



## Fact sheet

# Moving to uniform water and sewerage prices

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

### What are uniform water and sewerage prices?

Uniform water and sewerage prices mean that customers are charged the same price 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 the conclusion of its price determination investigation for the second regulatory period, the Economic Regulator understood that by 30 June 2018 all residential customers would be on target tariff. However, revised modelling carried out recently by TasWater revealed that there remained a small number of residential and non-residential customers that would continue to transition to target tariffs during the third regulatory period.

TasWater has proposed a price transition for these customers that will see them reach target tariffs by the end of the transition period on 1 July 2020 as required by legislation.

### TasWater's proposal

TasWater has proposed the following price transition arrangements for the third regulatory period:

- Customers within \$50 of fixed target tariffs will move straight to the relevant target tariff in 2018-19.
- Customers more than \$50 from fixed target tariffs will see annual increases of one third of the difference between the target tariffs in 2020-21 and the prices they are paying as at 30 June 2018.

In both cases the \$50 cap increases in proportion to the size of the water connection and the estimated demand placed on the sewerage system.

TasWater intends assigning a dedicated account manager for the small number of customers who face significant price increases over the third regulatory period to reach target prices. This will include early communication and explanation of price increases over the duration of the third regulatory period.

TasWater also advises that account managers will work with customers to find an appropriate payment option, including flexible payment plans for those that may have difficulty paying their accounts. In addition, residential customers who are transitioning to target tariffs will also have access to TasWater's Hardship Assistance Program as part of the Financial Hardship Policy.

### **Economic Regulator's proposed decision**

The Economic Regulator intends to accept TasWater's proposed price transition for customers paying less than target tariffs to achieve the legislative requirements for uniform pricing by 1 July 2020. The Economic Regulator also intends to require TasWater to write to each affected customer, prior to 30 June 2018, and inform the customer of the bill increases that are scheduled for each year of the third regulatory period together with the options available to manage payments.

### **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 Chapter 13 of the Economic Regulator's Water and Sewerage Price Investigation Draft Report, available at <http://www.economicregulator.tas.gov.au>