



20 November 2015

Glenn Bounds
Assistant Director – Price and Service
Office of the Tasmanian Economic Regulator
By email: office@economicregulator.tas.gov.au

Dear Glenn

Water and Sewerage Accounting Ring fencing Guideline and the Regulatory Accounts Template

I write in response to your correspondence of 29 October 2015 regarding the Water and Sewerage Accounting Ring fencing Guideline and the Regulatory Accounts Template. Thank you for the opportunity to provide feedback on the revised Guideline and Template.

We have attached our detailed feedback from a review of the Guideline and Template, referenced to the individual clauses contained within the documents. We would draw your attention to our commentary on the following matters that we consider will significantly impact the efficiency and efficacy of the regulatory financial statement production process:

- Proposed fast track amendment process within section 1 of the Guideline;
- Definition of consumer price index within section 2 of the Guideline;
- Requirements regarding reuse water within section 4 of the Guideline;
- Review and adjustment of the regulatory financial statements within section 5 of the Guideline.

We would be pleased to meet with you to discuss the matters we have raised.

Yours sincerely

A handwritten signature in black ink that reads "Dean Page".

Dean Page
General Manager, Finance and Commercial Services

cc. Alison Turner
Matthew Pigden

Water and Sewerage Accounting Ring Fencing Guideline

| Section Number and Paragraph | Comment |
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| 1.1.1 (b) <i>The objectives of accounting ring fencing</i> | The reference to Price Determinations should be singular rather than plural. Accordingly TasWater suggest that the word ‘Determinations’ be replaced with ‘Determination’. |
| 1.1.1 (e) <i>The objectives of accounting ring fencing</i> | The sentence ends in a semi-colon rather than a period. Accordingly TasWater suggest that the semi-colon be replaced with a period. |
| 1.3.1 <i>Purpose</i> | This item states that the regulatory financial statements are to be prepared in accordance with the principles specified in section 2 of the Guideline, however section 2 only contains definitions. The principles appear to be outlined in section 4. Accordingly TasWater suggest that the reference to ‘section 2’ be replaced with a reference to ‘section 4’. |
| 1.3.2.2 <i>Purpose</i> | This item refers to variable water and fixed water charges for the subsequent regulatory period. We are not sure why these charges in particular have been singled out. Fixed sewerage and other charges are not included. Is there any reason for this? Accordingly TasWater request that the Regulator advise as to why variable and fixed water charges have been singled out within this item, or alternatively amend the wording to capture all charges. |
| 1.4.1 <i>Definitions</i> | This item states that the ‘Words and Phrases not defined in section 2 have the meaning given to them by the Act , or in any other relevant legislation or regulatory document. Ordinarily we would expect that a catch all would also be included within this statement for words that are not covered by the Act, other legislation or regulatory document. Typically, a comment would be included stating that these words have their ‘ordinary meaning’. Accordingly TasWater suggest that a reference to words having their ‘ordinary meaning’ in circumstances where they are not defined by the Guideline, the Act, other relevant legislation or regulatory document. |

