



Fact sheet

Moving to uniform water and sewerage prices

Whether it's your next door neighbour, the person in the next suburb or other end of the State, all residential customers will pay the same fixed water, variable water and fixed sewerage charges by 30 June 2018.

This fact sheet summarises the key issues around moving to uniform water and sewerage prices. It also explains the reasons for the Tasmanian Economic Regulator's proposed decision on this issue.

What are uniform water and sewerage prices?

Uniform water and sewerage prices mean that the prices charged to customers are the same for the same service. Under uniform pricing, customers with the same size connection will pay the same fixed service charge and pay the same water usage charges, regardless of where they live in Tasmania.

Background

At present, regional pricing applies in Tasmania, with one set of prices for the North, another set for the North West and a further set for the South, reflecting the previous regional structure of the water and sewerage industry.

Water and sewerage prices are referred to as target prices because TasWater is continuing the process of transitioning customers from the prices previously charged by councils who provided water and sewerage services to Tasmanians before the formation of the regional entities.

This has been a complex process because the Economic Regulator has been required to manage the impact of price changes on customers, whilst providing TasWater with enough revenue to be financially sustainable and continue its capital expenditure program so that it is able to meet modern environmental, health and dam safety standards.

TasWater's proposal

In its proposed price and service plan, TasWater stated that one of its priorities for the 2015-18 regulatory period will be to transition its customers from the range of different pricing regimes that were in place prior to the reforms to the water and sewerage industry to one uniform set of water and sewerage prices to ensure equity and fairness.



Based on the amounts customers are paying in 2014-15, TasWater is proposing:

- Customers above target fixed tariffs will come down by one third of the gap to the 2017-18 fixed target tariff in each year of the second regulatory period.
- Most residential customers below target fixed tariffs will see a maximum annual increase to their combined fixed water and sewerage charges of the greater of \$100 or 10 per cent, until both fixed target tariffs are reached.
- Larger customers below target fixed tariffs will see a combined \$100 increase in proportion to the size of their water connection and the estimated demand those customers place on the sewerage system.
- Fixed water charges reduce in 2015-16 prior to increasing by six per cent in each of 2016-17 and 2017-18.
- Customers on the sewerage target tariff will see annual increases of six per cent.
- Customers below the statewide target water usage rate will receive equal annual increases across the three years of the second regulatory period so that they arrive at the target rate in 2017-18.
- The target variable rate will increase by 2.5 per cent per annum to reflect inflation.
- Trade waste customers will move up or down to target by one third of the gap to the 2017-18 target tariffs in each year of the regulatory period.

Economic Regulator's proposed decision

The Economic Regulator is proposing to accept the majority of TasWater's proposals, with the following exceptions:

- A flat fixed water charge target tariff will apply for the duration of the second regulatory period ie customers on the target tariff will not face any price changes over the three years.
- Customers above their respective target fixed tariffs as at 30 June 2015 will immediately move to their respective target fixed tariffs from 1 July 2015.

Next steps

If you would like more information on uniform water and sewerage prices, or would like to comment on TasWater's proposals, please see Section 5.3 of the Economic Regulator's Water and Sewerage Price Investigation Draft Report, available at <http://www.economicregulator.tas.gov.au>