



Inquiry into sewerage and trade waste charging

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 approach to sewerage and trade waste charging.

Background

Sewerage charging

It is not practical or cost-effective to install, maintain and read sewage meters on each property that TasWater services. As a result, TasWater currently uses an Equivalent Tenement (ET) method to calculate sewerage prices for the majority of the properties connected to its sewerage system (TasWater currently applies a different approach for offices and caravan parks as explained below).

One ET is the estimate of the potential demand an average residential dwelling, in dry weather flow conditions, places on TasWater's sewerage system. ET rates vary according to property use. For example, if TasWater estimates that a property has the potential to result in the demand on the system being double that of a single residential dwelling, it will be assessed as two ETs and the customer will pay double the sewerage charge applying to the residential dwelling.

For offices and caravan parks, a charge based on the estimated number of kilolitres of wastewater discharged into TasWater's infrastructure is applied, based on a pre-determined percentage of the volume of water used by the customer (referred to as a discharge factor approach).

In its 2022 Water and Sewerage Price Investigation Final Report, the Regulator decided to conduct an inquiry into TasWater's approach to sewerage charging.

Trade waste charging

Trade waste refers to liquid waste discharged from non-residential properties that is more variable and diverse in volume and quality than typical household wastewater. Trade waste places additional impacts on the sewerage system over and above that imposed by sewage discharged from residential dwellings. Trade waste increases the risks to the community and the environment. TasWater's costs of treating and returning treated trade waste to the environment are also higher than for residential wastewater.

TasWater categorises trade waste customers based on the types of trade waste and the volumes discharged. For example, customers assessed as discharging trade waste of very low volume or strength equivalent to or less than that of a standard residential dwelling are categorised as "Category 0" trade waste customers and do not pay any trade waste charges. However, customers assessed as discharging low volume and low impact trade waste which is minimal risk to the sewerage infrastructure and can be managed through cleaner production methods are categorised as "Category 1" trade waste customers and are liable to pay trade waste charges. TasWater also imposes non-compliance charges where the type of trade waste or the volume of trade waste differs from the assessment.

In its 2022 Water and Sewerage Price Investigation Final Report, the Regulator decided to conduct an inquiry into trade waste charges in conjunction with the inquiry into sewerage charges.

Scope of Inquiry

In conducting the inquiry, the Regulator will:

- assess the rationale for TasWater’s current approach to sewerage and trade waste charging;
- review sewerage and trade waste charging approaches applied by utilities in other Australian jurisdictions;
- examine the information provided during the 2022 Water and Sewerage Price Investigation, including the outcomes from the consultancy work Jacobs Australia conducted for TasWater and issues raised in past submissions from stakeholders and customers in relation to sewerage and trade waste charging;
- identify and develop options for sewerage and trade waste charging, including the advantages and disadvantages of each option and the estimated customer impacts relating to each option;
- assess options in the context of the pricing principles set out in the *Water and Sewerage Industry Act 2008* and the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021*;
- assess whether a pricing transition period may be required depending on the preferred option and the customer impacts of implementing the preferred option; and
- take into account any other matters the Regulator considers relevant.

In conducting the inquiry, the Regulator will carry out public consultation and liaise with TasWater and with customers and stakeholders who have raised concerns in the past in relation to sewerage and trade waste charging.

Outputs

An Issues Paper setting out the Regulator’s assessment of the key issues for the inquiry and a Draft Report setting out the Regulator’s draft findings on the approach to sewerage and trade waste charging.

A Final Report setting out the Regulator’s findings on the approach to sewerage and trade waste charging.

The Regulator expects TasWater to implement any revised sewerage and trade waste charging 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	September 2022 - February 2023
Regulator releases Issues Paper	31 March 2023
Consultation on Issues Paper	1 April 2023 - 15 May 2023
Regulator releases Draft Report	31 August 2023
Consultation on Draft Report	1 September 2023 - 15 October 2023
Regulator releases Final Report	1 December 2023