| Section Number and Paragraph | Comment |
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| <p>1.8.4</p> <p><i>Amendments to this Guideline</i></p> | <p>Section 1.8.4 introduces ‘fast track’ amendments to the Guideline that will not require consultation. TasWater believes that this clause isn’t required as 1.8.2 provides for the Regulator to make changes without consultation as long as they are not substantive. Further 1.8.4 removes the protection provided by clause 1.8.2 to the regulated entity and other stakeholders by not limiting the operation of this clause to issues that aren’t substantive.</p> <p>With regard to the circumstances listed at (a) to (d) of 1.8.4, TasWater agrees to most of the circumstances that allow for these changes to occur. However, we do not agree that the Regulator should be able to make changes without consultation where industry technical standards are the driver. These can be subjective and can have different application across different regions.</p> <p>Accordingly TasWater requests consideration be given to deleting clause 1.8.4 or if retained the word ‘unsubstantive’ be added after the word any in the opening paragraph and ‘or industry technical standards’ be deleted from clause 1.8.4 (b)</p> |
| <p>1.8.4 (d) (iv)</p> <p><i>Amendments to this Guideline</i></p> | <p>The second reference to change in the below sentence does not appear to be required.</p> <p>The proposed change to the Guideline <u>change</u> is consistent with water law.</p> <p>Accordingly TasWater suggest the word ‘change’ which appears immediately after the word ‘Guideline’ be deleted.</p> |
| <p>2.1</p> <p><i>Definitions</i></p> | <p>The definition of Consultation Policy refers to the <u>Tasmanian</u> Economic Regulator. As the Economic Regulator is a defined term in the Guideline we do not believe the word ‘Tasmanian’ is required.</p> <p>Accordingly TasWater suggest the word ‘Tasmanian’ be removed from the definition of Consultation Policy.</p> |

| Section Number and Paragraph | Comment |
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| <p>2.1</p> <p><i>Definitions</i></p> | <p>The definition of Consumer Price Index does not agree with what TasWater have previously been advised by the Regulator and has been applied in our regulatory financial statements for year ending 30 June 2015. The definition currently included in the draft Guideline reads as follows:</p> <p>‘means the weighted average of eight capital cities (Weighted median) for the June quarter in the financial year to which the regulatory financial statements relate as published by the Australian Bureau of Statistics (6401.0 Consumer Price Index, Australia).</p> <p>The definition of Consumer Price Index previously advised by the Regulator and applied in our regulatory financial statements for the year ending 30 June 2015 is;</p> <ul style="list-style-type: none"> - Firstly, the CPI should be the weighted average of the eight capital cities for the four quarters (Sep, Dec, Mar, Jun). - Secondly, indexation is applied at the start of the financial year <u>not</u> the end of the financial year as per schedules 500C and 500CC which have rows stating ‘Inflation adjustment to opening value’. <p>As such the definition for CPI should not refer to the financial year to which the regulatory financial statements relate. The reference should actually be to the quarters in the preceding year.</p> <p>Accordingly TasWater request that the CPI definition be amended to refer to the weighted average of the <u>four quarterly</u> CPI figures for the <u>prior financial year</u>.</p> |
| <p>2.1</p> <p><i>Definitions</i></p> | <p>The Cost Driver definition refers to Appendix C.1. This should just be Appendix C.</p> <p>Accordingly TasWater suggest that the reference to ‘Appendix C.1’ be replaced with ‘Appendix C’.</p> |
| <p>2.1</p> <p><i>Definitions</i></p> | <p>The Statutory Financial Statements definition refers to the regulated entity, however, only the word entity has been bolded. As this is a defined term the word regulated also needs to be displayed in bold.</p> <p>Accordingly TasWater suggest that the word ‘regulated’ be displayed in bold to reflect the fact that it is a defined term.</p> |
| <p>3.3.1</p> <p><i>Submission of regulatory financial statements and other information</i></p> | <p>This clause requires that TasWater submit a soft copy and hard copy of the unaudited regulatory financial statements. In the interest of expediency and efficiency, TasWater would prefer to submit a soft copy submission only</p> <p>Accordingly TasWater request that the Regulator consider accepting a soft copy only of the unaudited accounts.</p> |

