Price and Service Plan 4

1 July 2022 - 30 June 2026

Executive summary

This Price and Service Plan 4 (PSP4) sets out the prices, policies, services, projects and outcomes that TasWater will deliver over the period 1 July 2022 to 30 June 2026. It represents the culmination of a three-year process that commenced in June 2019 and was disrupted by the COVID-19 pandemic, which resulted in the commencement of the PSP4 period being deferred by a year.

We have made many significant achievements since we commenced on 1 July 2013, a period that now spans three regulatory periods. These achievements include the removal of all boil water alerts (BWAs), a significant uplift in treatment compliance levels for wastewater and a reduction in risks for dams and water storages across Tasmania. As a result of these efforts, we were proud to gain international recognition in June 2021 by winning an award for the Best Municipal Water for 2021 at the Berkley Springs International Water Tasting event in West Virginia, United States of America.

However, we recognise that there is further work to do to build on the strong foundation that has been put in place to date and deliver additional value to our customers, stakeholders and the Tasmanian community. By the end of this PSP4, we are targeting to deliver further improvements in customer and regulatory outcomes including:

- Lifting customer satisfaction from 66 per cent to 75 per cent or higher
- Increasing the percentage of customers supplied by drinking water systems that meet best practice risk mitigation to 66.6 per cent
- Mitigating environmental risks across nine of the 22 highest-risk sewage treatment plant (STP) sites
- Reducing water losses in our networks to no more than seven kilolitres of water per kilometre of main per day and
- Making further improvements in dam safety outcomes.

To deliver these outcomes, we will invest $901.3 million in capital expenditure over the next four years, including expenditure on major projects across Tasmania such as the Bryn Estyn Water Treatment Plant (WTP) Upgrade, the Launceston Sewer Improvement Plan (LSIP) and the North-West Water Supply Upgrade. In doing so, we will meet the commitment we made in 2018 to deliver a 'best endeavours' target of $1.8 billion in capital expenditure over a 10-year period to FY2025-26.

Over the PSP4 period, we will also invest $862.7M of operating expenditure in our regulated services to maintain the delivery of clean and safe drinking water, improve environmental and compliance outcomes, adequately resource our accelerated capital program and deliver improved outcomes for customers and the environment.

We recognise that affordability remains a key area of focus for both TasWater and our customers during a time in which there is upward pressure on the cost of living. Whilst the Tasmanian Economic Regulator (TER) has approved a maximum uniform price increase of 3.71 per cent that we could charge in each year of PSP4, we have elected to apply a smaller annual increase of 3.50 per cent during this. We will also continue to identify and deliver additional productivity savings over the next four years to keep downward pressure on prices.

Development of this PSP4 has involved extensive engagement with TasWater's customers, stakeholders and technical regulators. The feedback received from this engagement is reflected in many of the priorities and outcomes that we will deliver over the next four years and we thank those that have engaged with us as part of this process.

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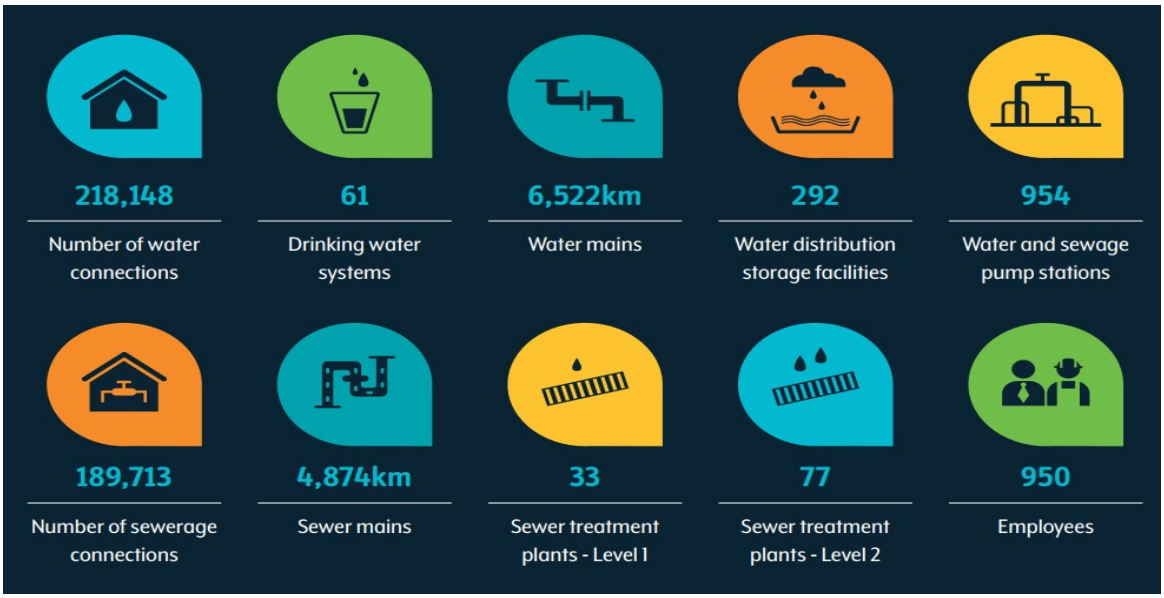
1 About us

TasWater is an incorporated company that provides water and sewerage services to homes and businesses across Tasmania. We source, treat and deliver reliable, quality water to our customers. We also collect, transport and treat sewerage and safely return it to the environment.

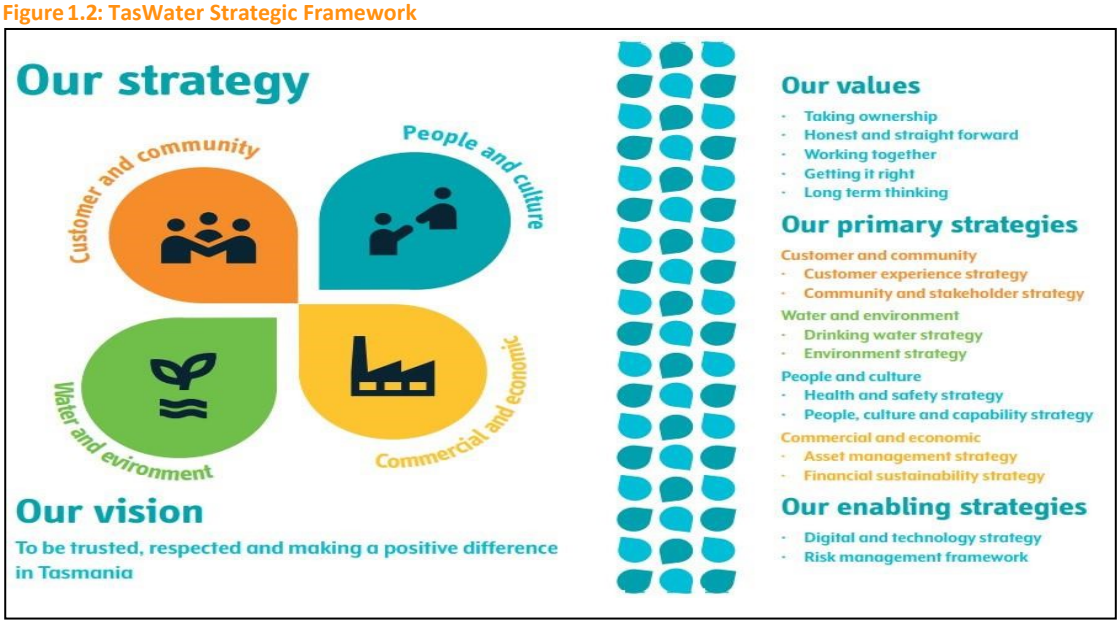
Established under the *Water and Sewerage Corporation Act 2012* and the *Corporations Act 2001 (Cwth)*, we are owned by the 29 local Tasmanian councils and the Tasmanian Government and governed by an independent Board of Directors.

Figure 1.1: Business Snapshot (as at 31 March 2022)



TasWater's strategic vision *"To be trusted, respected and making a positive difference in Tasmania"* reflects our strong desire to focus on what really matters for customers, stakeholders, owners and the Tasmanian community. This vision is supported by a Strategic Framework that links our activities to the outcomes we are seeking to achieve.

Figure 1.2: TasWater Strategic Framework



2 How this PSP4 has been developed

As we are a monopoly provider of water and sewerage services in Tasmania, our pricing and service levels for certain services are regulated by the TER under the *Water and Sewerage Industry Act 2008* (WSI Act). This Act sets out the requirement for us to develop a Price and Service Plan for each regulatory period and investigation and approval requirements for the TER. This PSP4 covers the fourth regulatory period of 1 July 2022 to 30 June 2026[1].

2.1 Price investigation process

On 30 June 2021, we submitted our draft PSP4 proposal to the TER. This detailed proposal, which is available on the TER's website, set out the proposed outcomes we intended to deliver over the PSP4 period, the levels of operating and capital expenditure required to provide our regulated services, our total revenue requirement for the period, proposed service standards and supporting policies.

Following an extensive investigation process that included a period of public consultation, the TER made its final determination on 10 May 2022 outlining the maximum prices, fees and charges that we may charge for our regulated services during the PSP4 period. Our final PSP4 was approved by the TER on 27 June 2022.

The TER's final approval represented the culmination of a three-year development and investigation process that commenced in June 2019. The key milestones from this process are shown below:

Table 2.1: PSP4 Key Milestones

Date	Key Milestone
26 June 2019	The TER declared the duration of the fourth regulatory period to be the four years from 1 July 2021 to 30 June 2025
22 June 2020	In response to the Tasmanian Government's decision to extend the third regulatory period by a further year in light of the COVID-19 pandemic, the TER gave notice to TasWater that our draft PSP4 proposal must be submitted by 30 June 2021
30 June 2021	TasWater submitted its draft PSP4 proposal to the TER
28 February 2022	The TER released its draft report and draft determination
28 March 2022	The public consultation process on the TER's draft report and draft determination concluded
10 May 2022	The TER released its final report and final determination
7 June 2022	TasWater submitted its final PSP4 to the TER for approval
27 June 2022	The TER approved TasWater's final PSP4

2.2 Expectations of technical regulators

The water and sewerage services we provide to our customers must meet legislative requirements and the expectations of a range of technical regulators. As part of the development of PSP4, we therefore engaged with our key technical regulators to understand their key priorities and expectations for the PSP4 period. A summary is provided below.

2.2.1 Director of Public Health

The Director of Public Health (DoPH) regulates the quality of drinking water from all public reticulated drinking water systems. In particular, its functions are to:

[1] Whilst our PSP4 was originally due to take effect on 1 July 2021, the emergence of the COVID-19 pandemic led to the third regulatory period being extended by an additional year to 30 June 2022.

- Protect public health in relation to the supply of drinking water and advise on developing and implementing strategies to protect public health
- Establish drinking water quality performance standards
- Monitor performance against performance standards, the *Public Health Act 1997* and its associated Tasmanian Drinking Water Quality Guidelines 2015 (TDWQG), the *Fluoridation Act 1968*, the *Fluoridation Regulations 1999* and its associated Tasmanian
- Code of Practice for the Fluoridation of Public Water Supplies (2018), and the Australian Drinking Water Guidelines 2011 (ADWG) and report on and enforce compliance.

Under the *Public Health Act 1997*, TasWater is required to maintain and implement a Drinking Water Quality Risk Management Plan (DWQRMP). This Act also states that water must be managed in a manner that does not pose a threat to public health, and customers within serviced land are to be provided with potable water that complies with the health guideline values in the ADWG.

Consistent with these requirements, the DoPH advised that its key priorities for TasWater over the PSP4 period are to:

- Operationalise the DWQRMP
- Improve and/or upgrade water treatment assets to meet best-practice risk mitigation standards
- Continue to improve disinfection management in distribution networks
- Improve real-time visibility of water quality and
- Continue to improve the aesthetic quality of drinking water.

