



Fact sheet Service charges on unconnected properties

If you are the owner of a vacant lot or a property that has the ability to access TasWater’s water and/or sewerage infrastructure, it is proposed that you will continue to be liable to pay a service charge.

This fact sheet summarises TasWater’s proposed service charges policy and the key issues surrounding service charges on unconnected properties.

What are service charges?

A water and/or sewerage service charge is a charge levied on a property owner where there is an ability to access a service even if there is not yet a physical connection from the property to TasWater’s infrastructure.

Assessing whether service charges should be imposed

When TasWater introduces infrastructure to an area, it builds enough capacity in the network to accommodate all potential customers connecting at a given time. These costs could be passed on to existing customers or, alternatively, all customers with the ability to access water and/or sewerage infrastructure (ie owners of property within TasWater’s “serviced land”) could contribute towards the costs of providing these services.

TasWater’s proposal

TasWater has proposed that the service charge for water continue to be equal to the full fixed water charge for 20mm connections and the service charge for sewerage continue to be 60 per cent of one equivalent tenement fixed sewerage charge. TasWater’s reason for imposing a sewerage service charge at a reduced rate is due to the fact that unconnected customers are not discharging sewage into the network so the variable cost component of the fixed sewerage charge is avoided.

Economic Regulator’s proposal

After considering TasWater’s service charge proposal for the third regulatory period, the Economic Regulator intends to approve TasWater’s continued application of service charges on the basis that: it is permitted under the *Water and Sewerage Industry Act 2008*; it is appropriate for all customers who can connect to a service to contribute to the cost of the network; and revenue collected from levying the charge is not insignificant allowing services to be provided on a more cost effective basis.

The Economic Regulator also intends to approve TasWater's proposal for the calculation of the amount of water service charge and sewerage service charge as outlined above.

Next steps

If you would like more information on service charges, or would like to comment on TasWater's proposals, please see section 4.10.3 of the Economic Regulator's Water and Sewerage Price Investigation Draft Report, available at <http://www.economicregulator.tas.gov.au>