| Section Number and Paragraph | Comment |
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| <p>3.3.3</p> <p><i>Submission of regulatory financial statements and other information</i></p> | <p>This clause is confusing as it would seem to indicate that TasWater are required to submit unaudited regulatory financial statements along with a signed Directors' Responsibility Statement, corresponding Board minute and final Regulatory financial statements. Clearly, we would not be in a position to issue these items until the final audit was complete.</p> <p>Accordingly TasWater request that the Regulator amend this clause to make it clear what is required to be submitted with the unaudited accounts and what is required to be submitted with the final accounts (noting that items (e) and (g) will not be submitted with the unaudited accounts).</p> |
| <p>4.2.2.b</p> <p><i>Basis for the regulatory financial statements</i></p> | <p>This clause refers to asset categories which is a defined term and as such should be bolded. In addition it refers to Appendices C.4 and C.45 which should be a reference to Appendices C.4 and C.5.</p> <p>Accordingly TasWater suggest that the words 'asset categories' be displayed in bold to reflect that it is a defined term and furthermore, change the reference to 'C.45' to 'C.5'.</p> |
| <p>4.3.7(b)</p> <p><i>Basis for the regulatory financial statements</i></p> | <p>This clause requires TasWater to justify to the Regulator's satisfaction that there is likely to be a strong positive correlation between the non-causal allocation basis and the actual cause of resource or service consumption or utilisation that those expenditure represent.</p> <p>TasWater are of the view that it should be required to justify any non-causal allocation basis to the independent auditor, not the Regulator. In addition, the reference to Regulator in this clause should be a reference to the Economic Regulator as per the definition section.</p> <p>Accordingly TasWater requests that the Regulator considers amending this clause to require that the auditor be satisfied with any non-causal allocation basis, rather than the Regulator as currently drafted. Furthermore the Regulator should consider updating this clause to refer to the 'Economic Regulator' rather than the 'Regulator'.</p> |
| <p>4.3.8</p> <p><i>Basis for the regulatory financial statements</i></p> | <p>Similar to clause 4.3.7 this clause requires TasWater to provide justification as to why multiple allocation bases are required and justify each of the allocation bases. Unlike 4.3.7 this clause is silent on who TasWater are required to justify this to.</p> <p>Accordingly TasWater requests that the Regulator considers amending this clause to require that the auditor be satisfied with why multiple allocation bases are required and each of the allocation bases.</p> |

| Section Number and Paragraph | Comment |
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| <p>4.4.1 (b)</p> <p>Requirements for specific worksheets in the Template</p> | <p>4.4.1(b) states that the assets of the three previous regulated entities which are to be vested in the regulated entity are not to be treated as capital contributions in the regulated entity's regulatory financial statements. This wording potential has unintended consequences. We believe that the intent is for any contributed assets received by the previous regulatory entities subsequent to 1/7/2009 should retain their status as a non regulatory asset. The existing wording of 4.4.1(b) does not align with this and would seem to indicate that the contributed assets received post 1/7/2009 should be included in the RAB.</p> <p>Accordingly TasWater requests that the Regulator considers amending this clause to make it clear how to treat any capital contributions between 01/07/2009 and 30/06/2013.</p> |
| <p>4.4.3(a)</p> | <p>This clause references the current title of the Property, Plant and Equipment note in the statutory account. If we change the title of this disclosure in the statutory accounts there is a risk that this clause will become unclear. Furthermore, the clause does not contemplate the Intangible Asset spend the way it is currently worded.</p> <p>Accordingly TasWater requests that the Regulator considers removing the specific reference to property, plant and equipment within this clause. Instead the clause could simply refer to 'relevant disclosures of capital expenditure in the regulated entity's statutory financial statements'.</p> |
| <p>4.4.3(b) (3) & (5)</p> <p><i>Capital Expenditure</i></p> | <p>Clause 4.4.3(b) sub clauses (3) and (5) both appear to exclude capitalised interest.</p> <p>Accordingly TasWater requests that the Regulator considers removing this duplication.</p> |

