

ATTACHMENT N: SERVICE INTRODUCTION CHARGES
POLICY

SERVICE INTRODUCTION POLICY

Aim

The aim of this policy is to outline the circumstances and the terms and conditions under which TasWater will introduce water and/or sewerage services and the charges that will apply.

Legislation

Land Use Planning and Approvals Act 1993

Water and Sewerage Industry Act 2008

Water and Sewerage Industry (Pricing and Related Matters) Regulations 2011

Definitions

Connection charge means a charge calculated by reference to the costs that are associated with installing assets that are dedicated to the provision of water services and/or sewerage services to a particular customer. For the purposes of this policy, this applies to connection, relocation or adjustment.

Connection point means:

- (i) the point at which the customer's pipes connect with TasWater's water and/or sewerage infrastructure; or
- (ii) such other point as may be prescribed in regulations made and in force under the Water and Sewerage Industry Act.

Service introduction means that construction of water infrastructure and/or sewerage infrastructure to service areas outside the serviced land not previously receiving reticulated water services and/or sewerage services.

Service introduction charge means a one off charge levied to a property owner to cover the owner's share of the capital cost of the construction of TasWater's assets so a regulated serviced can be provided to that property (excluding a connection charge, fixed charge or a developer charge).

Serviced land means a description of the land, whether identified by individual title or locality, that TasWater will permit to be connected to its water infrastructure or sewerage infrastructure.

Policy

1. Introduction of service

TasWater will initially consider the introduction of new water services and/or sewerage services to areas not within TasWater's serviced land when a proposal is put forward for the introduction of water and/or sewerage services, noting that to proceed it must be commercially viable and may include external funding - eg. a contribution from owner Councils, government grant(s), customer contributions, or a combination of any of these.

TasWater will consult with each relevant community on any service introduction proposal. High-level, preliminary design work will be made available to the community as part of the initial stages of consultation.

TasWater will provide to a person, before a service introduction charge is imposed on that person, an estimate of the amount of the applicable service introduction charge.

TasWater will provide to a person, on whom a service introduction charge is imposed, information as to how the amount of the service introduction charge has been determined.

TasWater requires broad community support for a service introduction proposal of 80 per cent or more before it will progress from initial consultation on a service introduction proposal to detailed design work and business case stage.

Should a service introduction proposal progress to the detailed design stage, for the proposal to progress further TasWater will then require 80 per cent of property owners to enter into a contract committing to a property service connection before proceeding with a proposed service introduction.

NOTE: Where the absence of water and/or sewerage services is causing significant and/or wide scale environmental harm and/or public health issues, as identified by the local Environmental Health Officer, the Environment Protection Authority or the Department of Health and Human Services, TasWater may consider the introduction of new water services and/or sewerage services to areas not within TasWater's serviced land. The funding model for such circumstances is yet to be determined by TasWater.

2. Service introduction charges

TasWater will calculate service introduction charges based on the net present value (NPV) of the cost of providing the assets specific to the service introduction and subtracting the present value of the amount that would be recovered from the threshold amount of customers (being 80 per cent) through ongoing annual water and/or sewerage fixed charges. Where applicable, funding from third party contributions will also be subtracted from the NPV.

Service introduction charges will reflect variations in the costs of servicing different locations or regions.

A service introduction charge is payable by the owner of the property to which the service is introduced.

Service introduction charges will be levied from the date on which the water and/or sewerage service becomes available.

The owner of a property subject to a service introduction charge may pay the charge:

- over a period of 12 months; or
- at the owner’s request, over a period of less than 12 months.

In addition a connection charge for water and/or sewerage services will be payable when the property is connected to TasWater’s water and/or sewerage infrastructure in accordance with TasWater’s *Customer Connection Policy*. In addition, recurrent fixed and variable charges will apply once the property is connected.

Responsibilities

The Chief Executive Officer of TasWater is responsible for implementing this policy.

Associated Documents / References

- TasWater’s Customer Charter
- TasWater’s *Customer Connection Policy*
- TasWater *Service Extension and Expansion Policy*
- TasWater’s *Developer Charges Pricing Policy*
- Tasmanian Economic Regulator – 2015 Water and Sewerage Price Determination

Approved by the Board at its meeting on

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Chairman