



TW HPECM ref: 20/8551

31 January 2020

**Mr Chris Lock**  
Director  
Office of the Tasmanian Economic Regulator  
GPO Box 770  
Hobart TAS 7001

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

Dear Mr Lock

**Structure of licence fees: water and sewerage sectors (Consultation Paper, December 2019)**

Thank you for your invitation to respond to the Consultation Paper.

We appreciate that the legislative context<sup>1</sup> for TasWater's water and sewerage licence fee differs from the that of electricity and gas, in that the reasonable cost recovery of our other regulators are determined by the Minister for Primary Industries and Water.

Legislation and the Tasmanian Economic Regulator require that our costs are transparent and justified in our Price and Service Plan, given that these costs are ultimately borne by our customers. In that context, we ask that the costs associated with the Office of the Tasmanian Economic Regulator (OTTER) and the Tasmanian Economic Regulator (TER) be made similarly transparent.

We intend to make a similar request to the Minister in relation to the costs we incur from other regulators. We note that the TER's contribution to our FY2019-20 licence fee was \$465,753.28, being 24 per cent of the total, highlighting the need for transparency from the other regulators.

As detailed in the Consultation Paper, for each forthcoming year OTTER estimates regulatory effort (as staff time) for each regulated sector and uses this a basis to apportion overhead costs. Ideally, the high-level estimates of staff time and shared overhead costs allocated to the regulation of TasWater would be provided to us when known. This will allow us to better understand the build-up of our licence fee and will help inform our budgetary process.

If you have any queries in relation to this matter, please contact Ben Morris, Manager Regulation and Strategic Policy, by phone on 03 62378445 or email at [ben.morris@taswater.com.au](mailto:ben.morris@taswater.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael Brewster".

**Michael Brewster**  
Chief Executive Officer

<sup>1</sup> Water and Sewerage Industry Act 2008 (WSI Act), Section 39