2.2.2 Environment Protection Authority

The Environment Protection Authority (EPA) regulates our Level 2 STPs, which are those with a sewage throughput greater than 100kL/day. The EPAs functions include the assessment and regulation of these STPs, in particular:

- Undertaking environmental impact assessments in relation to proposals for new plants or significant changes to existing plants
- Scientific monitoring and data to develop evidence-based environmental conditions for approved plants, which are included as part of the planning permit or as a standalone environment protection notice and
- Ensuring compliance with environmental conditions through collection and evaluation of data on specified discharge limits, adherence to specified environmental conditions in site-specific environmental protection notices and the impacts on the receiving environment.

The compliance requirements for STPs are outlined, in part, in the licence limits specific to each plant. The licences include general operating conditions and specify limits that relate to parameters such as volume, level of nutrients, toxicants, pathogens and other relevant water quality parameters for the treated effluent. Consultation with the EPA is continuing to ensure that specific limits reflect the risk of impact to the local receiving environment at each plant.

A Wastewater Risk Management Plan (WWRMP) has been agreed with the EPA under which future compliance improvements will be realised through infrastructure upgrades that will require detailed assessment and consideration. Consistent with the WWRMP, the EPAs expectation for the PSP4 period is that we continue to focus on projects that target the following:

- Identification, prioritisation and reduction of high environmental risks assessed by toxicants, nutrients, pathogens and odour, using our environmental risk assessment tool

- Increased diversion of treated effluent to reuse schemes away from inland waters using the EPA's Sustainable Discharge to Water Framework
- Improved compliance against all environmental conditions in permits and environment protection notices through the rollout of statewide standard programs
- Enhanced statewide control of trade waste, tankered waste and leachates entering the sewerage network and STPs and
- Consideration of additional ways to deliver improved environmental compliance and outcomes.

2.2.3 Dam Safety Regulator

We are responsible for more than 300 water and wastewater storages, lagoons and weirs that are defined as a 'dam' under the *Water Management Act 1999*. This legislation refers to the Australian National Committee on Large Dams (ANCOLD) Guidelines on Dam Safety Management and a dam portfolio risk assessment process is in place that is calibrated to these guidelines and used to manage the risks associated with our dam portfolio.

Regulatory responsibility for dam safety sits with the Dam Safety Regulator within the Department of Natural Resources and Environment Tasmania (DNRET). We regularly discuss the priorities and expectations for dam safety with DNRET. While the *Water Management Act 1999* applies to all dams, DNRET's emphasis is generally on dams with a consequence category of 'significant' or higher as defined in the ANCOLD guidelines.

During the PSP4 period, we will continue to deliver against the Dam Safety Management Plan that has been accepted by DNRET. This will include prioritisation of compliance improvements for dams with a consequence category of 'significant' or higher.

2.3 Customer and stakeholder engagement

2.3.1 Engagement approach

As part of the development of PSP4, we undertook extensive engagement with our customers and stakeholders to gain a deeper understanding of their expectations, needs and preferences.

The engagement framework for PSP4 built on the foundational customer preferences established during our Price and Service Plan 3 (PSP3) by exploring specific price and service issues raised by customers in more detail. The framework was based on standards established by the International Association for Public Participation (IAP2) and was also informed by the Customer Engagement in the Urban Water Sector report by the Water Services Association of Australia (WSAA).

Our engagement with customers and stakeholders for PSP4 spanned 22 months. It commenced in June 2019 with the distribution of fact sheets and key policy areas including sewerage charges, developer chargers, affordability, fairness and value for money. Later that year, we engaged on customer service standards and the need for price and service trade-offs, which led to our first ever Willingness to Pay survey conducted in November and December 2019.

Through early 2020, we re-engaged with stakeholders on developer charges to share the concepts being considered and gain feedback on alternative developer charge concepts. The final stages of consultation were completed in April 2021, when we undertook further engagement with customers and peak bodies on the proposed developer charges policy, target prices for water and sewerage, investment priorities and profit levels.

A summary of the engagement activity undertaken for PSP4 is shown below.

Table 2.2: Engagement activity summary for PSP4

Category	Topic	Engagement method(s)	Segment/s	Engagement numbers
General	Awareness raising Information provision	Paid articles and advertising in all major Tasmanian newspapers	General public	Articles in major papers (estimated readership of 239,000 people)
		Dedicated PSP4 platform on Yoursay (www.taswater.com.au/yoursay), Yoursay information sharing, fact sheets, forum for feedback	Customers, general public, stakeholders	The PSP4 Yoursay platform received 574 visits, 53 individuals registered, and 185 downloads
		Facebook posts raising awareness of the PSP4 Yoursay platform	General public	An estimated 2,898 Facebook users were reached
		Attended Customer Consultative Committee meetings of the office of the TER	Stakeholders	Not applicable
		Snapshot brochure to summarise engagement activities and decisions	Customers	Copies were distributed to all customers after the lodgement of our draft proposal.
Customer service standards	Planned outages, sewage spills, contacting TasWater, customer satisfaction, sewerage pricing calculation and general topics	Focus groups and telephone survey (Insync)	Customers	Six focus groups, 400 surveys (393 residential, 7 business)
Price and service trade-offs	Willingness to pay for increased recycled water, increased water conservation programs, new customer connections and service standard preferences	Online survey – willingness to pay, conducted by Marsden Jacob and Associates (MJA)	Residential customers	1,287 survey respondents
Existing and proposed tariffs	Residential sewerage calculation methods	Telephone survey (Insync) Online survey (Jacobs) Focus groups, peak body survey (Jacobs)	Residential customers, stakeholders	Two focus groups (residential), 2,472 online survey respondents, 400 telephone survey respondents, 15 peak bodies
	Commercial trade waste charges	Online survey (Jacobs) Focus groups, peak body survey (Jacobs)	Commercial trade waste customers	Two focus groups (commercial), 104 online survey respondents, 15 peak bodies
Investment and expenditure	Investment priorities, level of profit, growth/demand	Peak body/stakeholder interviews (Insync) Residential customer survey	Residential customers, stakeholders	Interviews with 28 peak bodies and stakeholders Residential survey (423 customers)
Policy	Developer charges	Webinars – conducted by MJA	Stakeholders	Two online webinars, 33 attendees in total
		Stakeholder survey (Insync) and fact sheet on developer charges	Stakeholders, customers	25 survey respondents (stakeholders) 422 survey respondents (customers)

2.3.2 Engagement results

The detailed results from our customer and stakeholder engagement are outlined in section 2.3 of our draft proposal, which is available on the TER's website. In summary, customers and stakeholders consistently told us during this process that:

- They care significantly about: getting their water reinstated within the time we specified after a planned water outage, the time it takes to contain a sewage spill and resolution of their issues at first contact
- Some customers are willing to pay for increased use of recycled water, increased water conservation programs and for provision of service to unserviced areas, although not at a level that would be sufficient to fund the provision of these additional services
- Increasing the accuracy of sharing sewerage costs between customers is mildly important for residential customers, and feedback was highly varied for commercial customers
- Preferences for investment priorities are largely consistent with those in PSP3 (for example: safe drinking water and environmental compliance) and TasWater's level of profit is considered to be about right and
- There is broad support for introduction of a standard developer charge for new developments, although not all stakeholders support this view.

2.3.3 How the feedback is reflected in this PSP4

The table below summarises how engagement feedback has been incorporated in our PSP4.

Table 2.3: Summary of engagement feedback and how it is reflected

Topic	Segment/s	Summary of feedback/results	How feedback is reflected in the PSP4
Customer service standards, including planned outages, sewage spills, contacting TasWater and measuring customer satisfaction	Residential respondents	Insync telephone survey: Planned outages: Respondents were more interested in getting their water reinstated when expected (41%), rather than whether the water went off in the first place (23%).	New service standard introduced to measure the percentage of planned interruptions restored within time nominated to affected customers.
		Insync telephone survey: Sewage spills: the time it takes to contain a spill is far more important (35% of respondents) than the speed of arrival at the scene (13% of respondents).	Service standard relating to containment of sewage spills now set at 3 hours, rather than 5 previously. New service standard introduced regarding the number of critically notifiable spills.[3] Response time measure (percentage of response times within 1 hour to attend sewage spills, breaks and chokes) has been retained.
		Insync telephone survey: Customer satisfaction: 52% of respondents felt a general survey of customer satisfaction was a better measure of satisfaction than number of customer complaints, whereas 48% responded that the number of	Customer satisfaction levels are already tracked on a quarterly basis via telephone survey, with performance standards shared once a year via the Annual Performance Report. Separate service standards for the PSP4 period for water and sewerage complaints.

3 Determined using the EPA Sewage Spill Notification Guidelines available at epa.tas.gov.au/Documents/Sewage%20Spill%20Notification%20Guidelines%20OCTFINALv2.pdf

Topic	Segment/s	Summary of feedback/results	How feedback is reflected in the PSP4
		complaints TasWater receives is the better measure.	

Topic	Segment/s	Summary of feedback/results	How feedback is reflected in the PSP4
		Insync telephone survey: Contacting TasWater: 81% of respondents felt it is more important that their issue is solved on first contact with TasWater via telephone rather than the speed at which their call is answered.	New service standard added relating to the percentage of calls received upon first contact.
Willingness to pay for increased recycled water, increased water conservation programs, new customer connections	Residential respondents	MJA online survey: While many TasWater respondents would be willing to pay higher water bills in Price and Service Plan 5 (PSP5) for increased recycled water, increased water conservation programs and to contribute to the cost of new customer connections, in PSP4, the required 70% support threshold was not met for any of the proposed initiatives.	As the minimum 70% support threshold was not achieved, none of the proposed investments have been reflected in this PSP4.
Residential sewerage calculation methods	Residential respondents	Insync telephone survey: Only 54% of respondents were prepared to pay more for their sewerage charges if it meant their bills would be more reflective of actual volumes. With increasing the accuracy of sharing sewerage costs between customers considered only mildly important to customers (3.4/5). Jacobs online survey/focus group: Customers want to understand why charges are so high, what they are being spent on and where. Customers would feel better about paying higher charges if they understood TasWater spending plans and priorities.	Given increasing the accuracy of sharing sewerage costs between customers is considered only mildly important for customers and the limited support for associated bill increases from residential customers, no changes have been made to the method used to calculate residential customer sewerage charges. However, minor refinements have been made to the existing ET method for some customer categories to ensure that they better reflect the load the customer places on the sewerage system.
Commercial sewerage calculation methods and trade waste charges	Commercial respondents Trade waste respondents	Jacobs online survey and focus group: Feedback that the equivalent tenement (ET) system is unfair, and that a one-size-fits-all pricing system doesn't accurately reflect use. There was marked variability in the ranking of risk-based charging and affordability. Smaller businesses preferred risk-based charging, while larger ones preferred affordability. Feedback that small businesses have been impacted by bill increases and the cost to install pre-treatment works over the last 3–4 years. It was asserted that, in some cases, this has contributed to	As noted above, minor refinements have been made to the existing ET method to improve fairness and accuracy for customers. New trade waste customer category (Category 0) established for very low risk customers where approved pre-treatment is installed. Catchment management fee[2] expanded to apply to customers where the installation costs for grease traps would be significantly more expensive than for other comparable properties.

[2] 4 This fee was previously titled 'site constraint fee'.

