TasWater notes that customers within serviced land who receive water that is not safe for drinking receive a discount off the regulated variable charge.

Existing or new connections that receive untreated water (raw water) or are directly connected to a bulk transfer main are connections outside serviced land and are to be dealt with in accordance with TasWater's customer contract or other agreement.

TasWater considers applications for new connections for untreated water (raw water) or direct connection to a bulk transfer main as connections outside its serviced land. TasWater deals with these applications in accordance with its Conditional Connections Policy.

TasWater's proposed approach to serviced land - sewer

TasWater stated that it intended to revise the definition of sewer serviced land for the fourth regulatory period to set out the criteria that a property must meet to be considered sewer serviced land and therefore be permitted to connect to TasWater's sewerage infrastructure.

TasWater stated that, in reviewing its approved PSP for the current period, it had identified a number of sewerage connections where infrastructure was, or is, required to be installed on third-party-owned land to facilitate connection to TasWater's sewer reticulation main. TasWater stated that this is due to the nature of gravity connections and land topography and typically involves connections to sewer reticulation mains running near rear boundary fences.

TasWater further stated that the definition of sewer serviced land in its approved PSP for the third regulatory period created some ambiguity relating to whether customers in these circumstances were classified as being within serviced land and, therefore, entitled to receive a full sewerage service.

For the avoidance of doubt, TasWater's proposed PSP included a revised definition of sewer serviced land. The revised definition explicitly provides that, when all other service criteria are met, if connection to the sewer reticulation main requires the installation of infrastructure on third party-owned land within the distances provided in the *TasWater Supplement to the WSAA Gravity Sewerage Code of Australia (MRWA Edition)* Section 5.2.8, the property will be considered to be within sewer serviced land and will be permitted to connect and receive a full sewerage service.

TasWater confirmed that there is no change for customers already connected with a connection of this type and these customers will continue to receive a full sewerage service. It would not alter TasWater's current approved approach to sewer service land.

In summary, TasWater proposed that land titles are defined as sewer serviced land when they meet all the following criteria:

- are within 30 metres of TasWater's sewer reticulation main and can be serviced via gravity connection; and
- connection to TasWater's reticulation main would not require installation of infrastructure on land owned by a third party beyond distances set out in the TasWater Supplement to the WSAA Gravity Sewerage Code of Australia (MRWA Edition) Section 5.2.8; and
- the physical characteristics or location of the land title are not such as to require the application of unusual or unusually costly infrastructure, design, or installation techniques in order for the connection to be made; and
- are not otherwise considered unserviced land in accordance with section 2.4 of the Water and Sewerage Network and Charges Policies document.

Land titles that do not meet the criteria are classed as unserviced for sewer.

According to TasWater, land within pressure sewer schemes and Septic Tank Effluent Disposal (STED)[146] areas established before 1 July 2015 will continue to be regarded as unserviced land. In addition, land located in Garthfield Avenue, Cygnet, is defined as unserviced despite being connected to TasWater's sewerage infrastructure, due to a particular condition in the 2008 sewer extension project in that area.

Regulator's assessment of TasWater's approach to determining serviced land

In the Draft Report, the Regulator considered TasWater's proposal to maintain its current approach to determining water serviced land to be appropriate as is its proposed revised approach to determining sewer serviced land.

The Regulator considered the criteria to be met for TasWater's identification of serviced land remain reasonable and comply with clause 2.2 of the Code (Obligation to Connect).

The Regulator also considered that TasWater's intended continued application of minimum flow and pressure standards from the TasWater Supplement to the Water Supply Code of Australia is appropriate for inclusion in the definition of serviced land.

The Regulator considers it appropriate that customers of TasWater are able to suitably access information and guidance material that will assist them in determining whether their property, or part of their property, is within serviced land. To this end, in the Draft Report the Regulator stated that it intended to require TasWater to publish TasWater's Supplement to Water Services Association of Australia's Water Supply Code of Australia and TasWater's Supplement to Water Services Association

[146] STED customers are responsible for maintaining a septic tank (including desludging), while TasWater is responsible for the removal of liquid waste.

of Australia's Gravity Sewerage Code of Australia, together with any other additional relevant information, and to publish separate descriptions of serviced land for water services and sewerage services. In addition, the Regulator intended requiring TasWater to update, on a regular and ongoing basis, its published description of serviced land so as to ensure it accurately represents serviced land boundaries (as they change).

In the Draft Report, the Regulator also assessed as appropriate:

- TasWater's proposed treatment of both new and existing connections receiving untreated water (raw water); and
- TasWater's proposed treatment of both new and existing connections that are directly connected to a bulk transfer main.

Connection Policy

The point where a customer's pipes connect to TasWater's water and sewerage infrastructure is known as the connection point.

As with other policy documents, for the Draft Report the Regulator reviewed TasWater's draft Connection Policy for consistency with the provisions of the Code, Industry Act and relevant Regulations.

TasWater stated in its proposed PSP, that it had revised its Connection Policy for the fourth regulatory period to:

- clarify the conditions that must be met in order for a connection to classify as a standard connection, and specify that connections outside serviced land and connections for land development (subdivisions, and multi-unit developments) are classed as non-standard connections;
- clarify that a standard connection is a 20mm water connection and a 100mm gravity sewerage connection;
- state that, for standard connections, the cost is approved by the Regulator in its approval of TasWater's PSP;
- state that non-standard connections are not subject to the requirement to permit connection to water and/or sewerage infrastructure within 10 business days; and
- clarify the conditions for connection to infrastructure and where TasWater will permit, rather than undertake, the connection. This is in line with the wording of Section 56U of the Industry Act, and also allows for authorised providers to make the connection to TasWater's infrastructure on a property owner's behalf.

While the majority of the issues identified by the Regulator in its review were minor in their nature, the Regulator was concerned about TasWater's proposal that non-standard connections not be subject to the requirement to permit connection to the water infrastructure and/or sewerage infrastructure within 10 business days.

