



# Proposed amendments to the Tasmanian Water and Sewerage Industry Customer Service Code

Consultation Paper

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# 1 INVITATION FOR SUBMISSIONS

This Consultation Paper has been prepared to assist interested persons and stakeholders in making submissions on the proposed amendments to the *Tasmanian Water and Sewerage Industry Customer Service Code (Version 8) - 1 July 2022* (the Customer Service Code). The Tasmanian Economic Regulator (the Regulator) will consider submissions prior to the proposed amendments being finalised and taking effect.

It is the Regulator's policy to publish all submissions on the Office of the Tasmanian Economic Regulator's (OTTER) website unless the author of the submission requests confidentiality in relation to the submission (or any part of the submission). Those parts of a submission that are requested to be kept confidential should be submitted as an attachment to that part suitable for publication.

The Regulator will not publish submissions which contain material that the Regulator believes is, or could be, derogatory or defamatory.

Submissions should be received by close of business on 24 April 2025.

To facilitate the publication of submissions on the OTTER website, submissions in electronic form are preferred. Submissions and enquiries may be submitted to:

[office@economicregulator.tas.gov.au](mailto:office@economicregulator.tas.gov.au)

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This Consultation Paper is available at [www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au). Please access it via the 'Consultations' tab.

Following consideration of all submissions, the changes (with or without alteration) will be incorporated into the Customer Service Code, Version 9, and published on OTTER's website.

## 2 INTRODUCTION

The Customer Service Code establishes the standards and conditions that regulated water and sewerage entities, such as TasWater, must comply with when providing regulated services to customers. This Consultation Paper provides information on proposed amendments to the Customer Service Code.

The Regulator proposes to amend the Customer Service Code to:

- require a regulated entity to have a family violence policy that governs the way it interacts with customers that are experiencing family violence and establishes minimum standards for that policy;
- amend the existing hardship provisions to:
  - give a regulated entity and customers guidance on circumstances where a customer may be experiencing financial hardship;
  - provide for a regulated entity to identify that a customer may be experiencing financial hardship (in addition to the existing option for the customer, an accredited independent financial institution, or a not-for-profit institution that provides assistance to persons experiencing financial difficulty); and
  - require a regulated entity to ensure that its financial hardship policy is easily accessible on its website and in an easily printable form and requiring that the regulated entity send a copy to any customer that requests it;
- allow a regulated entity to not clean up and disinfect an area affected by a sewage spill if the affected customer waives that requirement;
- separate the requirements for dealing with enquiries from those that relate to complaints and dispute resolution;
- provide for additional means of electronic communication when contacting customers regarding enquiries and complaints and regarding legal action, disconnection and restriction of services; and
- reduce the rate of interest that a regulated entity pays on refunds of overcharged amounts and that customers pay on underpayments by 2.0 per cent.

The Regulator also proposes to make numbering and formatting corrections (not marked-up in the draft Customer Service Code as their inclusion detracts from the identification of substantive changes), as well as a number of minor typographical corrections.

It is proposed that these amendments will come into effect on 1 July 2025.

A marked-up draft version of the revised Customer Service Code has been prepared and is provided supplementary to this Consultation Paper.

### **3 WATER AND SEWERAGE REGULATION IN TASMANIA**

The Regulator's functions with regard to the water and sewerage industry in Tasmania are set out in the *Water and Sewerage Industry Act 2008* (the Act). These functions include establishing and administering the Customer Service Code.

The Act provides that the Customer Service Code may specify minimum service standards and conditions for regulated services with which a regulated entity is to comply.

The *Water and Sewerage Industry (Customer Service Standards) Regulations 2019* specify matters that must, or may, be included in the Customer Service Code, including (and relevant to the proposed amendments) a financial hardship policy; policies relating to customer enquiries, complaints and disputes; the circumstances in which interest may be imposed for a failure to pay a debt due to the regulated entity and the amount of that interest; and the manner in which a notice of disconnection or restriction must be given to a customer.

The Regulator is required to protect the long-term interests of water and sewerage customers and to provide for a safe, environmentally responsible, efficient and sustainable provision of reliable and secure water and sewerage services to the Tasmanian community.

TasWater is currently the only regulated water and sewerage service provider in Tasmania.

## **4 PROPOSED AMENDMENTS TO THE TASMANIAN WATER AND SEWERAGE INDUSTRY CUSTOMER SERVICE CODE**

### **4.1 Family violence**

On 1 July 2023, the Regulator amended the *Tasmanian Gas Retail Code* to introduce provisions requiring gas retailers to have a policy that governs how they interact with

customers that are experiencing family violence. Likewise, electricity retailers are required under the *National Energy Retail Rules* to have a family violence policy.