Topic	Segment/s	Summary of feedback/results	How feedback is reflected in the PSP4
		small businesses having to close, particularly in regional towns.	
Capex, opex, demand, level of profit	Stakeholders Residential respondents	Investment priorities: Continue broad investment priorities from PSP3 (clean drinking water, environmental improvement, safe/modern systems and compliance). Support for price rises to make these investments. Support for residential and business customers affected by economic impacts from the COVID-19 pandemic.	The capital investment program remains largely consistent with the customer priorities initially established during PSP3 and confirmed in PSP4. Price rises remain below the maximum amount that could be recovered, with a continued strong focus on productivity and cost savings. The existing support program for residential and business customers experiencing financial difficulty will be continued. A new approach to developer charges will commence on 1 July 2023.
		Level of profit: Level of profit is about right. Desire for TasWater to become more efficient as a first priority before increasing prices. Growth/demand: Support for developers to pay for the costs of growth created by new development.	
Developer charges	Stakeholders	Webinars: First mover disadvantage for development where no capacity exists. Lack of certainty and transparency in current approach. No funding stream for growth-related investments. Insync Survey: Broad support for TasWater's proposed approach including new charging arrangements and transition time to the new policy.	A new approach to developer charges will commence on 1 July 2023.

3 Outcomes to be delivered

Since we commenced in 2013, we have invested in excess of $800 million in improving infrastructure, systems and processes, which has resulted in benefits for our customers and the environment. Some of our major achievements during this time include:

- the removal of all BWAs and water becoming safe to drink for all our customers, with the Rossarden WTP that was constructed as part of our *24glasses* project winning the international award for the Best Municipal Water for 2021 at the Berkley Springs International Water Tasting event
- a significant uplift to 89 per cent (from 42 per cent in FY2013-14) in treatment compliance levels for wastewater being returned to the state's waterways, helping to minimise damage to the natural environment
- a reduction in risks for dams and water storages across the state, reducing the number of dams above the ANCOLD Limit of Tolerability (LoT) from 14 at the end of FY2013-14 to two as at 30 June 2022 and

- realisation of total productivity savings of over $34.0 million since 1 July 2013 as part of our ongoing efforts to keep prices as affordable as possible for our customers.

However, we recognise that there is further work to do to build on the strong foundation that has been put in place to date. This section outlines the key customer outcomes that we are seeking to deliver during the PSP4 period as well as the service standards we will aim to deliver in regards to the reliability of our services during this time.

3.1 Key customer outcomes

In 2017, we developed our inaugural Long-Term Strategic Plan (LTSP) 2018-2037. As part of this process, we engaged extensively with customers, owners, regulators, the Tasmanian Government and other key stakeholders to better understand the outcomes that were most important to them.

The feedback we received during this process was consistent. Our stakeholders wanted us to focus our efforts on ensuring drinking water is safe to drink, meeting environmental standards and improving dam safety outcomes. As well as reflecting these priorities in the LTSP 2018-2037, we also aligned the prices, services, projects and outcomes in our PSP3 with these priorities.

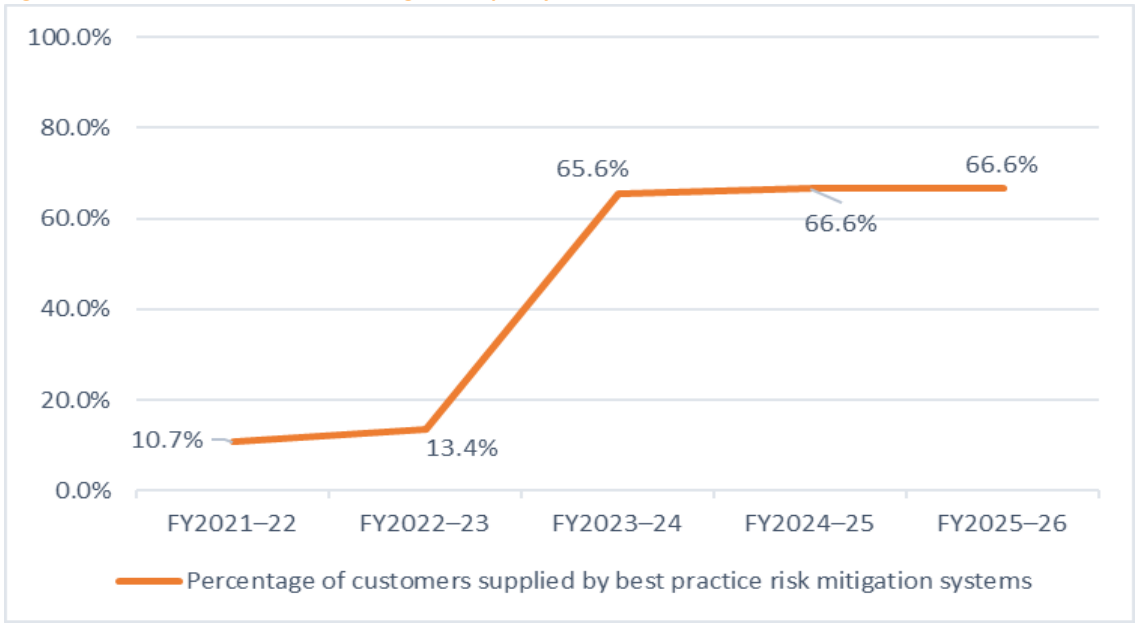
During 2021, we refreshed the LTSP 2018-2037 to take into account progress made since 2017, resulting in the release of our LTSP 2021-2030. As part of this process, we re-tested the priorities that were reflected in the LTSP 2018-2037 and found that no material changes were needed. As such, we will continue to focus on drinking water, environmental outcomes and dam safety outcomes during the PSP4 period. Over the next four years, we will also dedicate additional focus on reducing water losses in our networks.

3.1.1 Drinking water

As at 30 June 2022, 100 per cent of our drinking water systems met the microbiological requirements set out in the ADWG. However, health regulators around Australia are increasingly adopting an international framework for assessing and mitigating the risks present in drinking water systems. This includes establishing additional treatment barriers to ensure drinking water quality is maintained at a safe level.

In agreement with the Department of Health (DoH), we are applying this new international risk based framework for the benefit of customers. This will reduce the risk of drinking water contamination occurring because of abnormal operating conditions or deterioration in source water quality that is beyond our control. Over the PSP4 period, we will invest $244.9 million in our water treatment assets. This will include delivery of specific projects including WTP upgrades, system optimisation activities, risk assessments and other water quality initiatives.

Figure 3.1: Forecast outcome for drinking water quality

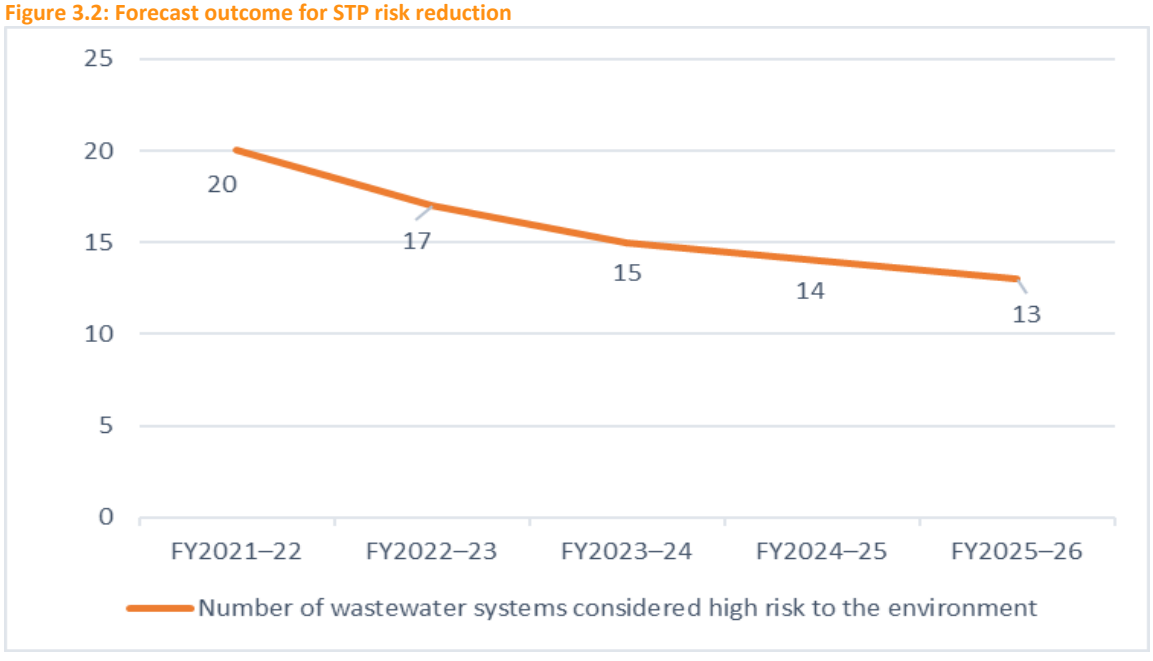


3.1.2 Environment

Consistent with the expectations of the EPA outlined in section 2.2.2 above, we will continue to focus on delivering compliance improvements at our STPs over the next four years under the WWRMP. By 30 June 2026, it is expected that nine of the 22 Level 2 STP high risk sites identified in the WWRMP will be reduced to medium risk.

A total of $231.3 million in capital expenditure will be spent on improving environmental compliance over the PSP4 period to continue to fulfil the agreed priorities. Projects to be delivered during this time include STP upgrades, system optimisation activities and trade waste initiatives.

Figure 3.2: Forecast outcome for STP risk reduction



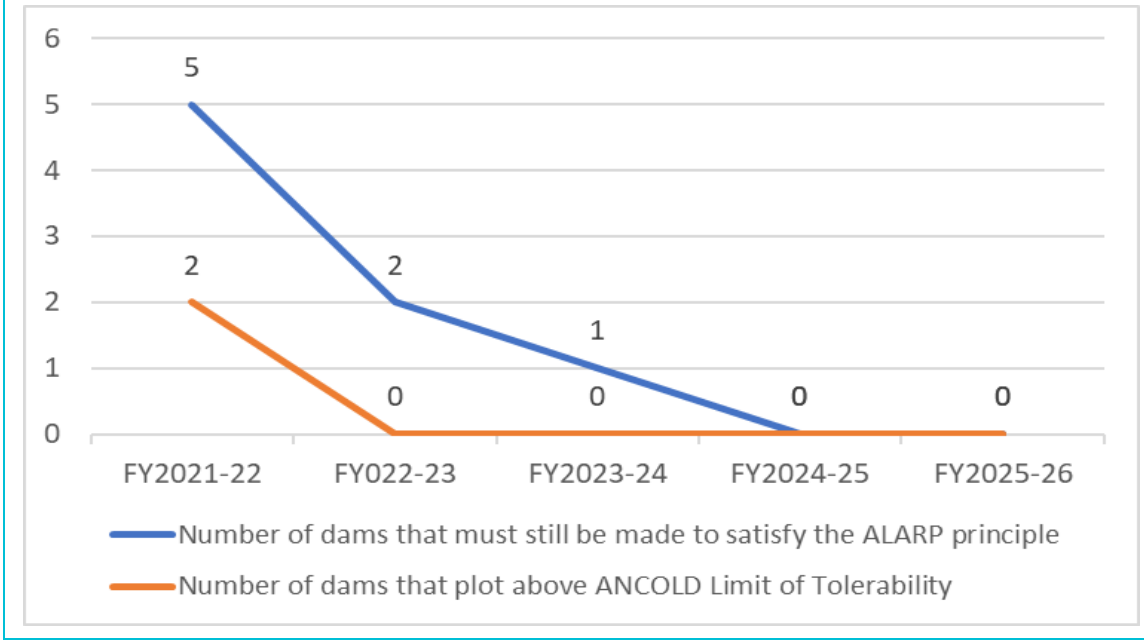
3.1.3 Dam safety

Consistent with the expectations of the DNRET as noted in section 2.2.3 above, our dam safety focus over the PSP4 period will be to prioritise compliance improvements of dams with a consequence category of 'significant' or higher in accordance with the ANCOLD guidelines, the expectations of the Dam Safety Regulator and the priorities outlined in our Dam Safety Improvement Plan.

At the commencement of the PSP4 period, we are forecasting to have two dams that are above the Limit of Tolerability (LoT) as set by ANCOLD and five dams that are above the ALARP (as low as reasonably practicable) principle. Interim risk management measures are in place to appropriately manage the risks associated with these dams.