As discussed under the 'Legislative Requirements' section of this Appendix, TasWater must comply with the connection provisions as outlined in the Code. It is a requirement under clause 2.2 of the Code that TasWater permit an owner of land to connect a property to TasWater's infrastructure within 10 business days, or such later date as agreed between TasWater and the person. The "within 10 business days, or such later date as agreed" rule applies to all connections: standard and non-standard. TasWater is required, under its licence, to comply with the Code. TasWater cannot

therefore revise the corresponding condition in its connection policy to provide for permission of connection timelines other than those set out in the Code as the Policy must reflect the provisions of the Code.

In addition, as the Code allows for permission for connection to TasWater's infrastructure at "such later date as agreed" it is already possible for approval of non-standard connections to be made, when agreed, beyond the noted period of 10 business days, provided that there is agreement the other party.

TasWater was subsequently advised of this matter and of some other more minor drafting issues identified as part of the Regulator's review of the draft Connection Policy. This collaboration resulted in TasWater providing a revised draft Connection Policy to the Regulator for consideration. The Regulator assessed that, while there were some drafting amendments to the Connection Policy from the currently approved version, there are no material changes from the current policy that would affect actual or potential customers. The Regulator is satisfied that TasWater has addressed all identified concerns and a copy of the revised Connection Policy is included in TasWater's Water and Sewerage Network and Charges Policies document provided at Appendix F.1 to this Report.

TasWater also considered that some provisions of the Code may require future amendment to clarify their meaning or intent, or better reflect operational practice. TasWater was encouraged by OTTER to notify the Regulator, outside the price determination investigation process, of any potential amendments to the Code it would like to see progressed with an accompanying justification. The Regulator will then be able to undertake its own assessment and consultation processes and, as appropriate, amend the Code.

Sub-metering Policy

TasWater is required to impose a variable charge for water delivered to customers and the charge applies to each kilolitre of water delivered. To enable it to measure the volume of water delivered to each property, TasWater installs a meter at each connection point. Generally there is only one meter, referred to as the master meter, located at the connection point to a property.

As provided for in section 3A of the Industry Act, strata title lot owners are TasWater's customers even if their lot is not connected directly to TasWater's infrastructure but instead accesses water services via interposing pipes situated on the strata title property. Therefore, as TasWater's customers, strata title lot owners are liable for water and sewerage charges.

This creates the issue of how to bill the individual lots in strata schemes for water supplied where there is only one connection between TasWater's water main and the strata title property. There are a number of options available to determine the variable charge that applies to individual lots within a strata scheme, including the installation of sub-meters.

The Industry Act does not specify how the variable charge for water supplied to lots and, if applicable, common property[147], should be apportioned between lot owners. However, Pricing Regulations 16 and 17 state that, where there is only one meter for the scheme, the variable charges must be apportioned on unit entitlements and, in the absence of unit entitlements, variable charges for the scheme must be imposed on the body corporate. The Pricing Regulations are silent on how fixed charges are to be apportioned.

Similar to strata schemes, multi-unit properties generally have a single connection point with a master meter but contain areas with discrete water use. However, unlike strata schemes, the individual areas of water use are not deemed to be connection points to TasWater infrastructure and the multi-unit property owner is the customer and therefore liable to pay for the water and sewerage services

[147] Common property are those areas of strata property which do not form part of a lot and that every occupier or owner shares, such as a garden or car parking area.

provided. The occupiers of multi-unit properties are therefore not TasWater's customers (except if an occupier is also the owner).

To address how TasWater will meter and bill both strata schemes and multi-unit properties, TasWater is required, under the Regulator's PSP Guideline, to develop, and submit for review and approval with its proposed PSP, a Sub-metering Policy. The Guideline requires TasWater to explain and justify any differences between its current Sub-metering policy and the Sub-metering Policy it is proposing for the fourth regulatory period, and provide details on the consultation TasWater undertook with respect to the policy proposed.

Once approved, TasWater must publish the policy and any supporting documentation on its website.

Approach to sub-metering approved for the third regulatory period

For the third regulatory period, TasWater's policy with regard to new strata schemes includes three options as follows:

- Install a master meter only, with fixed and variable costs apportioned on unit entitlements, if available from the Land Information System, and billed to directly to lot owners or, if no unit entitlements are available, billed to the body corporate.
- Install a master meter and provide sub-meters for installation at the owners' expense. The sub-meters will continue to be TasWater assets and TasWater reads the meters and issues bills to the lot owner with a variable charges based on water supplied through the sub-meter. TasWater also imposes a fixed charge for the meter which is deemed to be at least a 20mm connection. Sub-metering common property is optional. Where common property is sub-metered, the fixed and variable costs are either apportioned on unit entitlements if these are available from the Land Information System and billed to directly to lot owners, or billed to the body corporate.
- Connect lots individually to TasWater's water main. This option is available at TasWater's discretion where there is no common property, no interposing pipework or requirement for a master meter.

For existing strata schemes, TasWater's current policy is to issue bills to customers based on the metering configuration in each strata scheme which include the following:

(a) a single master meter only;

(b) a master meter and sub-meters;

(c) no master meter and individual lot water meters;

(d) lots connected individually to TasWater's water main;

(e) master meter but with some individual lots connected directly to TasWater's water main;

(f) multiple master meters; or

(g) multiple master meters but with some individual lots connected directly to TasWater's water main.

Unless lots are individually connected to TasWater's water main or have sub-meters, the lots in a strata scheme are billed for a share of the fixed and variable charges based on unit entitlements, the sum of fixed cost for the meter or meters and the volume of water supplied. Where unit entitlements are not available the charges are imposed on the body corporate.

TasWater provides for sub-metering in existing strata schemes when there is a unanimous resolution from the body corporate supporting the installation of sub-meters. When sub-meters are installed, lot owners are individually billed for fixed and variable charges.