It is proposed to amend the Customer Service Code to bring water and sewerage regulated entities into line with electricity and gas retailers operating in Tasmania.

The proposed amendments to the Customer Service Code will require a regulated entity to:

- have a family violence policy and apply it to customers who may be affected by family violence;
- ensure the family violence policy is easily accessible on its website and in an easily printable form, and provide a copy to any customer who requests it;
- ensure appropriate training is provided to any person acting on behalf of the regulated entity who may engage with customers affected by family violence;
- provide a secure process to readily identify the account of a customer that has been identified as being affected by family violence so that they do not need to repeatedly disclose or refer to their experience of family violence;
- not require a customer affected by family violence to provide documentary evidence of family violence;
- not disclose or provide any confidential information to any other person (and ensure their contractors and agents do not disclose this information) without the consent of the person affected by family violence;
- identify the preferred method of communication of the customer affected by family violence and offer alternative methods if the preferred method of communication is not practicable;
- recognise family violence as a form of financial hardship;
- take into account the potential impact of debt recovery on a customer affected by family violence, and whether other people were jointly or severally responsible for the water usage resulting in the accumulation of those arrears, before it takes action to recover arrears of payment from an affected customer, or sell the debt to a third party;
- refer customers affected by family violence to one or more external family violence support services, at a time and in a manner that is safe, respectful and appropriate for affected customers' circumstances; and
- maintain records as evidence they are compliant with the family violence policy.

Nothing in the proposed family violence provisions prevents a regulated entity from providing assistance to customers affected by family violence in addition to these minimum standards.



Consistent with the approach taken by the Regulator in the *Tasmanian Gas Retail Code*, the term “family violence” is defined to have the meaning given to the term “domestic abuse” in section 8(8) of the *Intervention Orders (Prevention of Abuse) Act 2009* (South Australia) and is with respect to acts of abuse. This option is preferred to the definition of family violence used in the *Family Violence Act 2004* (Tasmania), which limits family violence to conduct against a person’s spouse or partner.

The Regulator will not require a regulated entity to submit its family violence policy to the Regulator for review and approval. The Regulator may, however, request a copy of the family violence policy, at its discretion, and assess it for compliance against the Customer Service Code.

## 4.2 Financial hardship

The Customer Service Code requires a regulated entity to have a financial hardship policy and to apply it to customers who are suffering payment difficulties due to financial hardship. While the existing hardship provisions are adequate, the Regulator proposes to make some amendments to improve their consistency with hardship provisions that the Regulator included in the *Tasmanian Gas Retail Code* on 1 July 2023.

It is proposed to give regulated entities and customers guidance on circumstances where a customer may be experiencing financial hardship, which may include (but are not limited to):

- death in the customer’s family;
- household illness;
- family violence;
- unemployment; or
- reduced income.

In order for a customer to be identified as potentially experiencing financial hardship, the Customer Service Code currently requires a customer, an accredited independent financial institution, or an institution that provides not-for-profit assistance to persons experiencing financial hardship, to notify the regulated entity that the customer is experiencing financial hardship. It is proposed to amend the Customer Service Code to also allow a regulated entity to identify that a customer may be experiencing financial hardship - for example, if a customer that has a record of prompt payment begins to pay bills late or not at all - so that it can proactively apply its hardship policy to assist relevant customers.

It is also proposed to require a regulated entity to ensure that its financial hardship policy is easily accessible on its website and in an easily printable form and to send a copy to any customer that requests it.

Finally, it is proposed to insert a clause to make it clear that nothing in the financial hardship provisions prevents a regulated entity from providing assistance to customers in addition to the minimum standards set out in the Customer Service Code.

The proposed amendments provide greater clarity and impose some additional obligations on a regulated entity, they do not reduce a regulated entity's obligations in respect of its treatment of customers that are experiencing financial hardship.

### **4.3 Burst, leaks, blockages and spills**

The Customer Service Code requires a regulated entity to have policies, practices and procedures to deal with a burst, leak or blockage in its water or sewerage infrastructure, including to ensure that in the event of a sewage spill on a customer's property, damage and inconvenience to customers and others is minimised and to ensure that a sewage spill is promptly cleaned up and the affected areas is disinfected.