During the PSP4 period, we will invest total capital expenditure of $107.4 million on our dam assets. By the end of PSP4, all dams are expected to be both below the LoT and meet the ALARP principle.

Figure 3.3: Forecast outcomes for dam safety



3.1.4 Water losses

It is important that our water networks are efficient and that we reduce the volume of potable water that is produced but not supplied or charged to our customers. The amount of water losses within our networks is therefore an important indicator of our performance.

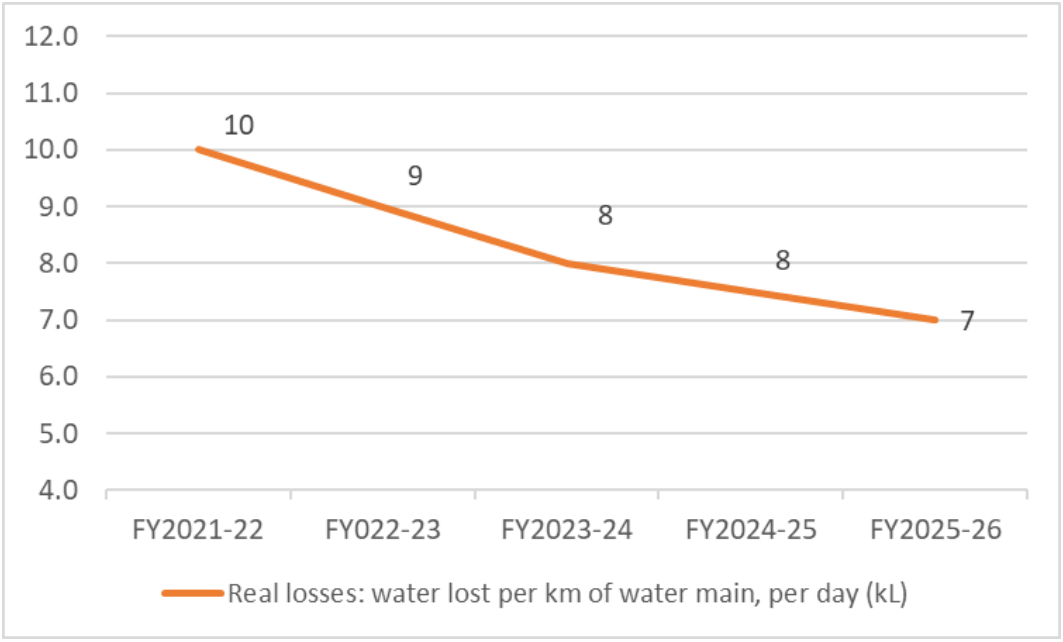
National performance reporting shows that our rate of water losses is substantially higher than for equivalent entities on mainland Australia. This is, in part, due to the age and condition of our assets. It also reflects that addressing water losses has been a relatively lower priority to date compared with improving drinking water quality and environmental compliance outcomes.

Water losses can be separated into two categories: real losses (leakage and overflows from mains, service reservoirs and service connections prior to customer meters) and apparent losses (unauthorised consumption and customer metering errors). Non-revenue water (NWR) includes both types of water loss and also unbilled authorised consumption.

Over the PSP4 period, we will deliver a number of initiatives as part of our NWR Reduction Strategy that are expected to drive a tangible reduction in water losses from our network during this time. This includes a District Meter Area program which is aimed at identifying the areas of greatest leakage in our network.

Our targeted improvement in this area will be measured through two service standards: the percentage of unaccounted for water (which is the historical measure of performance) and real losses per km of water main per day (which is an industry-supported standard of real losses that will provide a more suitable comparison to other water utilities).

Figure 3.4: Forecast outcome for water losses



3.2 Service standards

Service standards define the level of service we aim to provide to our customers. These standards reflect the needs and expectations of our customers and influence the allocation of capital and opex required to meet those expectations. Service standards are set out in the Tasmanian Water and Sewerage Industry Customer Service Code (the Customer Service Code) that is approved by the TER.

The consideration of service standards for the PSP4 period took into account our historical performance, feedback from customers, research on other water utilities and our assessed capacity to enhance standards and measures. A set of 19 service standards have been established for the PSP4 period. These service standards and targets are shown in the table below. We will report annually to the TER on our performance against the standards. A number also form part of the annual reporting undertaken through the National Performance Report process.

Table 3.1 - PSP4 service standards and targets

No	Service standard	PSP4 Target			
		FY2022–23	FY2023–24	FY2024–25	FY2025–26
Water					
1	Number of water main breaks per 100km of water main	33	32	31	30
2	Percentage of response times within 1 hour to attend Priority 1 bursts and leaks	90%	90%	90%	90%
3	Percentage of response times within 3 hours to attend Priority 2 bursts and leaks	90%	90%	90%	90%
4	Percentage of response times within 3 days to attend Priority 3 bursts and leaks	90%	90%	90%	90%
5	Number of unplanned water supply interruptions per 1,000 properties	170	169	167	165
6	Percentage of unplanned water supply interruptions restored within 3 hours	80%	80%	80%	80%
7	Percentage of unplanned water supply interruptions restored within 5 hours	94%	94%	94%	95%
8	Percentage of planned water supply interruptions restored within the time nominated to affected customers	90%	95%	95%	95%
9	Percentage of planned water supply interruptions restored within 5 hours	90%	90%	90%	90%
10	Percentage of unaccounted for water (of total sourced potable water)	20%	19%	18%	17%
11	Real losses: water lost per km of water main, per day (kL)	9.0	8.0	7.5	7.0
Sewerage					
12	Number of sewer mains breaks and chokes per 100km of sewer main	40	40	39	38
13	Percentage of sewer spills, breaks and chokes responded to within 1 hour	90%	90%	90%	90%
14	Percentage of sewage spills contained within 3 hours	99%	99%	99%	99%
15	Number of critically notifiable sewage spills	2	2	1	1
Customers					
16	Number of water complaints per 1,000 properties	6.0	6.0	6.0	6.0
17	Number of sewerage complaints per 1,000 properties	1.3	1.1	1.0	1.0
18	Percentage of calls resolved upon first contact	90%	90%	90%	90%
19	Customer satisfaction score	70%	72%	74%	75%

4 Customer contract and policies

When a customer receives water or sewerage services from TasWater, they are deemed by Section 60 of the WSI Act to have entered into a customer contract with us for these services. We also have a suite of policies that outline the decisions we have made in regards to matters such as connecting to our network, land development and the various services that we provide.

We have made a number of changes to both our customer contract and policies for the PSP4 period. The following sections summarise the key aspects of these important documents and the changes that have been made.

4.1 Customer Contract

The customer contract is an important, legally-enforceable document that sets out matters such as our services, payments for these services and the rights and obligations of our customers. A copy of the customer contract is included in Appendix 1. It can also be found on our website and a copy can be provided to customers upon request.

As well as simplifying the customer contract to make it easier to understand for our customers, we have made the following changes for the PSP4 period:

- Removed detail that is replicated in legislation or the Customer Service Code (we have instead cross-referenced the relevant source of the obligation)
- Removed the Trade Waste Consent (we have instead provided a reference to the Trade Waste Consent being on our website)
- Clarified that the definition of 'limited water quality customers' applies to customers within serviced land where there is an alert in place regarding use of the water
- Clarified both our responsibilities and those of our customers in relation to shared private plumbing and
- Made a number of minor revisions to ensure consistency with the revised *Water and Sewerage Industry (Customer Service Standards) Regulations 2019*.

4.2 Water and Sewerage Network and Charges Policies

Our *Water and Sewerage Network and Charges Policies* document contains the description of serviced land, information about our service replacement process and policies relating to connections, sub-metering, service charges and service introduction charges. A copy of the *Water and Sewerage Network and Charges Policies* is included in Appendix 2 and can also be found on our website.

4.2.1 Serviced Land

The term 'serviced land' refers to land where we will permit a connection to our water or sewerage infrastructure.

The identification of serviced land is important as it determines our obligation to connect and supply customers. Serviced land also underpins a number of policies and arrangements with respect to service extension and expansion, service charges, service introduction, service replacement and developer charges.

Section 56U(1)(b) of the WSI Act requires our Price and Service Plan to include a description of the land (identifiable by individual title or locality) that is permitted to be connected to our water and/or sewerage infrastructure.

4.2.1.1 Serviced Land - Water

No changes have been made to the definition of serviced land for water for the PSP4 period.

Titles with a full water service will continue to be identified based on servicing factors and the standards outlined in the TasWater Supplement to WSAA Water Supply Code of Australia (MRWA Edition)[3]. Land titles are defined as water serviced land when they meet all the following criteria:

- Can be supplied with treated water
- Are within 30 metres of our water reticulation main
- Can receive minimum flow and pressure at the connection point as described in the TasWater Supplement to WSAA Water Supply Code of Australia (MRWA Edition)
- Connection to our reticulation main would not cross a land title owned by a third party and
- The physical characteristics or location of the land title are not such as to require the application of unusual or unusually costly infrastructure, design or installation techniques for the connection to be made.

Land titles that do not meet the criteria listed above are unserviced for water.

4.2.1.2 Serviced Land - Sewer

The definition of sewer serviced land has been revised for the PSP4 period to clarify the criteria that a property must meet to be permitted to connect to our sewerage infrastructure. The revisions are aimed at removing ambiguity in certain circumstances where infrastructure was (or is) required to be installed on third-party-owned land to facilitate connection to our sewer reticulation main.

For the PSP4 period, land titles are defined as sewer serviced land when they meet all the following criteria:

- Are within 30 metres of our sewer reticulation main and can be serviced via gravity connection
- Connection to our reticulation main would not require installation of infrastructure on land owned by a third party beyond distances set out in the TasWater Supplement to WSA 02-2014-3.1 WSAA Gravity Sewerage Code of Australia version 2.0 Section 5.2.8
- The physical characteristics or location of the land title are not such as to require the application of unusual or unusually costly infrastructure, design, or installation techniques in order for the connection to be made and
- Are not otherwise considered unserviced land in accordance with Section 2.4 of the Water and Sewerage Network and Charges Policies.

For the avoidance of doubt, the revised definition provides (when all other service criteria are met) that if connection to the sewer reticulation main requires the installation of infrastructure on third party-owned land within the distances provided in Section 5.2.8 of the TasWater Supplement to the WSAA Gravity Sewerage Code of Australia (Melbourne Retail Water Agencies Edition), the property will be considered to be within sewer serviced land and will be permitted to connect and receive a full sewerage service.

There is no change for customers already connected with a connection of this type, who will continue to receive a full sewerage service.

Land titles that do not meet the criteria listed above are considered unserviced for sewer.

4.2.1.3 Unserviced land

Unserviced land is land, identified by land title that does not meet the criteria for serviced land. We do not have any obligation to provide a connection to titles that are outside serviced land.

[5] www.taswater.com.au/ArticleDocuments/337/TW%20Supplement%20WSA03-MRWA%20V2.0%20-%20Public%2004_Apr%202015.pdf.aspx

Pressure sewer schemes established before 1 July 2015 are defined as unserviced land, but connected customers are classified as full sewerage service customers. Septic tank effluent disposal (STED) schemes established before 1 July 2015 are also defined as unserviced land, but connected customers are classified in the STED customer class. These areas are listed in our *Water and Sewerage Network and Charges Policies*. In addition, Garthfield Avenue in Cygnet (which was part of a 2008 sewer extension project) is defined as unserviced land.

Both our *Conditional Connections Policy* and *Land Development Policies* (available on our website) outline the circumstances in which we will consider allowing properties in unserviced land to connect to our network.

4.2.2 Connections Policy

From time to time, property owners need to connect internal water and/or sewerage plumbing to our reticulation mains to access water and/or sewerage services. These connections must be done to the required standards to ensure the security of our reticulation networks.