For new and existing multi-unit properties, such as residential apartments and shopping centres, TasWater's current policy is to bill the property owner, who is TasWater's customer, for a fixed charge based on the master meter and a variable charge based on the volume of water supplied through the master meter. In these situations, TasWater does not use sub-meters for billing purposes. The owner is then responsible for recovering these costs from occupiers within the multi-unit property.

TasWater did not provide evidence or discussion of consultation on the proposed changes to its Sub-metering Policy. TasWater stated in its proposed PSP that it has modified its existing policy for the fourth regulatory period to:

> … reduce duplication and simplify the metering configurations for new strata schemes where the property can be metered with a single master meter (with usage apportioned on a general unit entitlement or special unit entitlement basis) or each lot can be individually connected to the water main or connected via a water meter manifold
>
> In the interests of efficiency and cost-reduction, and to ensure consistency between multi-unit properties and strata schemes, TasWater will no longer install, maintain and read sub-meters for new strata schemes.[148]

Regulator's assessment of TasWater's proposed approach to sub-metering in its proposed PSP

The proposal to no longer install sub-meters at the request of a strata title body corporate represented a significant change to TasWater's approach to sub-metering. The Regulator requested additional information from TasWater on a number of issues including:

- the reasons for changing the policy;
- whether the policy complied with the relevant legislative requirements;
- clarifying the differences between new and existing schemes with regards to billing and metering requirements;
- clarifying the differences between the options for new schemes; and
- TasWater's consultation on the proposed changes.

TasWater informed the Regulator that the driver for this change is the cost of meter reading and billing strata titled properties with sub-meters. Specifically, reading and processing the information from a master meter and associated sub-meters require manual intervention during the billing process to generate bills for sub-metered properties. TasWater stated that the additional procedures and manual processing have been increasing its billing costs for sub-metered properties and these costs would most likely further increase as strata title schemes become more prevalent.

The Regulator understands, from this last comment, that TasWater expects body corporates of new strata title scheme to request the installation of sub-meters. This implies that TasWater has assessed that sub-metering is the preferred option, in some cases, for lot owners within new strata title schemes

The use of sub-meters was introduced to provide individual lot owners with similar metering arrangement to non-strata scheme customers, i.e. they would be liable for the variable costs associated

[148] TasWater's proposed PSP, pages 79-80.

with their individual usage as measured by the sub-meter installed for that lot. The trade-off is that lot owners with a sub-meter are liable for the full fixed cost of a 20mm meter as opposed to sharing the cost of a single, albeit a larger, diameter, meter.

TasWater claims that a strata title property requires a master meter, in addition to sub-meters, to recoup the cost of any water lost between the individual lots and the connection to TasWater's water main. This creates the need, according to TasWater, to read both the sub-meters and the master meter and the billing issues discussed above.

However, from the information provided, TasWater does not bill lot owners, or the body corporate, for any residual water usage as measured at the master meter.

As set out in its Draft Report, the Regulator did not intend approving a Sub-metering Policy that did not allow TasWater's customers in new strata title properties to be billed for their actual water supply, if all lot owners agree. This allows these lot owners, as customers of TasWater, to control their variable charge, depending on their water usage.

The Regulator did not have a position, however, on whether this is effected through sub-metering, water meter manifolds or some other method.

Further, the Regulator did not oppose TasWater's proposal to install water meter manifolds as a substitute for sub-metering. Water meter manifolds enable distribution from TasWater's water main to individual lots with a meter on each port, adjacent to the connection point. This eliminates the need for a master meter as there is no interposing pipework between the meters and the connection point.

Lot owners would pay a variable charge based on their individual water use, as well as the relevant fixed charge. This effectively would replicate the current metering and billing arrangements faced by lot owners with sub-meters, on the basis that the connections are deemed to be 20 mm connections.

Of concern to the Regulator was the proposal that, for new strata schemes, water meter manifolds would be installed at TasWater's discretion. The draft policy also states that water meter manifolds would not be installed where there is common property.

Under this approach, for a new strata title schemes where TasWater does not install water meter manifolds at its discretion, or because there is common property, lot owners would be charged using the unit entitlement system, even if all lot owners want to be charged based on their own water consumption.

The Regulator was therefore concerned that this significant change has been proposed without any documentation of the consultation that TasWater has undertaken on this issue.

The Regulator therefore stated in the Draft Report that it did not intend to approve these elements of the proposed Policy. The Regulator did however intend approving a Sub-metering Policy that provides lot owners in new strata title schemes with the option of being billed based on their actual water usage, provided that all lot owners agree.

If TasWater intends to install water meter manifolds rather than sub-meters, a policy the Regulator stated that it intended removing TasWater's discretion to install these manifolds, including where there is common property, if all lot owners in a scheme agree to have them installed.

However, it was unclear to the Regulator, for example, why a manifold port could not be included for water supply to common property alongside the manifold ports for individual lots. The body corporate would then be liable for the associated fixed and variable charges.

Alternatively, TasWater could retain the current sub-metering arrangements for new strata title schemes.

There were no significant other changes in TasWater's draft Sub-metering Policy.

The Regulator also considered that the text in some sections of the draft policy could be improved to be clearer. For example, the default metering arrangements for new multi-unit properties are not stated. It may also not clear in all cases where TasWater will connect directly to a property.

In the Draft Report, the Regulator intended approving the sections of TasWater's draft Sub-metering Policy that do not apply to new strata title schemes, including any minor editing to improve clarity.

A copy of TasWater's Sub-metering Policy (part of the Water and Sewerage Network and Charges Policies document), is provided at Appendix F.1 of this Report.

Service Charges Policy

A water and/or sewerage service charge is a charge levied on a property owner where there is an opportunity to access a service even if there is no physical connection between the property and TasWater's water and sewerage infrastructure. TasWater currently imposes service charges on customers with properties not connected to TasWater's water and sewerage infrastructure that are within serviced land.