| Section Number and Paragraph | Comment |
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| <p>4.4.6(d)</p> <p><i>Reuse Water</i></p> | <p>There is a typographical error in the first sentence where the word 'require' should in fact be the word 'required'.</p> <p>In addition, the clause states that we should disclose the estimated costs that are avoided by providing wastewater to external parties rather than treating it. This is unclear as to whether we need to disclose the total costs avoided by not treating the wastewater to the same standard or the net savings after taking into account the net costs of providing the re-use water to an external party. In some circumstances the net cost of providing re-use water may actually be higher than treating on pre-existing inherited arrangements.</p> <p>Of even greater concern is the cost that TasWater would incur in order to meet with this additional disclosure. TasWater are of the opinion that the provision of this information would be at a substantial cost and would not provide any significant benefit to the Regulator with respect to meeting their objectives as stated in Clause 1.1.1.</p> <p>Accordingly TasWater requests that the word 'require' be replaced with the word 'required'.</p> <p>TasWater also requests the Regulator consider excluding the new reporting requirement as the cost and time to prepare it will be substantial. If this is not accepted at a minimum the new clause needs to be re-worded to ensure it is clearer as to exactly what is to be reported.</p> |
| <p>4.5.1</p> <p><i>Principles and policies</i></p> | <p>This clause refers to Clause 4.4.3(b) (1)-(45) which should be a reference to Clause 4.4.3(b) (1)-(5).</p> <p>Accordingly TasWater suggest that the reference to '4.4.3(b) (1)-(45)' to '4.4.3(b)(1)-(5)'.</p> |
| <p>5</p> <p><i>Review and Adjustment of Regulatory Financial Statements</i></p> | <p>This section is a fundamental change on the existing approach. We strongly believe that this change is likely to result in the regulatory financial statement process becoming inefficient, noting that final accounts are not due until 7 months after the financial year end and 4 months after the due date for the initial submission.</p> <p>Accordingly TasWater request that the Regulator consider leaving the audit and lodgement process unchanged from the existing Guideline.</p> |
| <p>5.5</p> <p><i>Review and Adjustment of Regulatory Financial Statements</i></p> | <p>This clause requires TasWater to meet all costs of the auditor yet there is no requirement for the Regulator to advise us of the forecast costs of such services. It would be preferable if the Regulator was required to provide an estimate of the likely costs so we can adequately budget.</p> <p>Accordingly TasWater request that the Regulator consider adding a requirement for them to provide TasWater with an estimate of the audit costs.</p> |

| Section Number and Paragraph | Comment |
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| <p>5.6</p> <p><i>Review and Adjustment of Regulatory Financial Statements</i></p> | <p>This clause provides the Regulator with the power to require TasWater to;</p> <ul style="list-style-type: none"> - make any adjustment to the regulatory financial statements - change its regulatory accounting principles and policies to ensure future compliance with the Guideline. <p>This raises the fundamental question as to who is the owner of these accounts. Is it TasWater and its Directors or is it the Regulator?</p> <p>The Board are required to sign a Directors' Responsibility Statement which attests to the accuracy of the accounts, however, they do not necessarily have control over the content should there be any disagreement with the Regulator (or the auditor for that matter). In a statutory audit the auditor does not have the power to require the Board to make any amendments. Their powers lie in the type of audit opinion they issue.</p> <p>Accordingly TasWater request that the Regulator consider removing this power from the draft Guideline. Ultimately if the Directors are required to sign the accounts they need to be able to control the content.</p> |
| <p>5.7</p> <p><i>Review and Adjustment of Regulatory Financial Statements</i></p> | <p>Clause 5.7 requires the Economic Regulator be satisfied that the regulatory financial statements comply with the Guideline. TasWater are of the opinion that the purpose of the independent auditor is to provide comfort that the accounts comply. The way this clause is currently drafted allows for the auditor to provide this guidance and for the Economic Regulator to form a different view.</p> <p>Accordingly TasWater request that the Regulator consider amending this clause to require that the auditor be satisfied that the regulatory financial statements comply with the Guideline rather than the Economic Regulator.</p> |
| <p>5.8</p> <p><i>Review and Adjustment of Regulatory Financial Statements</i></p> | <p>This clause states that upon receipt of the information listed in clause 5.7, the Economic Regulator will approve the regulatory financial statements. This approval makes it unclear as to who is the owner of the accounts (refer to comments in relation to clause 5.6 also).</p> <p>Accordingly TasWater request that the Regulator consider amending this clause to simply acknowledge receipt of the final accounts.</p> |
| <p>5.9</p> <p><i>Review and Adjustment of Regulatory Financial Statements</i></p> | <p>This clause allows the Regulator to amend the previously approved regulatory financial statements if information becomes available that changes the results or values. The clause does not overtly provide any ability for TasWater to have input into whether it agrees with the changes or not.</p> <p>Accordingly TasWater request that the Regulator consider amending this clause to require the Regulator to consult with TasWater on any subsequent changes.</p> |