Our *Connections Policy* specifies the criteria that must be met before we will permit a landowner to connect, relocate or adjust their connection to our water and/or sewerage infrastructure. It also defines the criteria that must be met for a connection to be classified as either a standard connection (20mm water connection or 100mm sewerage connection) or non-standard connection.

4.2.2.1 Arrangements during the PSP3 period

Prior to 2017, we delivered the necessary works for new water and sewer connections for our customers, including both engagement with customers and the delivery of the works. However following an internal review, we have progressively implemented an outsourced operating model for customer connections since July 2017 under which the connections works have been performed by members of a contractor panel.

Under this model, we have continued to administer and manage customer connections, including arranging quotes, inspecting most works for compliance and resolving issues for customers and contractors. In broad terms, the process has been as follows:

- Customers applied to us for a connection
- We engaged with the contractor panel to obtain quotes and organise the works
- Invoices were issued by us to the customer (and subsequently paid by them)
- Works were performed by the contractor and
- We undertook quality assurance (reviewing the quality of work, safety of work, level of customer service and provision of timely and accurate data).

Consistent with our *Connections Policy*, connection applications have been categorised as standard or non-standard at the time of application during the PSP3 period, with pricing as follows:

- for standard connections, a regulated price was approved by the TER. Whilst TasWater has invoiced this price to the customer, we have been required to pay the full cost of the works as quoted by the contractor
- non-standard connections were set on a price on application (PoA) basis, with the customer accepting and paying in advance the price quoted by the contractor.

During the PSP3 period, a range of unintended consequences have emerged with this approach, some of which became evident very quickly and some of which became apparent over time. In particular, the actual cost of standard connection works have increased significantly and have been, in most cases, higher than the regulated price approved by the TER.

This has led to TasWater incurring significant financial deficits on these works which have resulted, in effect, in a cross-subsidy funded from other sources of revenue. The involvement of TasWater in

the engagement of the panel has also led to more complex processes, an overall increased risk profile and, in some instances, lengthened timeframes.

4.2.2.2 Changes for the PSP4 period

For the PSP4 period, we have implemented a suite of changes to address the issues identified above and provide additional flexibility and clarity for customers, as follows:

- *Market price for all connections:*
  - All connections (both standard and non-standard) will be charged on a PoA basis from competitive quotes from our panel of contractors. For clarity, this means that all customers applying for any connections works from 1 July 2022 will be charged the price quoted to TasWater by the panel of contractors.
  - The market price will reflect the timing, risk and complexity of the connection works as well as the price for labour, plant and materials, and removes the previous cross-subsidy.
  - Conditions will be applied to ensure that only those genuine connections applications reasonably submitted prior to 1 July 2022, qualifying as standard connections at that time, and scheduled for completion a short time thereafter, will receive the regulated price approved by the TER for the PSP3 period.
- *Definitions:*

  Some minor changes have occurred to the definitions of standard and non-standard connections within our *Connections Policy*. Where previously these definitions separated the market priced non-standard applications from the fixed priced standard applications such distinction no longer applies.
- *Gradual introduction of option for direct engagement:*

  Based on feedback from customers, we will be gradually introducing the option for willing customers to directly engage with the panel of contractors for both standard and non-standard connections (i.e. directly obtain their own quotes, transact payment and liaise directly with the panel).

Any applications under the direct engagement option will proceed under the same compliance framework as those connections organised through TasWater and our officers will remain involved to provide support and oversight of any directly engaged connections works.

The direct engagement option will deliver a market-led, competitive outcome that is responsive to customers. By simplifying the process and allowing customers to negotiate with the panel of contractors, they can choose the quote and timing suitable to their individual needs. Those customers that choose not to direct engage will continue to have their connection applications processed by TasWater seeking quotes and engaging a pre-approved contractor.

Following an expression of interest process conducted during the latter part of FY2021-22, the current panel of six pre-approved contractors able to perform customer connections will also be expanded. New members of the panel will be admitted only after a thorough on-boarding process.

4.2.2.3 Other minor changes

The following other minor changes have been made to the *Connections Policy* for the PSP4 period:

- Clarification of the conditions that must be met in order for a connection to classify as a standard connection or non-standard connection
- A specification that connections outside serviced land and connections for land development (subdivisions and multi-unit developments) are classed as non-standard connections and

- Clarification of the conditions for connection to our infrastructure and where we will permit, rather than undertake, the connection. This is in line with the wording of Section 56U of the WSI Act, and also allows for authorised providers to make the connection to our infrastructure on a property owner's behalf.

4.2.3 Sub-metering Policy

Sub-meters are individual water meters that measure water use downstream of a master meter. A master meter is the meter installed at the connection point and measures the total volume of water supplied to a property. Our *Sub-metering Policy* outlines our approach to water metering and billing for existing and new multi-unit properties and strata schemes.

Some of the key parts of the *Sub-metering Policy* include that:

- In relation to multi-unit properties that are not strata-titled:
  - All existing multi-unit properties have a master meter installed at the connection point. The master meter is used to determine the charges that apply to the property
  - For new multi-unit properties, our default position is to have a master meter installed at the connection point
- In relation to strata schemes:
  - New strata schemes will be metered by single master meter only or lots individually connected to our water main, or via a water meter manifold
  - A range of sub-metering arrangements are available for existing strata schemes as per section 4.3.2 of the Policy.

For the PSP4 period, the *Sub-metering Policy* has been modified to reduce duplication and simplify the metering configurations for new strata schemes where the property can be metered with a single master meter (with usage apportioned on a general unit entitlement or special unit entitlement basis) or each lot can be individually connected to the water main or connected via a water meter manifold.

The Policy has also been amended to provide for lot owners in a strata scheme with a single master meter, who want to be metered individually, to change to a water meter manifold if they provide us with a copy of a unanimous resolution authorising the installation of a manifold together with a completed application form. This will allow the water usage of each lot owner to be measured. Strata schemes with common property will also need to provide details of the strata scheme's body corporate.

In the interests of efficiency and cost-reduction, and to ensure consistency between multi-unit properties and strata schemes, TasWater will no longer install, maintain and read sub-meters for new strata schemes. Should a property owner wish to install a water meter to better understand their own water consumption they are able to do so through engaging a licensed plumber.

4.2.4 Service Charges Policy

To ensure service and supply to all properties within serviced land, we incur expenditure associated with the operation, renewal and maintenance of our pipes, pumps and treatment plants. There are significant public health and environmental benefits associated with piped, tested drinking water and sewage removal and treatment and these give rise to associated increases in property values of land within serviced areas.

Consistent with the approach taken in PSP3, our approach for the PSP4 period that is reflected in our *Service Charges Policy* is to share the costs between properties that currently use these services and those that may use these services in the future. If this was not the case, properties currently connected would carry the burden of those not currently connected.

As part of developing PSP3, we quantified the additional cost at $15 per year that connected customers would have to pay if unconnected customers did not pay the cost they currently do. Subsequent customer consultation found that that 59 per cent[4] of customers supported the retention of service charges for connected and unconnected properties within serviced land. No further engagement was undertaken on this issue for the PSP4 period.

4.2.5 Service Introduction Charges Policy

Service introduction is the construction of water and/or sewerage infrastructure to provide reticulated services to localities not previously receiving them.

Our *Service Introduction Charges Policy* outlines the circumstances and the terms and conditions that must be met for us to introduce water services and/or sewerage services to an area not previously receiving those services and the charges that will apply. In particular, we will consider service introduction for water services and/or sewerage services when a proposal is put forward by:

- A community or a council on behalf of the community or
- The relevant council's Environmental Health Officer, the EPA or the DoH who have identified that the absence of water services and/or sewerage services is causing significant and/or wide-scale environmental harm and/or public health issues.

The service introduction process has three stages:

- Stage 1 Initial Consultation – we will consult with each relevant community and provide property owners and the community generally with high-level, preliminary design work and estimated service introduction charges per title for the service(s)
- Stage 2 Indicative Community Support – we will test whether there is broad community support of at least 50 per cent for the service introduction proposal to undergo detailed design and business case development
- Stage 3 Community Commitment to Service Introduction – we will develop a detailed design and business case to provide a more accurate estimate of the project costs and the service introduction charges. Approval of the business case by the TasWater Board will be conditional, among other factors, on at least 80 per cent of owners of developed land titles within the proposed service introduction area entering into an agreement committing to connect to the relevant system and to pay the service introduction charge.

Service introduction charges will reflect the reasonable costs of providing the infrastructure less what would be recovered from customers in the new service area through ongoing annual water and/or sewerage charges. Service introduction charges will be levied on the owner of land who has signed a contract committing to a connection from the date on which the property is able to connect to our water infrastructure and/or sewerage infrastructure and the agreement has commenced.

4.2.6 Service Replacement Process

The service replacement process is the ordered process that allows a locality to be removed from TasWater's serviced land. The process has previously been applied in the towns of Pioneer, Mountain River and Gormanston, where the communities indicated a preference to cease the TasWater services (and the charges that follow) and accepted either rainwater tanks or payments to allow them to select an alternative water supply.

No changes have been made to the service replacement process for the PSP4 period, which is included as part of the *Water and Sewerage Network and Charges Policies* document.

[4] In particular, 44 per cent of customers supported the principle of charging owners of vacant land who are permitted to connect to water and sewerage services and that the current charging arrangements should be retained. Another 15 per cent disagreed with the principle, but thought the charges should remain

4.3 Land Development Policies

Our *Land Development Policies* contain our policies in relation to developer charges and service extension and expansion. A copy of the *Land Development Policies* is included in Appendix 3 and can also be found on our website.

4.3.1 Developer Charges Policy

Developer charges refer to assets gifted to us by developers and cash payments made by developers to us for network or treatment infrastructure to support new developments. Our *Developer Charges Policy* specifies how and when we will impose developer charges and development assessment fees for new developments approved by the relevant planning authority.

The *Developer Charges Policy* is an area that continues to receive significant interest from our stakeholders. During the PSP3 period, we engaged with our key stakeholders to better understand their perceptions of our developer charges approach and TasWater's role in economic development.

4.3.1.1 New framework to commence on 1 July 2023

Three forums were convened through November 2018 to February 2019 in Hobart, Launceston and Devonport for key stakeholders from local government, the Tasmanian Government, the development industry and associated professionals. At the forums, there was a view that under the PSP3 approach to developer charges, existing spare capacity would soon be taken up in growth areas and there would be insufficient revenue to fund future infrastructure upgrades.

Participants also commented that:

- Something like what is commonly known as the 'headworks charge' should be reintroduced now that development is seen as 'booming'
- The absence of developer liability for such charges was giving an unfair advantage to the 'first movers' where there was spare capacity but a distinct disadvantage to those developing where there was no spare capacity
- Any reintroduced model should be simple and understandable
- The Tasmanian Government should lead on 'settlement strategy' – that is, where new areas are to be settled or existing areas expanded and
- Charges to developers should be lower for development in regional or greenfield areas that have lower levels of service.

Based in part on this feedback, we engaged an external specialist to develop a draft developer charges options paper to be shared with stakeholders. Released in March 2020, the options paper assessed the current developer charges arrangements and identified two alternative arrangements against a range of stringent criteria.

We then hosted two webinars in March 2020 to discuss the options paper with key stakeholders in addition to feedback solicited during individual discussions and via our YourSay website. The webinars were attended by 33 stakeholders in total. Many questions were received seeking clarification around how the policy might work in practice.

Following this engagement, we refined and selected a proposed developer charges approach and related policy and issued a fact sheet explaining its proposed approach to key stakeholders in the development community. The new approach has been approved by the TER to commence from 1 July 2023 and will include two key aspects:

- A Shared Infrastructure Contribution Charge (standard charge) will be applied to all developments that are consistent with our growth and capacity plans (GCPs) and incorporated into the capital works program that is included in water and sewerage prices and

- Developments that fall outside our GCPs or are materially different in terms of size, cost or timing will have a Bulk Infrastructure Capacity Charge (bulk charge) applied.