TasWater has advised the Regulator that there are some circumstances, including where a sewage spill affects the interior of a building on a customer's property, where the customer or their insurer would prefer to assess and privately clean and rectify issues caused by a sewage spill. In response to this advice, the Regulator proposes to amend the Customer Service Code to allow a regulated entity to not clean up and disinfect an affected area if the customer waives that requirement.

### **4.4 Customer enquiries, complaints and disputes**

The Customer Service Code currently requires a regulated entity to have and comply with policies, practices and procedures for the handling of complaints and enquiries from customers and for the resolution of disputes between customers and the regulated entity.

The Customer Service Code currently deals with enquiries and complaints in the same clause. Given that the requirements in regard to handling enquiries are different in some respects to the requirements in regard to handling complaints, the Regulator proposes to split these two issues into separate clauses. While this will result in some duplication, the Regulator's view is that it enhances clarity.

In each case, a regulated entity is required to take no more than 10 business days to reply to a customer's enquiry or complaint. If that timeframe cannot be achieved, the

regulated entity is currently required to provide *written* notification to the customer explaining why that timeframe cannot be achieved and when it will provide a reply. The Regulator proposes to amend this requirement such that the regulated entity can provide that notification “in writing, by email or by SMS...”.

This amendment relates only to the notification that the regulated entity cannot achieve the 10 business day timeframe and does not change the requirement that the regulated entity’s response to a complaint must be given in writing.

No changes to the clause that relates to the resolution of disputes are proposed.

#### **4.5 Notification before legal action, disconnection or restriction**

Before a regulated entity can take legal action, disconnect or restrict a customer’s water service for non-payment, it must have issued a bill and a reminder notice and used its best endeavours to make all reasonable steps to contact the customer about the non-payment.

Currently, the means by which a regulated entity may attempt to contact the customer include contact in person, by telephone or by email (but only if the customer has acknowledged the email).

The Regulator proposes to provide additional means by which a regulated entity may attempt to make contact with a customer before they face legal action, disconnection or restriction of their water supply. It is proposed that the regulated entity may attempt to contact the customer by SMS and by webchat, but only if the customer acknowledges the SMS or the webchat is recorded, to evidence that the customer has received advice of the outstanding amount and potential action.

It is important to note that the requirement to make best endeavours to contact a customer by these means is in addition to the issue of a notice and reminder notice and the requirement that the customer be given notice in writing immediately prior to the disconnection.

#### **4.6 Interest**

A regulated entity is able to charge interest on an outstanding debt and is required to pay interest to a customer on the refund of an overcharged amount. A regulated entity is also required to pay interest on a security deposit paid.

Under the Customer Service Code, the daily rate of interest is equal to a reference rate (the monthly 90-day Bank Accepted Bill rate published by the Reserve Bank of Australia) plus a six per cent “penalty rate”, divided by 365.

$$\text{daily rate} = \frac{\text{reference rate} + 6\%}{365}$$

The reference rate reflects the cost of financing the amount and the penalty rate is intended to make it more expensive to not pay the amount than it would be to finance and pay the amount. This incentivises a customer to pay an outstanding debt, and incentivises a regulated entity to promptly refund overcharged amounts.

For the January to March 2025 quarter, the reference rate is 4.42 per cent, resulting in an annualised daily rate of 10.42 per cent.

In correspondence to the Regulator, TasWater noted that resulting daily interest rate is “high” and requested that the Regulator review the interest formula.

The current 6.0 per cent penalty rate is within the range of penalty rates that apply to interest paid (and in some cases, refunds of overpayments) for similar organisations in Tasmania and interstate:

- A 6.0 per cent penalty rate applies to the calculation of interest on overdue Aurora Energy accounts.
- A 7.0 per cent penalty rate applies to the calculation of interest on amounts that are overdue to the Australian Taxation Office.
- A 4.0 per cent penalty rate applies to the calculation of interest on outstanding amounts (and refunds) that are due to the Tasmanian State Revenue Office.
- Penalty rates for major water and sewerage service providers in other jurisdictions range from approximately 1.8 per cent to 6.7 per cent (in some cases, an effective penalty rate has been calculated by taking published interest rates and deducting the reference rate used in the Customer Service Code).

While the Regulator is in favour of reducing the burden on customers, the penalty rate also applies where TasWater is required to refund overcharged amounts. Reducing the penalty rate will also reduce interest paid by TasWater to customers that have been overcharged.

Over the past five years, TasWater has collected an average of \$525 000 per annum interest (excluding remitted interest) from customers with overdue accounts and paid

an average \$343 000 interest where it refunds overcharged amounts. On the whole, a reduction in the penalty rate is likely to benefit customers.