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| <p>5.10 Table 1</p> <p><i>Review and Adjustment of Regulatory Financial Statements</i></p> | <p>The Table refers to the Economic Regulators power to issue a list of changes that TasWater is then required to make to the regulatory financial statements. The ownership of the accounts continues to be bought into question by this approach.</p> <p>Furthermore, the Table requires TasWater to respond to a list of queries raised by the Regulator. It is TasWater’s expectation that the list of queries would come from the auditor and a response be submitted to the auditor, not the Regulator. We are unsure how the auditor can issue an opinion on accounts that have potentially changed due to additional changes that may be required by the Regulator.</p> <p>As noted previously the Table requires that the Regulator be satisfied that the regulatory financial statements comply with the Guideline. It is TasWater’s view that the auditor is the party that needs to be satisfied, with the Regulator then placing reliance on the auditor’s opinion. TasWater is of the opinion that this is the most efficient approach.</p> <p>A further reference to the Regulator approving the regulatory financial statements is provided in the last row of the table. As noted earlier this approval makes it unclear as to who is the owner of the accounts.</p> <p>Accordingly TasWater request that the Regulator consider;</p> <ul style="list-style-type: none"> - removing the Regulator’s ability to enforce changes to the accounts, particularly where they are based on a matter of opinion rather than a definitive fact. If this ability is not removed then TasWater requests that the requirement for the accounts to be signed by TasWater be removed. - clarifying the role of the auditor given the Regulator appears to be conducting its own review prior to and post that of the auditors. The proposed process creates duplication and inefficiencies. |
| <p>Appendix A</p> <p><i>Regulatory Accounts Template</i></p> | <p>This clause refers to a revised Template. We are of the view that the word revised is not required as it will not provide ongoing value in the final set of approved Guidelines. Furthermore, the reference to a specific location on the Regulators website where the Template can be accessed creates a risk that the link will become outdated during the life of this version of the Guidelines.</p> <p>Accordingly TasWater request that the Regulator consider removing the word ‘revised’ and also that the Regulator consider referencing its website home page rather than a specific file location.</p> |
| <p>Appendix B B3.1 and B3.7</p> <p><i>Operating Expenditure</i></p> | <p>Item B3.7 has been added which provides details on what should be allocated to the ‘Interest paid on security deposits’ activity area. We agree with this addition, although note that the list of activity areas in Item B3.1 has not been updated to reflect this newly added category.</p> <p>Accordingly TasWater request that the Regulator consider adding ‘Interest paid on security deposits’ as an activity area in B3.1.</p> |