The table below, reproduced from the *Developer Charges Policy*, provides further detail on the application of these charges.

Table 4.1: Application of shared and bulk developer charges

Charge type	Description
Standard charge	The standard charge will apply to all developments that are included in GCPs for each new equivalent tenement (ET) created. The standard charge aims to cover the incremental costs associated with expected capacity upgrades (i.e. not system extensions) driven by new customers, with remaining costs to be recovered through water and sewerage charges. The standard charge is to be set with reference to a net incremental cost associated with new customers and is calculated as follows: + NPV incremental capex driven by new customers + NPV forecast opex driven by new customers - NPV forecast revenue from new customers. For water-only or sewerage-only customer connections, 50 per cent of the standard water and sewerage charge will apply. A standard charge of $3 514 per ET will apply for each of the FY2023-24, FY2024-25 and FY2025-26 financial years.
Bulk charge	The bulk charge will apply to any development that requires an unexpected network capacity augmentation (i.e. not system extensions). This will include developments that require: • bringing forward the timing of a network capacity augmentation that has been planned for • building a network capacity augmentation that has not been planned for. The bulk charge for a specific development will be based on the net incremental costs per ET of the capacity augmentation required for the individual development, and will be calculated as follows: + NPV incremental capex associated with the network capacity upgrade required for this development + NPV forecast opex driven by new customers connected to that upgrade - NPV forecast revenue from new customers projected to connect to the network capacity upgrade. This charge per ET will apply to all subsequent developments that connect to the capacity upgrade included in the bulk charge. Alternatively, where a capacity upgrade is deemed to be a large cost and high risk to TasWater, it may require the developer to fully fund the upgrade upfront. Where a bulk charge is applied, it will be charged in addition to the standard charge.

Further detail on how developer charges will be imposed for developments within and outside of serviced land is included in the *Developer Charges Policy*.

4.3.1.2 Arrangements to 30 June 2023

Until the new framework commences on 1 July 2023, the approach adopted for the PSP3 period will continue to apply.

That is:

- Where capacity is not available within serviced land the developer will need to install that capacity at their cost. The costs for works internal and works external will apply
- We may permit extension to our systems by developments outside serviced land where capacity is available. The developer will pay the costs of extension, including connection, to that system but will access the capacity in that system at no additional charge. The costs of works internal and works external will apply
- We may also permit extension to our systems by developments outside serviced land where sufficient system capacity is not available. The developer pays the costs of extension, including connection, to that system and expansion of the system to the level of capacity required to service the development. Any spare capacity in that system that

is less than the total required for the development will be made available at no additional charge. The usual costs of works internal and works external will apply and

- For new developments that do not connect to our existing systems, all costs are paid by the developer. We may review these developments to assess whether strategic benefits are delivered by the development and the ongoing costs of the system, and at our absolute discretion accept these gifted assets. In this case we may also consider contributing to the water and/or sewerage development costs.

4.3.2 Service Extension and Expansion Policy

Our *Service Extension and Expansion Policy* outlines the circumstances, terms and conditions under which we will extend and expand our water and/or sewerage infrastructure.

For the PSP4 period, the *Service Extension and Expansion Policy* has been updated to link our approach to considering extensions and expansions to our infrastructure with our GCPs. The GCPs detail the long-term infrastructure needs for each of our water and sewerage systems and will be used as the basis for determining whether capacity is available for development.

Whilst no direct engagement was undertaken in relation to the *Service Extension and Expansion Policy* for the PSP4 period, the importance of having accessible, transparent and accurate GCPs was highlighted by a number of respondents in the stakeholder engagement undertaken on our new approach to developer charges. We have now completed 100 per cent of our GCPs, with further improvements ongoing.

4.4 Trade Waste Policy

We provide a service to collect, transport and treat liquid trade waste for customers provided it is of an appropriate volume and quality to be safely accepted in our sewerage systems. This service results in additional costs associated with the management, transportation and treatment of the liquid trade waste in our sewerage infrastructure.

Our *Trade Waste Policy* outlines our commitment to the efficient and effective management of liquid trade waste and sets out how we levy trade waste charges. The *Trade Waste Policy* includes a number of principles that guide our management of trade waste. A copy of the *Trade Waste Policy* is included in Appendix 4 and can also be found on our website.

4.4.1 Customer categories

We determine a trade waste category for customers by applying a risk-score that takes into account four key elements: business activity; substance of concern; pre-treatment requirements; and trade waste volume. The risk score provides an indication of the expected demand placed on the sewerage system by the trade waste discharged by the customer.

For the PSP4 period, we have reviewed the customer categories and made some changes to refine our approach and address the largest sources of customer complaints. A key change is the establishment of a new Category 0 for customers that discharge equivalent or less to a standard residential dwelling. The customer categories for the PSP4 period are:

- **Category 0 Trade Waste customer** means a customer with appropriate pre-treatment in place that is discharging trade waste of very low volume or strength, equivalent to or less than that of a standard residential dwelling
- **Category 1 Trade Waste customer** means a customer discharging low volume and low impact Trade Waste which is minimal risk to the Sewerage Infrastructure and can be managed through cleaner production methods.
- **Category 2 Trade Waste customer** means a customer discharging low to medium volume and low impact Trade Waste which requires physical pre-treatment at the

source to make it acceptable for discharge to TasWater's sewerage infrastructure. This category includes subcategories 2A, 2B and 2C.

- **Category 3 Trade Waste customer** means a customer discharging trade waste which through volume, composition or quality, individually or combined, poses a medium risk to the operation of TasWater's sewerage infrastructure.
- **Category 4 Trade Waste customer** means a customer discharging trade waste which through volume, composition or quality, individually or combined, poses a high risk to the operation of TasWater's sewerage infrastructure.

The *Trade Waste Policy* also provides for tankered waste that is accepted at our discretion directly at designated receiving facilities.

Prices for trade waste services may be regulated or unregulated, depending on customer categories. Prices for commercial customers in Categories 0, 1 and 2 are fully regulated. Categories 3 and 4 are industrial customers and have unregulated pricing.

In addition to the *Trade Waste Policy*, our Trade Waste Customer Category Guideline provides further detail on the categorisation of trade waste customers and is available on our website.

4.4.2 Other minor changes

In addition to the changes outlined above, the application of the catchment management fee has also been expanded for low risk customers (Category 2) to include circumstances where the installation costs are significantly more expensive than for other comparable properties. This alternate charge, to be applied at our discretion, would be in lieu of the installation of pre-treatment, with the funds received by us to be allocated to additional network management, such as fat and grease removal.

The clarity of the *Trade Waste Policy* has been improved with the following changes:

- Removal of words that are redundant, for example stating that TasWater manages industrial and commercial trade waste
- Removal of details regarding the criteria applied to TasWater systems, procedures and agreements, as these are core regulatory requirements and do not need to be restated
- Additional information, in response to customer requests, regarding the promotion of trade waste minimisation and cleaner production
- Removal of the reference to policy certainty, as the policy itself provides this certainty
- Inclusion of the tankered trade waste section as a trade waste customer category rather than a separate section
- Removal of the responsibility for charges section, as customers will have either signed a Trade Waste Consent or have a separate Trade Waste Agreement, making this section redundant
- Removal of details of what would normally be specified in Section 61[5] agreements for Category 3 and Category 4 trade waste customers, as this text is redundant
- Linking definitions to appropriate legislation, for example the fixed sewerage charge.

[5] A contract between TasWater and a customer(s) in accordance with Section 61 of the *Water and Sewerage Industry Act 2008*, relating to regulated services; but to which pricing and terms of the Price Determination do not apply.

4.4.3 Fees and charges

The following fees and charges apply for each category of trade waste customer:

- **Category 0** – We will levy application fees and sewerage charges. We will not levy trade waste charges on Category 0 trade waste customers that have appropriate pre-treatment in place.
- **Category 1 and 2** – We will levy application fees and trade waste charges and may, if applicable, levy a catchment management fee or non-compliance charge.
- **Category 3 and 4 –** These customers must enter into a contract with us under Section 61 of the Act. We will levy application fees, volumetric charges and mass load charges, and may (if applicable) levy a non-compliance charge. We may negotiate tailored agreements (including fees and charges) with each customer that reflect the implementation of appropriate trade waste risk controls.
- **Tankered trade waste** – We will levy charges composed of management, volumetric, mass load and may levy non-compliance charges.

The relevant fees and charges for trade waste customers are outlined in Section 8.9.1.

5 Expenditure requirements

To deliver the outcomes and service standards we are targeting over the PSP4 period, we will need to continue to invest in upgrading and renewing our assets and infrastructure (capital expenditure). We will also incur costs relating to operating and maintaining our water and sewerage systems, including associated administrative costs (operating expenditure). This section provides an overview of our capital and operating expenditure requirements for the PSP4 period.

5.1 Capital expenditure

Our capital expenditure program is designed to improve services for customers by prioritising the renewal of ageing infrastructure and closing key compliance gaps. In 2018, we committed to deliver a 'best endeavours' target of $1.8 billion in capital expenditure over a 10-year period to FY2025-26. This commitment has been included in our Shareholders' Letter of Expectations.

In its final report of 10 May 2022, the TER allowed a total capital expenditure allowance of $861.9 million for the PSP4 period in the calculation of the notional revenue used to set maximum prices (refer to Chapter 7). This allowance does not impose a limit on our capital expenditure. Therefore consistent with our draft Corporate Plan FY2023-27[6], we are targeting to deliver total capital expenditure of $901.3 million[9] over the PSP4 period, $39.4 million or 4.6 per cent more than the allowance provided by the TER. The capital expenditure estimates outlined in this section is based on this higher targeted level of spend.

Table 5.1: PSP4 capex: TER allowance and TasWater proposed spend ($'000)

Capital Expenditure – PSP4 period	FY2022–23	FY2023–24	FY2024–25	FY2025–26	Total
TER capital expenditure allowance	214,700	221,600	215,700	209,900	861,900
TasWater forecast capital expenditure	224,342	231,700	225,400	219,900	901,342

As noted by the TER in its final report, provided that the expenditure above the allowance is found during the next price determination investigation be prudent and efficient, it will be included in the relevant Regulated Asset Base (RAB) roll forward and we will receive a return on that expenditure and a depreciation allowance on the assets. We will continue to provide a half yearly capital expenditure report to the TER on the progress of our capital program during the PSP4 period. In

[6] Our Corporate Plan FY2023-2027 is expected to be approved by TasWater's owners on 30 June 2022

[9] All figures quoted in this capital expenditure section are exclusive of external funding contributions

addition, we will provide a half yearly report on the progress in implementing improvements to our asset management systems as identified during the course of the investigation (see decisions 5 and 6 on page 28 of the Regulator's Final Report).

Major projects to be progressed within the PSP4 period include:

- The completion of the Bryn Estyn WTP upgrade
- The completion of the Tamar Estuary River Health Action Plan (TERHAP) projects
- The completion of the Macquarie Point STP relocation
- The commencement of the Launceston Sewer Improvement Program (LSIP)
- The commencement of the Hobart Sewerage Improvement Plan (HSIP) and
- The commencement of the North-West Water Supply Upgrade.