At the end of the 2023-24 financial year, there were 4 495 TasWater customers repaying a debt, with an average of debt of \$1 425<sup>1</sup>. Reducing the penalty rate from 6.0 per cent to 4.0 per cent would save such customers \$2.38 per month, or \$28.50 per annum, in interest.

The Regulator proposes to reduce the penalty rate to 4.0 per cent, consistent with that applied under Tasmania's *Taxation Administration Act 1997*.

#### **4.7 Miscellaneous Amendments**

The Regulator also proposes to make a number of minor amendments to correct drafting errors, clause numbering and formatting issues. Numbering and formatting amendments are not marked-up in the draft Customer Service Code because their inclusion would detract from the identification by readers of substantive changes.

It is proposed to delete the term "occupier" from Part D - Definitions, because the term does not otherwise occur in the Customer Service Code. Definitions of "family violence", "affected customer" and "abuse" have been included to support the proposed family violence policy provision.

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<sup>1</sup> *Report on the State of the Tasmanian Water and Sewerage Industry 2022-23*. Table 3.3, page 31.

## 4.8 Summary of proposed changes

As noted previously, the Regulator is proposing a series of amendments to the Customer Service Code.

Table 1: Amendments

Clause	Proposed Amendment
Date and version	Update date issued and version number.
4. Customer enquiries, complaints and disputes	Amend the title of chapter four.
4.1 Enquiries	Insert new stand-alone clause requiring a regulated entity to have and comply with policies, practices and procedures for the handling of enquiries from customers, and prescribe minimum requirements.
4.2 (previously 4.1) Complaints and disputes	Remove references to enquiries from clause 4.2.  Modify means by which a regulated entity can notify a customer that it cannot provide a reply to a customer's complaint within 10 business days to include notification by email and SMS.
5.4 Content of bills	Amend clause 5.4.1(i) to hyphenate "24-hour".
6.2 Payment plans	Amend clause 6.2.2(a) to hyphenate "12-month".
6.4 Financial hardship policy - minimum standards	Amend the existing hardship provisions in clause 6.4 to: <ul style="list-style-type: none"> <li>• give a regulated entity and customers guidance on circumstances where a customer may be experiencing financial hardship (which may include, but are not limited to, death in their family, household illness, family violence, unemployment or reduced income);</li> <li>• provide for a regulated entity to identify that a customer may be experiencing financial hardship (in</li> </ul>

	<p>addition to the existing option for the customer, an accredited independent financial institution, or a not for profit institution that provides assistance to persons experiencing financial difficulty); and</p> <ul style="list-style-type: none"> <li>• require a regulated entity to ensure that its financial hardship policy is easily accessible on its website and in an easily printable form and that the regulated entity send a copy to any customer that requests it.</li> </ul>
6.5 Family violence policy - minimum standards	Insert a new clause to require a regulated entity to have a family violence policy that governs the way it interacts with customers that are experiencing family violence and establish minimum standards for that policy.
7.4 Interest and other fees	Amend the calculation of the daily rate of interest in clause 7.4.3 to replace the 6 per cent with 4 per cent, such that the daily rate equals the reference rate plus 4 per cent divided by 365.
7.6 Discounts	Replace “subclause 6.1” with “clause 6.1” in clause 7.6.1.
9.1 Legal action, restriction and disconnection for non-payment	Amend clause 9.1.2(c) to insert additional ways (SMS and webchat) by which a regulated entity, or its agent, may attempt to contact a customer about a non-payment before taking legal action or disconnecting or restricting a customer’s connection.
11.2 Unplanned interruptions - information	Replace “subclause 17.8” with “clause 17.8” in clause 11.2.1.
11.4 Bursts, leaks, blockages and spills	Amend clause 11.4.1(e), which requires a regulated entity to ensure that a sewage spill is promptly cleaned up and the affected area disinfected, to allow the regulated entity not to do so if the requirement is waived, in part or in full,

	by a customer whose property has been affected.
11.5 Planned interruptions - information and response	Replace "subclause 17.8" with "clause 17.8" in clause 11.5.1.
11.6 Special needs	Amend clause 11.6.1 to hyphenate "up-to-date".
14.7 Communication assistance and provision of information	Amend clause 14.7.2 to hyphenate "hearing-impaired".
17 Content of customer charter	Amend clause 17.8(g) to hyphenate "12-month".
Part D - Definitions	<p>Insert definitions of "abuse", "affected customer" and "family violence". Delete definition of "occupier".</p> <p>Amend definition of "TTY service" to hyphenate "hearing-impaired".</p>