When TasWater installs infrastructure in an area, it builds enough capacity in the network to accommodate all potential customers. TasWater currently recovers the costs of making water and sewerage services available from:

- owners of properties that receive water and / or sewerage services; and
- owners of properties on serviced land if they can connect to the water and / or sewerage network, but choose not to do so.

The Industry Act allows, but does not require, TasWater to impose service charges on owners of property within serviced land. Those liable to pay service charges fall within the definition of a customer under the Industry Act and are therefore covered by TasWater's customer contract.

TasWater has proposed to maintain, for the fourth regulatory period, its current Service Charges Policy. TasWater's proposed service charges for the fourth regulatory period are not included in the policy. The proposed charges are discussed in Chapter 10 of this Report.

In its proposed PSP, TasWater stated that to ensure it can service and supply all properties in its serviced area, including those not receiving services, it incurs expenses maintaining pipes, pumps and running treatment plants. Implicit in this statement is that these expenses would be lower if the infrastructure were of the capacity to provide services only to those customers who receive services.

TasWater also claimed that there are significant public health and environmental benefits associated with piped, tested drinking water and sewage removal and treatment, and an associated increase in property values in land in serviced areas.

While TasWater provided details of past consultation on this issue, it did not provide any discussion or evidence of consultation undertaken on its proposed Service Charges Policy, despite this being required in the PSP Guideline. The Regulator will require TasWater to provide details of its consultation on this draft policy in its final PSP.

In the Draft Report, the Regulator acknowledged that some customers disagree with the principle of paying TasWater when they do not receive any water services or sewerage services. Some customers also consider that they should not be classed as customers of TasWater, and therefore bound by the customer contract, for the same reason. This issue has been examined in earlier price investigations, which have concluded that reasonable cases can be made for imposing, or alternatively not imposing,

service charges. If they are not imposed, the remaining customers would face higher fixed water and sewerage prices.

The Regulator also noted that TasWater states that, based on earlier consultation:

> Overall, the consultation found that 44 per cent of customers supported the principle of charging owners of vacant land who are permitted to connect to water and sewerage services and that the current charging arrangements should be retained.

The Regulator understands this consultation included, as a majority, TasWater customers who do not pay service charges as they receive water and/or sewerage services. The Regulator is not aware of any consultation that involves only those TasWater customers who pay service charges.

Despite the absence of supporting evidence of customer consultation on the matter, in the Draft Report the Regulator stated that it intended approving TasWater's continued application of service charges on the basis that it is appropriate for all customers who can connect to a service to make some contribution to the cost of the network.

A separate issue is the appropriate level of these charges, which is not dealt with in the policy. As set out in the Draft Report, the Regulator intended reviewing, over the fourth regulatory period, the level of TasWater's service charges.

For the Draft Report, the Regulator assessed the draft Service Charges Policy for consistency and compliance with the obligations and principles, as outlined in section 68A of the Industry Act. No matters were identified from that review.

A copy of TasWater's Service Charges Policy is included in TasWater's Water and Sewerage Network and Charges Policies document provided at Appendix F.1 to this Report.

TasWater's proposed services charges for the fourth regulatory period are to be set out in TasWater's *Pricing Handbook*, which is to be available on TasWater's website once the Regulator approves TasWater's PSP.

Service Introduction Charges Policy

The Pricing Regulations state that a price determination may require a PSP to include a policy in respect of service introduction charges. The policy must be consistent with the requirements of the Pricing Regulations and specify how the regulated entity will determine and apply service introduction charges consistent with the pricing principles.

The Regulator notes that TasWater refers to the policy in the proposed PSP as the Service Introduction Policy and not the Service Introduction Charges Policy, as it is titled in TasWater's Water and Sewerage Network and Charges Policies document.

TasWater intends to maintain its current policy, as approved by the Regulator in 2018.

In its proposed PSP, TasWater defined service introduction as the construction of water and/or sewerage infrastructure to provide reticulated services to localities not previously receiving them. The draft Service Introduction Charges Policy details the process TasWater intends to follow once it receives a request to introduce water and/or sewerage services to a new locality, as discussed below.

In addition, the draft policy states that, when a service introduction request proceeds, one-off service introduction charges will be levied on the owners of properties within the service introduction area. The proposed service introduction charge is to cover the property owner's share of the cost of installing, altering or using TasWater's assets needed to provide water and/or sewerage services. In addition,

other one-off or ongoing charges will apply, such as connection charges, and fixed and variable consumption charges.

TasWater intends to continue to calculate service introduction charges based on the net present value (NPV) of the cost of providing the assets required to introduce the service and subtracting the present value of the amount that would be recovered from the 80 per cent of the customers to whom the service could be supplied in that area (the threshold number) through ongoing annual water charges and/or sewerage charges. Any third party funding contributions would be subtracted from the NPV calculations.

In its draft Service Introduction Charges Policy, TasWater outlined the following three stages in its service introduction process[149]:

- Stage 1 Initial Consultation – TasWater will consult with each relevant community on any service introduction proposal. Using the proposed service introduction area(s), TasWater will provide property owners, and the community generally, high level, preliminary design work and an estimate of the service introduction charges per title for the service(s). In order to proceed to Stage 2, the service introduction proposal must be commercially viable.

- Stage 2 Indicative Community Support – TasWater will test whether there is broad community support of at least 50 per cent for the service introduction proposal to undergo detailed design and business case development. TasWater Board approval of the business case is conditional on the threshold in Stage 3 being reached; and

- Stage 3 Community Commitment to Service Introduction – at least 80 per cent of 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.

The Regulator has assessed the draft Service Introduction Charges Policy for consistency and compliance with the requirements as outlined in the Pricing Regulations. Only one matter has been identified from that review. This is with respect to TasWater's draft policy meeting Regulation 8(5) of the Pricing Regulations. Under this Regulation, TasWater's Service Introduction Charges Policy is to require TasWater to provide, to a person on whom a service introduction charge is imposed, information as to how the amount of the charge has been determined by TasWater. As it is was drafted, TasWater's proposed Service Introduction Charges Policy outlined how the amount of the charge is to be determined but did not state that this information will be provided to a person on whom a service introduction charge is imposed. The Regulator amended the draft policy to address this issue, attaching the revised version to its Draft Report.