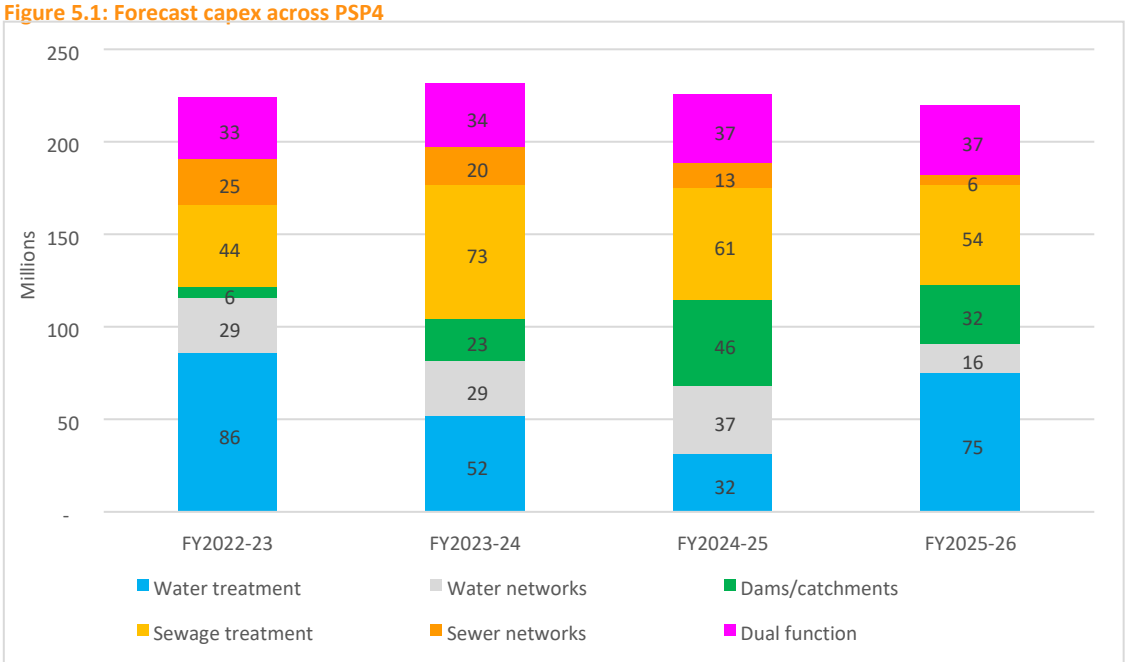
The Capital Delivery Office (CDO), which was established during PSP3, will be integral to the successful delivery of this significant infrastructure program. The CDO will deliver the larger more complex capital projects, while we will continue to manage the smaller, less-complex projects which do not require the same level of expertise or governance. Projects delivered by the CDO have boosted local employment with about 93 per cent of all contracts since its commencement allocated to Tasmanian-based businesses.

5.1.1 Capital expenditure – by function

In the first half of the PSP4 period, the majority of our capital expenditure will be directed towards water treatment assets, including the completion of the Bryn Estyn WTP upgrade and the NorthWest Water Supply Upgrade.

From FY2024-25, the balance of our capital investment will start to shift towards sewer treatment assets with the commencement of the LSIP. Expenditure on dams decreases towards the end of PSP4 as all dams become fully compliant, whilst expenditure on dual function assets such as fleet, facilities, electrical and business systems will maintain relatively steady across the four-year period.

Figure 5.1: Forecast capex across PSP4



5.1.2 Capital expenditure – by cost driver

As was the case over the PSP3 period, the majority of our capital expenditure in the PSP4 period will be directed towards compliance projects to ensure we continue to meet our regulatory obligations.

Table 5.2: PSP4 capex by cost driver ($'000s)

Cost Driver	Definition	FY2022–23	FY2023–24	FY2024–25	FY2025–26	Total
Compliance	Meeting regulatory obligations	131,867	98,790	106,141	149,850	486,648
Renewal	Improving service levels and reliability to meet customer preferences	42,923	47,477	45,407	47,106	182,913
Growth	Increasing the capacity of assets, or construction of new assets, to meet growth in demand or to provide additional security of supply	23,787	37,444	32,986	7,184	101,401
Improvement	Replacing existing assets and generally maintaining service standards	17,369	39,593	32,470	7,364	96,796
Program management	Overheads relating to management of the capital program	8,396	8,396	8,396	8,396	33,584
Total		**224,342**	**231,700**	**225,400**	**219,900**	**901,342**

However, it is important to note that the majority of projects and programs we will deliver during this time have secondary drivers. For example, when the construction of a new treatment plant is completed, whether water or sewage, it may increase the current treatment capacity in keeping with projected growth. It may also potentially remove a backlog of assets due for renewal.

5.1.3 Capital expenditure – major items

The tables below show the top capital expenditure items during the PSP4 period for water supply, sewerage services and dual function assets.

Table 5.3: Top 10 capital expenditure items: water supply and dam safety ($'000)

ID	Activity Stream	Project/ Program	Description	FY2022-23	FY2023-24	FY2024-25	FY2025-26	PSP4 Total
1	DWQ	Project	North-West Water Supply Upgrade	509	311	5,270	70,140	76,230
2	DWQ	Project	Regional Towns Water Supply Program Stage 4	2,836	33,505	22,166	479	58,986
3	DWQ	Project	Bryn Estyn major upgrade/replacement	53,554	1,038	405	1,918	56,915
4	Dams	Project	Ridgeway dam upgrade	1,246	1,759	24,217	24,368	51,590
5	Water networks	Project	Bridport water surety	633	5,185	19,763	1,900	27,481
6	Water networks	Program	Metering program	6,534	6,394	6,822	6,812	26,562
7	Dams	Project	Pet Dam – safety upgrade	1,113	9,311	5,958	0	16,382
8	DWQ	Project	UV Program Stage 2A	9,498	2,527	0	0	12,025

ID	Activity Stream	Project/ Program	Description	FY2022-23	FY2023-24	FY2024-25	FY2025-26	PSP4 Total
9	Water networks	Program	Water main renewal program	2,346	2,570	2,667	3,969	11,552
10	DWQ	Project	UV Program Stage 2B	11,101	0	0	0	11,101

Table 5.4: Top 10 capital expenditure items: sewerage services ($'000)

ID	Activity Stream	Project/ Program	Description	FY2022-23	FY2023-24	FY2024-25	FY2025-26	PSP4 Total
1	STPs	Project	Macquarie Point STP relocation	3,000	12,000	36,000	9,000	60,000
2	STPs	Project	Tamar Estuary River Health Action Plan	4,710	17,271	9,421	0	31,402
3	STPs	Project	Launceston Sewer Improvement Plan	1,231	1,548	3,289	24,338	30,406
4	STPs	Project	Wynyard STP upgrades	294	174	2,152	15,732	18,352
5	Sewer networks	Project	Davis St, Smithton Sewage Pump Station (SPS) upgrade	7,781	7,027	0	0	14,808
6	STPs	Project	Ulverstone STP upgrade	5,023	5,872	0	0	10,895
7	Sewer networks	Project	Stubbs Point SPS upgrade	120	5,234	4,128	0	9,482
8	STPs	Project	Scottsdale STP optimisation	287	6,137	2,810	0	9,234
9	STPs	Project	Geeveston STP outfall	6,130	2,876	0	0	9,006
10	Sewer networks	Program	Sewer main renewals	2,166	2,163	2,036	2,123	8,488

Table 5.5: Top 5 capital expenditure items: dual function assets ($'000)

ID	Activity Stream	Project/ Program	Description	FY2022-23	FY2023-24	FY2024-25	FY2025-26	PSP4 Total
1	Dual function	Program	End of life renewal program	9,775	8,718	8,591	8,108	35,192
2	Dual function	Program	Supervisory Control and Data Acquisition (SCADA) program	2,743	5,553	7,000	7,702	22,998
3	Dual function	Program	Fleet	3,539	3,494	3,038	3,300	13,371
4	Dual function	Program	Information Technology	3,102	2,931	3,273	3,173	12,479
5	Dual function	Program	Minor projects program	1,552	1,458	1,947	1,940	6,897

5.2 Operating expenditure

In the TER's final determination of 10 May 2022, we have been provided with a total allowance for operating expenditure of $862.7M over the PSP4 period to invest in our regulated services. This

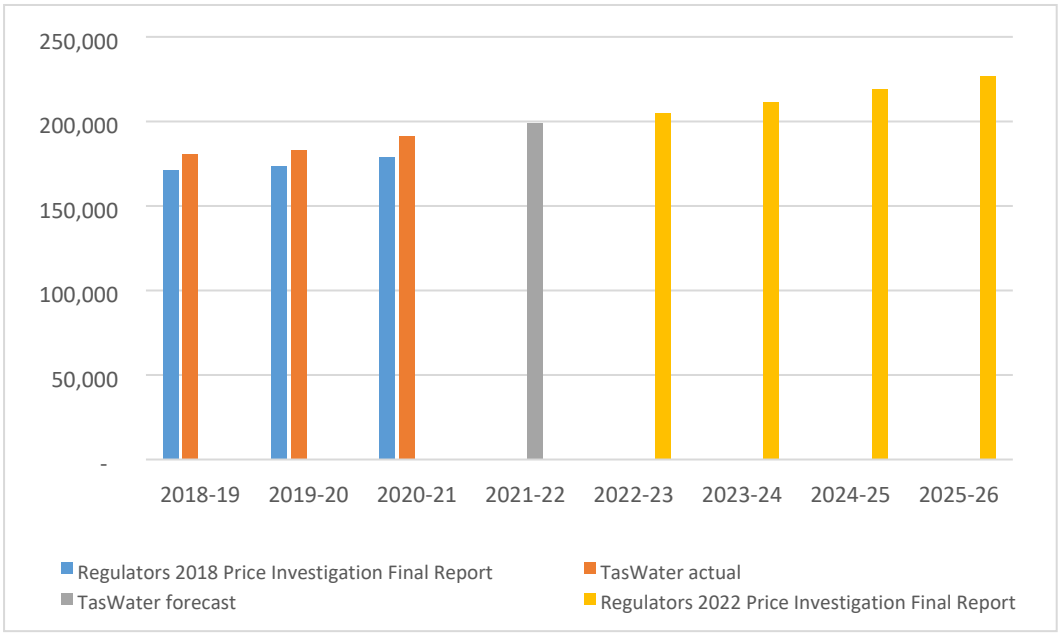
includes maintaining the delivery of clean and safe drinking water, improve environmental and compliance outcomes, adequately resource the acceleration of the capital program and deliver improved outcomes to customers.

This will include targeted investment in improving systems, processes and tools as well as the adoption of new digital technologies where appropriate to support delivery of objectives in an efficient and agile way. It will also include an annual allocation for initiatives that are necessary to deliver the broader strategic objectives outlined in the LTSP 2021-2030, the draft Corporate Plan FY2023-2027 and our primary and enabling strategies.

5.2.1 Comparison to PSP3

In the PSP3 period, our actual operating expenditure was higher than the allowance approved by the TER by between 5.0 and 6.0 per cent in nominal terms over the PSP3 period. This was primarily due to additional expenditure relating to new service connections, insurance, information systems and facility management. It is important to note this additional expenditure was absorbed by TasWater and not passed on to customers through increased prices. The chart below compares our regulated operating expenditure for the third and fourth regulatory periods.

Figure 5.2: Operating expenditure comparison ($'000)



As FY2021-22 was not originally part of the third regulatory period, the TER did not determine an allowance for that year.

5.2.2 Total regulated operating expenditure

Our total regulated operating expenditure for the PSP4 period is shown in the table below.

Table 5.6: Total regulated operating expenditure ($'000s)

Opex Category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Salaries	95,673	99,029	101,842	105,127
Materials and services	32,402	32,729	34,163	34,879
Chemicals	9,515	10,476	11,189	11,786
Electricity	15,349	16,393	17,184	17,918
Royalties	2,869	2,964	3,062	3,163
Facility management	9,209	9,411	9,618	9,829
Information systems	8,148	8,331	8,518	8,710
Administration other	4,126	4,216	4,309	4,404

Opex Category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Motor vehicle	3,108	3,176	3,246	3,317
Water sampling	2,692	2,751	2,811	2,873
Consultancy	7,350	7,511	7,975	7,844
Regulatory costs	2,648	2,736	2,827	4,121
Customer collection	2,737	2,797	2,858	2,921
Insurance	3,083	3,325	3,578	3,841
Governance	1,188	1,214	1,241	1,268
Community relations	184	188	192	196
Strategic investment	4,773	4,421	4,518	4,617
Total regulated expenditure	**205,054**	**211,669**	**219,132**	**226,815**

5.2.3 Methodology

To determine our operating expenditure for regulated services for the PSP4 period, our audited actual operating expenditure for FY2020-21 was used as a starting point and then adjusted for one-off expenditure. We then apportioned our operating expenditure between regulated and unregulated services by determining the percentage of our unregulated revenue to total revenue.