| Section Number and Paragraph | Comment |
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| <p>Appendix D D3.1(f) & D3.7</p> <p><i>Revenue</i></p> | <p>Includes a reference to 'external parties' which is displayed in bold font indicating that it is a defined term. However, 'external parties' is not defined.</p> <p>Furthermore, the heading refers to 'third parties' as does D3.1(f) for that matter. This is confusing as 'third parties' is a defined term and specifically excludes 'related parties', however, it would appear 'external parties' may not have the same exclusion.</p> <p>Accordingly TasWater request that the Regulator consider removing the bold text when referencing 'external parties' and also amends the reference to 'third parties' in both D3.1(f) and 3.7 to refer to 'external parties'.</p> |
| <p>Appendix E</p> <p><i>Pro Forma Directors' Responsibility Statement</i></p> | <p>This statement requires that a Date be inserted into the first line of the second paragraph, however, it is unclear as to what date this should be. Is it referring to the year end date of the regulatory accounts or is it referring to the date the statement is signed (noting that there is already a date field for the later on the form)?</p> <p>Accordingly TasWater request that the Regulator consider amending this Appendix to make it clearer as to what date is required to be inserted where indicated.</p> |
| <p>Appendix E</p> <p><i>Pro Forma Directors' Responsibility Statement</i></p> | <p>This statement refers to the Water and Sewerage Accounting Ring fencing Guideline in bold font indicating that it is a defined term. However, Accounting Ring fencing is not a defined term. Furthermore, the draft statement now excludes a reference to which version of the Guideline the regulatory accounts have been prepared with respect to. We believe that this is important in order to understand exactly what the signatories are attesting to.</p> <p>Accordingly TasWater request that the Regulator consider reverting to the existing language.</p> |

Regulatory Accounts Template

| Schedule | Comment |
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| 100A <i>Disaggregated Income Statement</i> | <p>The Regulator proposes a greater level of detail to be disclosed with respect to revenue in Schedule 100A. TasWater are of the opinion that this statement should remain at a high level as the detail revenue detailed is disclosed within schedule 500J, 500JJ and 500JJJ.</p> <p>Accordingly TasWater request that the Regulator consider retaining the existing Schedule 100A.</p> |
| 100B <i>Disaggregated Balance Sheet</i> | <p>The Regulator has requested for TasWater to provide a balance sheet reconciling the audited financial statements with a dissection of regulated and unregulated activities.</p> <p>While providing an essential pricing and service level regulatory function the Regulator is also charged with the responsibility to manage the regulatory requirements under the Act on a cost effective basis to the industry. The proposed balance sheet dissection in Template 100B in the opinion of TasWater does not provide additional relevant information to support the activities of the Regulator but just increases the complexity and cost of regulatory reporting by TasWater on an ongoing basis.</p> <p>Accordingly, TasWater requests the Regulator review the requirement to fully dissect the range of Balance Sheet accounts currently set out in table 100B. The Regulator should be aware of the value of the resultant information given the range of assumptions made to determine the allocation criteria. Particularly in respect of how the balance sheet dissection will aid the Regulator to:</p> <ul style="list-style-type: none"> - Undertake price determination investigations; - Monitor compliance with relevant price determinations; - Regulate for monopoly activities; - Monitor competition and anti-competitive cross subsidies. |
| 300D <i>Regulated Sewerage Services – Balance Sheet</i> | <p>There is a very minor amendment to schedule 300D (deletion of the letters RJ) yet it is not listed on OTTER’s website as one of the schedules that has been amended.</p> <p>Accordingly TasWater request that the Regulator consider including 300D within the list of amended schedules for completeness.</p> |
| 400 <i>Regulatory Adjustment Journals</i> | <p>This schedule is not supported by commentary as to what its purpose is. TasWater believe that it is to be used to show the adjustments required to the Statutory Financial Statements in order to produce the Regulatory Financial Statements.</p> <p>Accordingly TasWater request that the Regulator consider adding commentary as to the purpose of Schedule 400.</p> |

