



Inquiry into the level of TasWater's service charges

Terms of Reference

The Tasmanian Economic Regulator is conducting an inquiry under Section 12(j) of the *Water and Sewerage Industry Act 2008* into TasWater's current approach, and the approaches in other Australian jurisdictions, to calculating and applying service charges.

Background

Under Section 68A of the *Water and Sewerage Industry Act 2008* (Industry Act), TasWater's proposed price and service plan must set out the arrangements it proposes using to calculate and apply service charges. TasWater's plan must also set out conditions that must be met if a service charge is to apply.

In its 2022 Water and Sewerage Price Determination Investigation Final Report, the Regulator accepted TasWater's proposal to impose service charges on owners of vacant and unconnected properties.

The Regulator also accepted TasWater's proposal to continue to impose service introduction charges and to re-introduce developer charges. However, given regular customer feedback about the imposition and level of service charges, the Regulator decided to review, during the fourth regulatory period, the level of TasWater's service charges.

Scope of Inquiry

The Regulator, in conducting the Inquiry, will consider the following matters:

1. the current basis for calculating and setting the level of service charges;
2. whether there is any overlap between current service charges, service introduction charges and developer charges;
3. the level of service charges levied by utilities in other Australian jurisdictions;
4. whether the calculation of the service charge is consistent with the pricing principles;
5. the customer impact of the current level of service charges; and
6. any other matters the Regulator considers relevant.

In conducting the inquiry, the Regulator will carry out public consultation and liaise directly with key stakeholders, including TasWater and members of the OTTER Customer Consultative Committee.

The inquiry will not include a detailed assessment of service introduction charges and developer charges. However, the inquiry will consider whether there is any 'double dipping' between service charges for vacant and unconnected properties and service introduction charges and developer charges (see Scope #2).

Outputs

A draft report setting out the Regulator's draft findings on the level of service charges.

A final report setting out the Regulator's findings on the level of service charges.

The Regulator expects TasWater to implement any revised service charge arrangements from the start of the fifth regulatory period on 1 July 2026.

Timelines

The proposed timelines for the Inquiry are as follows:

Milestone	Target dates
Regulator releases terms of reference	21 September 2022
Regulator conducts research and liaises with TasWater and other state and territory regulators	November 2022 - May 2023
Regulator releases Draft Report for consultation	30 June 2023
Consultation on Draft Report	1 July 2023 to 15 August 2023
Regulator releases Final Report	29 September 2023