



Media Release  
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## **TASMANIAN WATER AND SEWERAGE PRICE DETERMINATION**

Tasmania's Independent Economic Regulator has completed its price determination investigation into prices and service standards for water and sewerage services and published its Final Report and Final Price Determinations.

The determinations set maximum prices for water and sewerage services to apply from 1 July 2012.

In releasing the Final Report and Price Determinations, Chairman Mr Glenn Appleyard thanked those who had taken the time to provide submissions.

"The Regulator considered all matters raised in submissions. However, the extent of the challenges facing the industry means that not all concerns of customers, stakeholders and regulators can be addressed in the first three-year regulatory period," Mr Appleyard said.

"The Regulator's role in determining prices is limited by legislation and issues such as affordability and returns to council owners are outside its statutory responsibilities."

In its decision, the Regulator has approved a price reform approach that transitions customers to defined target tariffs, and uses caps on annual increases in prices. "Prices will be transitioned towards one consistent set of tariffs in each region. However, given the disparity in existing prices, it will take some time to transition all customers to these target tariffs" Mr Appleyard said.

Free water allowances will be removed and customers paying a single charge for water will move to a two part pricing regime.

As proposed in the draft Report, for the majority of residential customers, the following price regulation arrangements will apply for all three water and sewerage corporations for the first regulatory period:

- customers whose current prices are above nominated target tariffs will have their prices frozen for the first two years of the first regulatory period (and reduced by five per cent in the final year of the first regulatory period);
- customers whose current prices are equal to the applicable target tariff, will face annual increases of six per cent per year over the first regulatory period; and
- customers whose current prices are below the target tariff, will face annual price increases capped at the greater of 10 per cent or \$50 per service per year (that is a maximum increase of the greater of 10 per cent or \$100 where a customer has both a water and sewerage connection) until they reach the target tariff.

For larger water customers, the \$50 cap increases in proportion to the size of their water connection.

Different arrangements will apply for customers in the Kentish and Burnie municipalities.

“This determination marks the commencement of the transition to fairer pricing for customers, whilst managing price increases to minimise price shocks” Mr Appleyard said.

“These price increases will allow the investment required to begin addressing non-compliance with required health, environmental and dam safety standards”.

The Regulator has also determined consistent policies around developer charges, service extension, connection, water sub-metering and service charges that all three corporations are required to adopt.

The Final Report, Price Determinations, and a paper outlining the Regulator’s response to issues raised in the submissions received, are available on the Regulator’s website: [www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au).

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