



**Proposed amendments to the Tasmanian Water and
Sewerage Industry Performance and Information
Reporting Guideline**

Consultation Paper

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1 PURPOSE OF THIS PAPER

This Consultation Paper is aimed at providing background information regarding proposed amendments to the Regulator's *Tasmanian Water and Sewerage Industry Performance and Information Reporting Guideline, October 2015 (Version 1.3)*. The paper outlines the key issues with the proposed amendments and invites submissions from interested parties.

2 INTRODUCTION

The *Water and Sewerage Industry Act 2008* stipulates that the Regulator is to prepare a report on the state of the water and sewerage industry (the State of the Industry Report) and is to develop and issue annual performance reporting guidelines for the regulation of the water and sewerage industry.

The *Tasmanian Water and Sewerage Industry Performance and Information Reporting Guideline* (the Guideline) was first published, following consultation, in September 2010. The Guideline has since been updated three times.

The most recent amendments were introduced in October 2015, subsequent to the Regulator reviewing the Guideline following legislative changes including the abolition of the National Water Commission, reform of the Regulator and updates to the national performance reporting framework (the NPR Framework¹) from previous versions. The Regulator made amendments to the Guideline to reflect changes to the industry and legislative framework, and other necessary updates and corrections, identified during the review. This included amendments to reflect revised minimum service standards consequent to the completion of the second Price Determination Investigation into prices and service standards for water and sewerage services.

However, since Version 1.3 was issued in October 2015, the Regulator has become aware of discrepancies between the minimum service standards listed in the Guideline and the standards specified in Schedule 1 of the *Tasmanian Water and Sewerage Industry Customer Service Code* (the Code). Investigation into the matter revealed that, due to an oversight when amendments were being progressed at that time, not all minimum service standard information had been correctly updated in the Guideline as intended.

The Regulator has, therefore, proposed draft amendments to the Guideline to rectify this inconsistency. In addition, some further administrative revisions are being proposed to the Guideline to better align with national performance reporting requirements and to remove unnecessary duplication of performance information reporting obligations imposed upon regulated water and sewerage entities under the NPR Framework.

This paper is intended to provide the context for the proposed amendments.

¹ The NPR Framework refers to the following, as amended from time to time: *2013-14 urban water performance report indicators and definitions handbook, and auditing requirements, 2014*.

Following consultation, the amendments (with or without alteration) will be incorporated into a new version of the Guideline and published on the Regulator's website.

The Regulator is seeking public comment on the proposed amendments and encourages submissions from interested parties and stakeholders.

3 ISSUES

As outlined in the 'Introduction' section of this paper, amendments were introduced to the Guideline in October 2015 to ensure consistency with the revised minimum service standards outlined in Schedule 1 of the Code, consequent to the completion of the second Price Determination Investigation.

However, it was subsequently identified that not all minimum service standard information had been correctly updated in the Guideline. Specifically, the performance measures as listed in the table under Section 5.3.2 in the Guideline remained outdated and continued to reflect those in the Code applicable for the first regulatory period (1 July 2012 to 30 June 2015) and not those standards approved for application in the second regulatory period (from 1 July 2015).

The Regulator consequently made revisions to Version 1.3 of the Guideline to correct this drafting oversight. Amendments included minor changes to the supporting text in the Guideline with regards to the relevant standards. It was also identified that the definition of 'regulatory period' should also to be removed from the 'Glossary' of the Guideline as it is no longer used in the instrument and is, therefore, redundant.

Representatives from the Office of the Tasmanian Economic Regulator undertook to involve the Tasmanian Water and Sewerage Corporation Pty Ltd (TasWater) in the preparation of the revised Guideline, with ongoing liaison at officer level concerning amendments proposed for introduction. As part of those interactions, parties agreed that some further administrative revisions to the Guideline should be considered to better align with national performance reporting (NPR) requirements and to remove unnecessary duplication of performance reporting obligations for regulated entities under the NPR Framework.

Currently, the Guideline specifically lists the information which is required to be provided for the assessment of a regulated water and sewerage entity's performance against the NPR Framework, and which is used to inform both the 'National Performance Report' and the Regulator's 'State of the Industry Report'. These performance measures are presently provided in table form under Section 5.4 of the Guideline.

However, a regulated entity (TasWater in this case) is informed of its objectives and commitments under the National Water Initiative (NWI) and subsequent obligations with respect to the provision of data against the performance measures from the NPR Framework Handbook. As such, the Regulator has decided that there is no value in replicating such measures in the Guideline and proposes their removal.

Removal of the NPR measures as duplicated in the Guideline would also eliminate the likelihood of any further administrative/drafting errors should the Regulator have to make any future updates to the Guideline to reflect changes within the national performance reporting environment.

The proposed amendments to the Guideline do not alter the current performance information reporting obligations of a regulated water and sewerage entity. Rather, the revisions proposed are administrative in their nature and will simplify the current Guideline substantially by removing the duplication of national performance reporting requirements and by better identifying links to national reporting obligations (thereby providing clarity for those officers within a regulated water and sewerage entity who have to prepare the relevant performance information for submission).

The Regulator has reviewed the proposed amendments to the Guideline in line with its *Consultation Policy and Procedures of the Tasmanian Economic Regulator Guideline*. Whilst the amendments are not imposing any new reporting commitments on a regulated water and sewerage entity, they are reasonably substantial in nature and, with the exception of changes required to accurately reflect minimum service standards of the Code, are being introduced at the Regulator's discretion. In this way, a period of public consultation with respect to the proposed amendments is deemed to be required.

A marked-up draft version of the revised Guideline has been prepared and is provided supplementary to this Consultation Paper.

4 NEXT STEPS

The Regulator is seeking submissions from interested parties and stakeholders on the proposed amendments to the *Tasmanian Water and Sewerage Industry Performance and Information Reporting Guideline, October 2015 (Version 1.3)*. Submissions to this paper will be considered prior to the amendments being finalised and taking effect. Submissions should be received by close of business on **4 November 2016**.

It is normal practice for all submissions to be published on the Regulator's website unless the author of the submission requests confidentiality in relation to the submission (or any part of the submission). Those parts of a submission that are requested to be kept confidential should be submitted as an attachment to that part suitable for publication.

The Regulator will not publish submissions which contain material that the Regulator believes is, or could be, derogatory or defamatory.

To facilitate the publication of submissions on the Regulator's website, submissions by email are preferred. Submissions and enquiries may be submitted to:

office@economicregulator.tas.gov.au

or to

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A copy of this Consultation Paper is also available on the Regulator's website www.economicregulator.tas.gov.au.