TasWater's proposed PSP provided some discussion on TasWater's customer engagement with respect to residential customers' willingness to pay an additional amount to support the introduction of services in areas where none is currently provided. The level of support among customers, for a specified additional payment, did not reach the threshold of 70 per cent for TasWater to warrant changes to its Service Introduction Charges Policy.

A copy of TasWater's Service Introduction Charges Policy is included in TasWater's Water and Sewerage Network and Charges Policies document provided at Appendix F.1.

[149] TasWater's proposed PSP, page 268.

Service replacement

Background

Service replacement involves replacing reticulated services with other arrangements, most commonly replacing reticulated water supply with water tanks. The Regulator considers it is important TasWater has a robust framework to follow when considering whether to replace an existing service.

Any proposed reductions in serviced land due to a service replacement proposals need to be approved by the Regulator prior to service replacement occurring and, consequently, serviced land boundaries changing.

Service replacement will only be approved by the Regulator where:

- there are environment or public health issues that need to be addressed; and
- the cost of addressing those concerns through upgrades to the reticulated water or sewerage system is considered unacceptably high.

As has been practice to date, the Regulator does not intend assessing a serviced land reduction proposal, arising from service replacement, from a wider socio-economic or public benefit perspective. Rather, the Regulator's assessment will continue to be based on whether TasWater has followed an appropriate process and whether the proposal has appropriate support from the affected community.

Regulatory framework

The regulatory framework provides guidance in relation to the requirement TasWater to connect customers and sets out conditions that apply to the disconnection of customers from reticulated services.

Regulation 8 of the *Water and Sewerage Industry (Customer Service Standards) Regulations 2019* provides that the Code must specify the matters relating to supply and disconnection of a reticulated service. Where a service replacement proposal involves disconnecting regulated reticulated services, Regulation 8 is considered to provide the necessary authority to do so. However, the water and sewerage regulatory framework does not explicitly address the issue of service replacement.

The PSP Guideline states that TasWater must explain its service replacement process and justify any proposed changes to the service replacement process approved for the third regulatory period. In addition, TasWater must include feedback from customer consultation on its current and proposed service replacement process.

The PSP Guideline further states that the Regulator does not require specific service replacement proposals to be submitted for approval as part of TasWater's proposed PSP. However, TasWater's proposed PSP is required to identify areas where preliminary analysis and community consultation has been carried out on potentially replacing an existing service.

Regulator's assessment of TasWater's proposed service replacement process

In its proposed PSP, TasWater proposes to retain the same process for service replacement for the fourth regulatory period. TasWater has also advised that it has no plans to replace services during the fourth regulatory period.

TasWater stated in its proposed PSP that the current service replacement process is sufficiently clear, as demonstrated in the most recent service replacements carried out in Gormanston, on Tasmania's West Coast.

Under the currently approved arrangements, where service replacement is required, TasWater may provide its impacted customers with an alternative water supply, either through providing infrastructure such as a water tank or water filters, or a one-off payment to cover the reasonable costs of an alternative water supply. Service replacement is only considered by TasWater when all other reasonable solutions have been assessed and found to be not feasible.

TasWater may also provide, at its discretion, an irrigation supply in response to community demand and confirmed support. All costs for this unregulated supply would be met by the local community through individual agreements.

TasWater's service replacement process provides 'review points' at the end of each major stage to allow TasWater to engage with the Regulator and other industry regulators as appropriate, such as the Department of Health (DoH), Environment Protection Authority and Tasmania Fire Service. At each review point, the relevant regulator must provide its in-principle agreement before TasWater proceeds to the next stage of the process. The relevant regulator/s will be provided with information and asked to consider certain matters as part of their reviews. The regulators may request further information at the review points or at any time during the process. It remains the responsibility of each regulator to determine the basis on which it might assess the extent to which a particular proposal is considered satisfactory.

TasWater's service replacement process allows customers 150 days (5 months) to respond to a service replacement offer. The process also provides individual customers with a right of review of TasWater's decisions in relation to offers made to them, outlining procedures to be followed should customers have a complaint about any part of the service replacement process, including information on customers' rights to lodge a complaint with the Ombudsman Tasmania.

The Regulator considers that TasWater's current service replacement process sets out, in detail, the end-to-end process and provides sufficient guidance and transparency to affected customers and stakeholders, except in one area.

The Regulator did note, in its Draft Report, that TasWater's proposed service replacement process did not make explicit that TasWater will inform customers of all the costs and charges they would incur, including any initial or ongoing charges to TasWater, arising from the replacement of a service. If there are no initial or ongoing charges to TasWater, this should be made explicit.

While there is reference to 'upfront infrastructure costs', it is not clear whether TasWater or its customers would be liable for these costs. There is also reference to 'ongoing costs and maintenance obligations for customers' but again it is not clear whether these costs are charges to TasWater or expenditure that customers would be required to make to other persons. The Regulator, therefore, requested, in its Draft Report, that TasWater review its service replacement process on this basis and revise the drafting to provide clarity on the costs and charges that affected customers would incur.

In its submission on the Draft Report, TasWater stated that it will provide additional detail on costs and charges for affected customers and submit its revised service replacement process document as part of its final PSP. The Regulator also notes that TasWater has no plans to replace any services during the fourth regulatory period.[150]

Land Development Policies

TasWater's draft Land Development Policies document contains TasWater's draft policies relevant to:

- Developer charges; and

[150] TasWater's proposed PSP, page 81.

- Service extension and expansion.

The Regulator's assessment of these individual policies is provided in the following sections of this Appendix. However, the Regulator identified a few typographical errors in the draft policies (that is, incorrect commencement dates and errors in the titles of subordinate legislation) that TasWater will need to address in its finalisation of the Land Development Policies document to accompany its final PSP. These changes were marked-up in the document provided at Appendix E.2 of the Draft Report.