| Schedule | Comment |
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| 500A <i>Related Party Transactions</i> | <p>The Regulator proposes requiring the regulated entity to aggregate similar transactions and to report the aggregate level e.g. council rates. We agree that this is a sensible approach; however, we don't believe that the Guideline itself is clear that like items can be aggregated.</p> <p>Accordingly TasWater request that the Regulator consider amending Clause 4.4.5 to make it clear that aggregating like items is required</p> |
| 500AA <i>Third Party Transactions</i> | <p>TasWater is unclear on how the provision of details pertaining to third party transactions in Schedule 500AA (as required by Clause 4.4.4) assists the Regulator in meeting its stated objectives of accounting ring fencing.</p> <p>Accordingly TasWater request that the Regulator consider removing the requirement to report third party transactions.</p> |
| 500C & 500CC <i>RAB – Regulated Water Services & Regulated Sewerage Services</i> | <p>As noted in <i>Section 2.1 Definitions</i>, the CPI definition and timing is incorrect.</p> <ul style="list-style-type: none"> - Firstly, the CPI should be the weighted average of the eight capital cities for the four quarters (Sep, Dec, Mar, Jun). - Secondly, indexation is applied at the start of the financial year <u>not</u> the end of the financial year as per schedules 500C and 500CC which have rows stating 'Inflation adjustment to opening value'. As such the definition for CPI should not refer to the financial year to which the regulatory financial statements relate. The reference should actually be to the quarters in the preceding year. |
| 500d <i>Initial disaggregation</i> | <p>This schedule states that it must agree to Schedules 500D and Schedule 500DD although it appears that these Schedules will be deleted in this version of the Templates.</p> <p>Accordingly TasWater request that the Regulator consider removing the requirement for this schedule to reconcile with Schedules 500D and Schedule 500DD.</p> |
| 500DD <i>Capex – Regulated Sewerage Services</i> | <p>The Regulator has proposed deleting Schedule 500D, however, is silent on Schedule 500DD. These schedules are exactly the same except one is for Water and the other one is for Sewerage.</p> <p>Accordingly TasWater request that the Regulator consider removing Schedule 500DD.</p> |

| Schedule | Comment |
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| <p>500G <i>Summary of Provisions</i></p> <p>500H <i>Material Provisions in Regulated Business Segments</i></p> | <p>Schedule 500G and 500H contain several line items that TasWater do not track individually by Water and Sewerage segments. As an example, provisions for long service leave, annual leave and superannuation are tracked at employee level, however, not all employees are assigned specifically to water or sewer. Employees may work on just water, just sewerage, both water and sewerage or neither. As such the schedule is difficult to prepare and requires substantial levels of allocation. Furthermore, TasWater do not see how this detail assists the Regulator with its stated objectives.</p> <p>Accordingly TasWater request that the Regulator consider removing Schedule 500G and Schedule 500H.</p> |
| <p>50JJJ <i>Misc. Fees Income</i></p> | <p>The Regulator requires all revenue noted on this schedule to be directly allocated. This is not actually possible as not all revenue required to be listed in this schedule specifically relates to water or sewerage. As an example Advisory income, service location fees, right to information requests may relate to water, sewerage, water and sewerage or potentially neither. For instance, if a service location fee identifies both water and sewerage services the fee does not change. It is a flat rate for attendance at the property. It would be inefficient and ultimately uneconomic to try and allocate these costs directly between water and sewerage.</p> <p>Accordingly TasWater request that the Regulator consider removing the requirement to directly allocate all revenue listed in this schedule. A requirement to justify where costs have not been directly allocated could be included instead.</p> |
| <p>500X <i>Water Reuse</i></p> | <p>The clause requires TasWater to disclose the estimated costs that are avoided by providing wastewater to external parties rather than treating it. This is unclear as to whether we need to disclose the total costs avoided by not treating the wastewater to the same standard or the net savings after taking into account the net costs of providing the re-use water to an external party. In some circumstances the net cost of providing re-use water may actually be higher than treating on pre-existing inherited arrangements.</p> <p>Of even greater concern is the cost that TasWater would incur in order to meet with this additional disclosure. TasWater are of the opinion that the provision of this information would be at a substantial cost and would not provide any significant benefit to the Regulator with respect to meeting their objectives as stated in Clause 1.1.1.</p> <p>Accordingly TasWater requests the Regulator consider excluding the new reporting requirement as the cost and time to prepare it will be substantial. If this is not accepted at a minimum the schedule needs to be re-worded to ensure it is clearer as to exactly what is to be reported.</p> |