Developer charges policy

A developer charge is a charge imposed on developers to recoup the reasonable costs of installing, altering or utilising TasWater's assets to enable TasWater to provide regulated services to a new development.[151]

Current approach

Currently, developers do not pay developer charges with respect to developments within serviced land or works external/expansion where there is capacity available in the network.

Developers do meet all costs of extensions for developments outside serviced land but are able to access the existing network at no charge if the network can supply the water to, and/or remove sewerage from, the development over and above of what is currently being supplied or removed.

Developers also pay all costs associated with providing services to isolated developments. However, where the development supports TasWater's long-term strategies for its water and sewerage systems, including long-term capital works, or has economic development or public health benefits. TasWater may contribute to those costs to increase capacity above that required for the development.[152]

The key terms relating to developer charges have the meanings set out in the following table.[153]

Table D.1: Meaning of key terms

Term	Meaning
Expansion	Augmenting water and/or sewerage infrastructure to facilitate development of a property that cannot be catered for by current capacity in the network (e.g. larger pipelines).
Extension	Lengthening water and/or sewerage infrastructure to connect unserviced land to TasWater's network (i.e. pipelines).
Greenfield	A development in an undeveloped area.
Headworks	Major works such as dams, major reservoirs, treatment plants, main sewers, water supply mains and associated pumps (excluding reticulation pipework).
Isolated developments	Developments not involving any extension and/or expansion of TasWater's existing network.
Reticulation pipework	Small network assets within a subdivision.

[151] *Water and Sewerage (Pricing and Related) Regulations 2021*, Regulation 19.

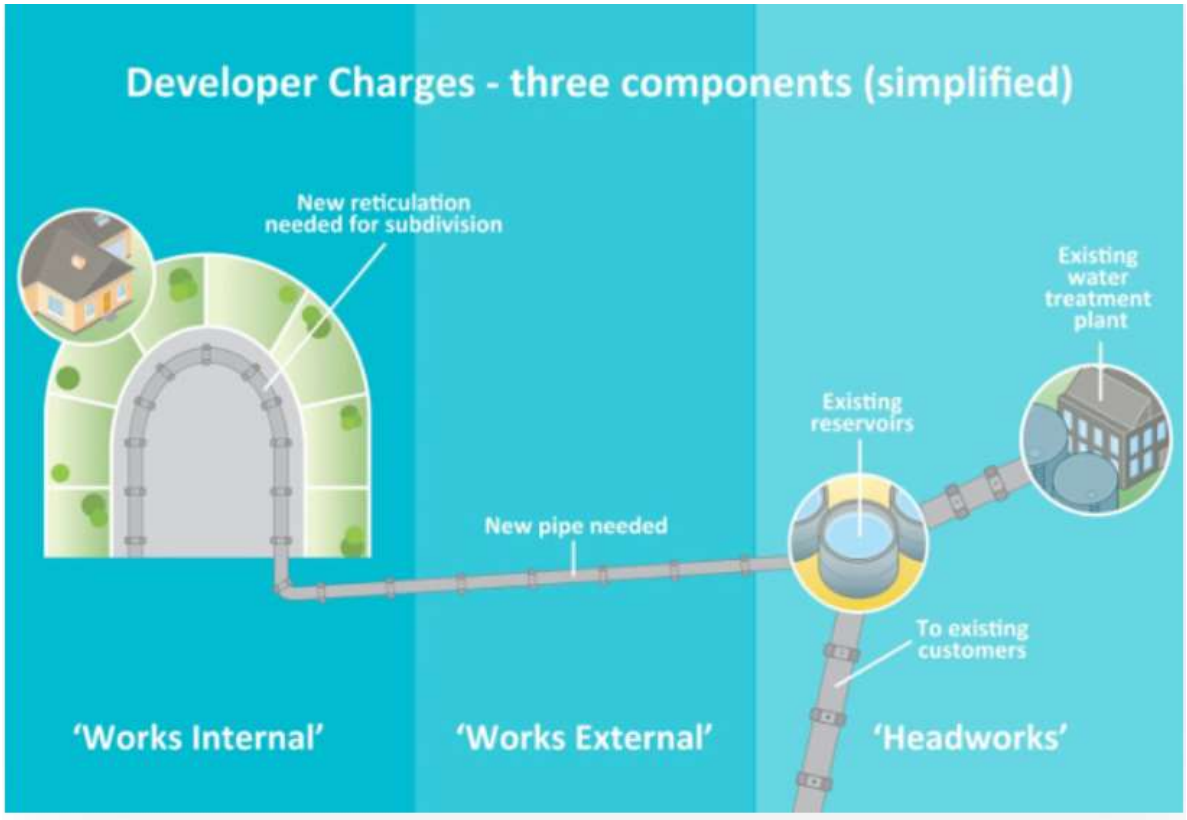
[152] https://www.taswater.com.au/building-and-development/developer-charges (accessed 21 November 2021)

[153] Based on the Glossary in Marsden Jacob Associates', *TasWater: Developer Charges, An assessment of options*, Final paper, pages 5-7 (Attachment 3).

Works external	Infrastructure external to a subdivision including extension and minor expansion infrastructure directly linked to a proposed development (typically minor reservoirs, treatment plants and pump stations).
Works internal	Infrastructure internal to a subdivision, up to the property boundary (typically reticulation pipework).

The following simplified diagram shows the three main components of developer charges.

Figure D.1: Developer charges components



Source: TasWater: https://www.taswater.com.au/building-and-development/developer-charges (accessed 21 November 2021)

TasWater's consultation

TasWater consulted with stakeholders on its current approach to developer charges.

In particular, TasWater conducted three stakeholder forums to identify issues with that approach.

Based on the feedback from the stakeholder forums, TasWater engaged MJA to develop a draft developer charges options paper[154] in which it assessed the current developer charges arrangements and two alternative arrangements against a range of criteria.

MJA further refined the options paper based on feedback from webinars and online submissions, and released a fact sheet[155] detailing its preferred approach to key stakeholders. The fact sheet was sent to 85 land development stakeholders and TasWater then engaged Insync to survey these stakeholders to

[154] Marsden Jacob Associates, *TasWater: Developer Charges, An assessment of options, Draft paper*, March 2020 (reproduced in Attachment 4).

[155] Marsden Jacob Associates, Developer Charges - Fact Sheet, March 2020 (reproduced in Attachment 6).

gauge the level of support for its proposed policy. 25 stakeholders responded to the survey and a further 422 residential customers were surveyed. MJA also released a final report (Attachment 3).

According to the survey results, most customers and stakeholders do not support TasWater's current developer charging method and indicated they wanted a standard charge that provides price and timing certainty.[156] A number of respondents highlighted the importance of TasWater having accessible, transparent and accurate growth and capacity plans to support the proposed approach to developer charges.

MJA summarised stakeholders' concerns as follows:[157]

> At forums conducted in Hobart, Devonport and Launceston in 2019, stakeholders expressed concerns that with the current approach to develop charges, existing spare capacity would soon be taken up in growth areas, there would be insufficient revenue to fund required infrastructure and that continued economic growth and development would be inhibited.
>
> Relevant also was that:
>
> - Many urban centres' assets were at or over their age or capacity limits or were not compliant with relevant standards
> - Tasmania's population, and the demand for land, had increased significantly in recent years in many areas and was expected to continue to grow.
>
> Participants further commented that:
>
> - something similar to what is commonly known as the 'headworks charge' should be re-introduced now that development is seen as booming
> - existing arrangements were giving an unfair advantage to first movers where there was spare capacity and a distinct disadvantage to those seeking to initiate development where there was no spare capacity
> - any reintroduced model should be simple and understandable
> - State Government should lead on settlement strategy that is, where new areas are to be settled or existing areas expanded
> - charges to developers should be lower for development in regional or greenfield areas that have lower levels of service.

Based on the feedback from stakeholders and MJA's assessment, TasWater proposes changes to its approach to developer charges as summarised in Table D.2.

[156] TasWater's proposed PSP: 68 per cent of those surveyed did not support TasWater's current approach to developer charges, page 38.

[157] Marsden Jacob Associates, *TasWater: Developer Charges, An assessment of options, Final paper*, May 2020, pages 9-10.

Table D.2: TasWater's proposed application of developer charges for the fourth regulatory period compared to its current approach

	Capacity available in network		Capacity not available in network	
Category	*PSP3*	*PSP4*	*PSP3*	*PSP4*
Developments within serviced land	N/A	Standard charge per ET	Costs of additional capacity upgrade	Standard charge + negotiated charge for additional capacity upgrade
Developments outside serviced land	Meet costs of extension but access additional capacity at no charge	Standard charge per ET	Costs of additional capacity upgrade	Standard charge + negotiated charge for additional capacity upgrade
New developments - works internal	Developer pays all costs	No change - developer pays all costs	Developer pays all costs	No change - developer pays all costs
New developments - works external/extension	Developer pays all costs	No change - developer pays costs of extension	Developer pays all costs	No change - developer pays costs of extension
New developments - works external/expansion	N/A	Standard charge per ET	Developer pays costs of expansion	Standard charge per ET for planned works + negotiated charge for unplanned works

Change proposed for the fourth regulatory period

As set out in the table, compared to the current approach, the key changes proposed by TasWater for the fourth regulatory period with respect to developer charges are as follows:

Where there is capacity in the network, developers will face the standard charge for developments within and outside serviced land and for works external and expansion.

Where there is insufficient capacity within the network:

- for developments within and outside serviced land, developers will face the standard charge plus a negotiated charge for additional capacity upgrades instead of having to meet the costs of upgrading capacity; and
- for works external and expansion, developers will face the standard charge per ET for planned works plus a negotiated charge for unplanned works instead of paying the costs of expansion.

TasWater proposes that the new arrangements commence from 1 July 2023 ie the second year of the fourth regulatory period to allow affected parties sufficient time to transition to the new arrangements.

Both MJA and TasWater point out that standardised charges are common in other jurisdictions.[158] Chapter 1 of this Draft Report assesses the quantum of TasWater's proposed charges.

Regulator's assessment of TasWater's draft Developer Charges Policy

In the Draft Report, the Regulator noted that the introduction of a standard developer charge was supported by stakeholders during TasWater's PSP consultation and more recently during the Regulator's on-line consultation activities that were held in November 2021.

The Regulator also verified that standard developer charges are common in other jurisdictions.

The proposed introduction of a standard developer charge would also appear to address one of the key drivers of the change - resolving the current 'last person standing' issue. The problem is that currently, while there is spare pipeline capacity in an area, developers pay no developer charges but once capacity is reached, the next developer is required to pay a potentially very large developer charge to enable TasWater to recover the cost of expanding capacity.

Under the proposed approach a developer will only pay for the costs associated with the assets required to support its development per ET (until the excess capacity is utilised) while subsequent developers pay the same standard charge as the first developer paid.

As set out in the Draft Report, the Regulator also considered that the introduction of the negotiated charge is reasonable and more transparent than the arrangements in place for the third regulatory period particularly as the method of calculating the charge is set out in the policy (see further below). However, the Regulator intended requiring TasWater to rename the 'negotiated charge' as a 'capacity augmentation charge' (or an equivalent name) as this title gives a more accurate description of the purpose of the charge and also makes it clear that the charge is calculated as set out in the draft Developer Charges Policy rather than being negotiated between TasWater and the developer.

For the Regulator also assessed TasWater's draft Developer Charges Policy for consistency and compliance with the requirements in the Pricing Regulations. Minor matters were identified in relation to TasWater's draft policy meeting Regulations 7(5) and 7(6). These Regulations provide that the developer charges policy must require TasWater to provide, to certain persons in certain circumstances, an estimate of the amount of the developer charge that is to apply in respect of a property, and how the amount of a charge has been determined by TasWater. TasWater's proposed developer charges policy did not include these requirements. The Regulator consequently amended the draft Developer Charges Policy to address these issues.

After considering the issues raised during TasWater's and the Regulator's consultation on this issue, the Draft Report set out the Regulator's intentions to accept TasWater's proposal to introduce a standard developer charge from 1 July 2023.

In the Draft Report the Regulator also stated its intention to agree to TasWater introducing the capacity augmentation charge where there is not enough capacity available in the network for new developments within serviced land, outside serviced land and works external/expansion but consider the term 'negotiated charge' is misleading.

The Regulator's decisions with respect to the amount of the standard charge and the calculation of both the standard charge and the bulk infrastructure capacity charge are set out in Chapter 8 of this Report.

[158] TasWater, *Developer Charges Fact Sheet*, March 2020 (Reproduced in Attachment 6).

Service Extension and Expansion Policy

Section 56J of the Industry Act requires TasWater, as a regulated entity, to include in its proposed PSP a policy that sets out the circumstances in which it will extend and expand its water infrastructure and sewerage infrastructure. It is also a requirement that this policy include the terms and conditions that will apply to such an extension or expansion.

In accordance with the PSP Guideline, TasWater is required to highlight and justify any differences between its current policy and the policy it is proposing for the next regulatory period. TasWater is also required to provide details of customer consultation it had undertaken on its draft policy.

TasWater included a draft Service Extension and Expansion Policy in its Land Development Policies document attached to its proposed PSP. The draft policy was not discussed in TasWater's proposed PSP itself. Rather, the policy was included in the Land Development Policies document.

TasWater did not provide any overview of the policy or any account of whether the policy had been revised from the version approved for the third regulatory period. In addition, TasWater did not include information on consultation it had undertaken on the draft Service Extension and Expansion Policy. As this is a condition of the PSP Guideline, the Regulator will require TasWater to provide details of its consultation on this policy (summarising consultation processes and outcomes) in its final PSP.

Notwithstanding, the Regulator reviewed TasWater's draft Service Extension and Expansion Policy for compliance against the relevant regulatory and legislative requirements. As part of that review, the Regulator assessed that, while the structure/presentation of the policy document had changed from the currently approved version, there are no material changes from the current policy. The Regulator has not identified any issues with the policy.

Since publication of the Draft Report, and receipt of TasWater's submission on the Draft Report, the Regulator has made one additional revision to the Service Extension and Expansion Policy. This is to reflect revisions to the Developer Charges Policy where the term 'Negotiated Charge' has been renamed as 'Bulk Infrastructure Capacity Charge'. This was a matter raised by TasWater in its submission and is further discussed in Chapter 8 of this Report.

Trade Waste Policy

Trade waste is the liquid waste generated by any industry, business, trade or manufacturing process. As the definition of "sewage" under section 3 of the Industry Act includes trade waste, the disposal, removal and treatment of trade waste is a regulated service.

In accordance with the Regulator's PSP Guideline, TasWater is required to develop a Trade Waste Policy outlining how it intends categorising and treating trade waste customers.

The PSP Guideline specifies that TasWater must highlight and justify any differences between its current policy and the policy it is proposing for the next regulatory period. In addition, TasWater must also specify in its proposed PSP its proposed customer classes for the next regulatory period, provide details of customer consultation on its proposed approach and justify any changes to its current customer classes.

In its Trade Waste Policy for the fourth regulatory period TasWater proposed

- introducing two new trade waste categories;
- renaming the site constraint fee that is charged where it is not feasible to install pre-treatment;
- extending the circumstances when the site constraint fee may be imposed; and

- making other minor changes from the Trade Waste Policy approved for the third regulatory period.

The two new trade waste categories are:

- Category 0: trade waste of very low volume or strength, equivalent or less than that of a standard residential dwelling; and
- Tankered trade waste: trade waste that is accepted directly at the source into TasWater's sewerage infrastructure, the prices for which are unregulated.

The Regulator notes that TasWater proposed that tankered trade waste is included as a customer category instead of being separately listed as a service (but not identified as a category), in TasWater's PSP for the third regulatory period.

The Regulator stated in it Draft Report that it intends accepting the proposed Category 0 on the basis that the charges to these customers will be more cost reflective. The Regulator also intends accepting a category for tankered trade waste as this is not included in the existing categories.

Other than the new categories and extension of the application of the site constraint fee (proposed by TasWater to be renamed as a 'catchment management fee'), the policy content remains largely unchanged.

The Regulator recommended only minor changes to wording in its review of TasWater's proposed policy. The Regulator considered that the 'site constraint fee' is not appropriately named, but considers that 'catchment management fee' is also not appropriate, as the fee will not recover costs of managing a catchment.

The Regulator suggested that TasWater consider a fee name that more accurately reflects the purpose of the fee. In addition, the Regulator considered that this fee should be defined in the policy.

The Trade Waste Policy is provided at Appendix F.3 to this Report. As noted in the Trade Waste Policy, TasWater's *Trade Waste Customer Category Guideline* provides further detail on TasWater's categorisation of customers. The Regulator also requires TasWater to publish its *Trade Waste Customer Category Guideline*.

Chapters 1 and 8 respectively describe the pricing for, and structure of, TasWater's trade waste services during the fourth regulatory period.

As set out in Chapter 8, during the fourth regulatory period the Regulator will conduct an inquiry into TasWater's approach to charging for trade waste. This arises, in part, from consultation conducted by the Regulator.

This may result in a significantly different approach to the one included in the current Trade Waste Policy, or the policy to apply for the fourth regulatory period. At this stage, however, the Regulator has approved TasWater's current overall approach to charging for trade waste.