This percentage (approximately 3.6 per cent) was used to estimate our regulated operating expenditure for most categories. Some categories, such as power and chemicals, had specific percentages applied.

This baseline for our regulated operating expenditure was then forecast over the PSP4 period to take into account various factors such as:

- Escalation rates on input costs
- The cost impacts of growth
- Incremental increases in costs and
- Productivity/efficiency savings.

The movements in establishing the approved operating expenditure are explained in more detail below by each discrete category.

5.2.4 Escalation rates

Escalation rates are intended to reflect forecast changes in our expenditure across the PSP4 period from underlying changes in costs. For the PSP4 period, the forecast consumer price index (CPI) has been applied to all cost categories except for salaries and insurance. The forecast price index of 3.31 per cent has been determined using the geometric average of the forecast inflation rate to June 2023 and June 2024 in the RBA's *Statement on Monetary Policy* (May 2022).

The escalation rate for insurance and salaries has been determined by referencing other sources such as the Australian Prudential Regulatory Authority and TasWater's Enterprise Agreements.

5.2.5 Growth rate

The growth rate is intended to reflect the likely forecast cost changes, both increases and decreases to controllable cost categories from increases in customer growth. A growth factor has not been applied to uncontrollable cost categories (royalties and regulatory costs), as these costs are not expected to increase based on changes in customer growth. For the purposes of forecasting increases in costs, a growth rate factor of 0.43 per cent across the PSP4 period has been applied, representing 50 per cent of the forecast annual growth for all size water connections.

5.2.6 Incremental increases in costs

The table below presents annual movements over the PSP4 period from the FY2020-21 actuals.

Table 5.7: Annual movements in incremental costs ($'000s)

Opex category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Salaries	3,444	52	-295	22
Materials & services	-6,727	-642	110	-500
Consultancy	-		248	-248
Regulatory costs	-	-	-	963
Strategic investment	395	-395		
Total	**-2,888**	**-985**	**63**	**237**

The movements are explained below.

5.2.6.1 Salaries

We have undertaken a strategic workforce planning process to inform our resourcing requirements over the PSP4 period and beyond. This is a formalised process for systematic identification and analysis of what an organisation requires in terms of the size, type, and quality of workforce to achieve its objectives. It determines the mix of experience, knowledge and skills that is required and sequences the steps to get the right number of the right people in the right place at the right time.

The key external factors that have been identified as potentially impacting us during PSP4 are:

- Pandemic – This will shift the way people work with more decentralised work patterns and greater reliance on digital skills but will not necessarily alter the size or composition of the workforce.
- Cost of Living – The pandemic-induced recession will place greater emphasis on economic hardship for customers. It will also impact on the retirement plans of employees as superannuation balances will be impacted and cause some employees to work longer. This has been factored into TasWater's forecasts, with lower numbers of separations and an offsetting reduction in the number of trainees employed.
- Empowered customers – Customers will expect greater service, flexible and digital access to services, and more control. This will result in greater demand for technology solutions and increased access to data. Customers will become more attuned to environmental impacts and have higher expectations in regard to a range of issues related to goods and services, including environmental impact, safety, labour standards, data security and other privacy. The key workforce impacts are expected to occur in the digital area with some reductions in customer-facing roles.
- Population growth – Tasmania is likely to see modest population growth as net migration into the state increases, predominantly from mainland Australia, driven by climate change and pandemic concerns.
- Artificial intelligence and robotics – There will be a greater use of remote sensing and monitoring devices which will have a positive impact on the monitoring of asset performance and better reliability. Machine learning will drive automation of low-level manual processes and data analytics.

At the end of FY2020-21, there were 895 full-time equivalents (FTE), increasing by a net 12 FTEs (1.0 per cent) by the end of FY2025-26. The table below outlines the FTE levels and the net change in salary costs over the PSP4 period.

Table 5.8: FTE levels: FY2022-23 to FY2025–26

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Forecast FTE levels (as at 30 June)	929.0	928.0	924.0	907.0
Total change ($'000)	3,444	3,496	3,201	3,223
Movement each year ($'000)	**3,444**	**52**	**-295**	**22**

5.2.6.2 Materials and services

The table below shows the forecast movement in materials and services costs across the PSP4 period. The main drivers for changes from FY2020-21 actuals includes connection costs, the Regional Towns Water Supply Program and contractor costs.

Table 5.9: Changes in material and service costs ($'000s)

Parameter	FY2022– 23	FY2023– 24	FY2024– 25	FY2025– 26
Total change	-6,727	-7,369	-7,259	-7,759
Movement each year	**-6,727**	**-642**	**110**	**-500**

5.2.6.3 Consultancy

We used external consulting expertise to support our PSP4 proposal and a provision has been made in FY2024-25 for external support to develop our PSP5 submission.

5.2.6.4 Regulatory Costs

Regulatory costs have been higher in FY2021-22 as a result of the PSP4 investigation. The PSP5 investigation is scheduled for FY2025-26 at an estimated total cost of $1.0 million.

5.2.6.5 Strategic investment

This category reflects the targeted investments made by TasWater to deliver its strategic objectives, over and above what is required for business-as-usual activities. Over the period of PSP4, the major focus areas for strategic initiative funding are expected to include initiatives that:

- Improve customer outcomes and customer satisfaction
- Deliver productivity savings through the Productivity Improvement Program
- Adopt new digital technologies, where appropriate, to support an efficient and agile delivery of services to customers
- Contribute to the acceleration of the Capital Works Program (CWP)
- Improve water security in Tasmania and improve resilience to the changing climate
- Reduce water losses in our networks through our non-revenue water reduction strategy
- Quantify and begin to reduce TasWater's impact on the environment
- Address any short-term risks to meeting regulatory requirements or achieving compliance outcomes.

To ensure this funding allocation provides value for money to customers, it will be subject to a rigorous prioritisation process each year.

5.2.7 Productivity factor

In determining our total regulated operating expenditure for the PSP4 period, the TER has applied a productivity factor of 1.5 per cent each year on our controllable operating expenditure. This equates to a reduction in operating expenditure in each year of the PSP4 period as shown below.

Table 5.10: Productivity factor ($'000)

Parameter	FY2022– 23	FY2023– 24	FY2024– 25	FY2025– 26
Productivity factor	-2,993	-3,090	-3,199	-3,293

5.2.8 Operating expenditure arising from capital expenditure

As new capital projects are commissioned, there is often a change in our operating expenditure. The introduction of new assets often results in an increase in costs to operate and maintain the new equipment, especially where increased levels of compliance or a reduction in risk is the driver of the capital investment.

Consistent with the TER's final determination to reduce our capital expenditure allowance by five per cent in each year of PSP4, the operating expenditure arising from capital expenditure has also reduced by this percentage. This is shown in the table below.

Table 5.11: Operating expenditure changes resulting from forecast capex ($'000s)

Category	FY2022– 23	FY2023– 24	FY2024– 25	FY2025– 26
Infrastructure investments	2,518	4,129	5,408	6,472
Information technology investments	347	347	347	347
Total increase	**2,865**	**4,476**	**5,755**	**6,819**
Movement each year	**2,865**	**1,611**	**1,279**	**1,064**

6 Demand Forecast

Demand forecasts are an important planning tool for TasWater and a key variable in determining our revenue requirement and prices for the PSP4 period. In particular, these forecasts are used to plan the timing and size of infrastructure upgrades, forecast operating expenditure requirements and calculate unit prices for water and sewerage services.

6.1 Approach for PSP4 period

For the PSP4 period, our approach to demand forecasting has been enhanced through improvements to data and a maturing Asset Management System. This has enabled us to develop a more detailed and accurate forecast which has been leveraged to improve our overall planning.

Our demand forecasting method produces an individual growth rate for each year of PSP4 based on a number of assumptions relating to growth trends, typical customer demands and relevant external influences. Growth rates applied to the customer data are sourced from our Growth and Capacity Plans and averaged across the water systems and sewerage systems in each local government area.

The growth rate for each water and sewerage system GCP is calculated through referencing several sources of data. The primary resources used in determining the GCP growth rates include:

- Estimated Tasmanian population growth rate census data from the Australian Bureau of Statistics (ABS)
- Estimated growth rate data from the Tasmanian Department of Treasury and Finance, including population growth projections by Local Government Area (LGA)
- Regional Land Use Strategy growth projection data through the Tasmanian Government's Planning Policy Unit
- our own connection data over the past five years to validate the above projections.

6.1.1 Water customer connections

The demand forecast for water customer connections is based on the FY2019–20 water connections for each water system and then applying an average growth rate for the systems in the LGAs to the total water customers in the LGA.

For residential customers, the number of water connections directly correlates to the number of dwellings within our serviced land. The calculated growth rate for each LGA is then applied directly to actual FY2019–20 customer data to forecast future demand. For commercial (non-residential) customers, historical growth has generally been proportional to residential activity. Accordingly, the growth rate for each LGA has also been applied to commercial customers.

Limited service customers include customers where we are not able to meet either drinking water quality or pressure standards. Growth in these customers is forecast to remain flat over the PSP4 period. Unconnected properties within serviced land are also expected to grow in proportion to the residential and commercial connections.

It is noted that the Tasmanian Government is pursuing the development of a hydrogen production industry in Tasmania. Should hydrogen production proceed during the PSP4 period, it can be expected to require significant amounts of raw and possibly treated water for production. To date there is insufficient information to enable TasWater to determine the extent such production facilities might require services from us. We have assumed that any services required from us will be fully funded by the proponents and therefore have no material impact on our regulated income and costs.

6.1.2 Fire service connections

The number of fire service connections are projected to grow in line with the commercial (and residential) customer growth rate.

In addition, due to the trend in the discovery rate of uncharged fire services from customer installation data reviews over recent financial periods, and the plan to continue the reviews, the forecast over PSP4 includes a level of discovered fire service connections.

The rate of discovery of uncharged fire services is forecast to decline at 10 per cent per annum over the PSP4 period, as there are fewer uncharged fire services remaining with each one identified.

6.1.3 Water use

Water use is forecast to return to pre-COVID-19 levels (on an equivalent 20mm connection level) in FY2022–23 after the predicted progressive reopening of borders to overseas visitors and increased travel from interstate. The forecast from FY2022–23 is for growth marginally lower than the residential and commercial customer connection growth rate, reflecting the trend of declining water use per connection established over the past four years.

6.1.4 Sewerage Equivalent Tenements

The demand forecast for sewerage customer connections is based on the FY2019–20 sewerage connections for each sewerage system and then applying an average growth rate for the systems in the LGAs to the total sewerage customers in the LGA.

For residential customers, the number of sewerage connections directly correlates to the number of dwellings within our serviced land. The calculated growth rate for each LGA is then applied directly to actual FY2019–20 customer data to forecast future demand. For commercial (non-residential) customers, historical growth has generally been proportional to residential activity. Accordingly, the growth rate for each LGA has also been applied to commercial customers.

Unconnected properties within serviced land are also expected to grow in proportion to the residential and commercial connection rate and, therefore, the growth rate for each LGA has been applied to unconnected properties.

The growth in the number of industrial customers, the largest of our individual users, has not historically followed residential and commercial customer growth trends. The data available is considered insufficient to project changes in industrial activities and, therefore, a growth rate of zero per cent has been used for this customer segment.

6.1.5 Trade waste customers

Trade waste customers in categories 0, 1, 2A, 2B and 2C have been forecast to grow in line with forecast growth in residential and commercial customers.

6.1.6 Miscellaneous services

Miscellaneous transactions have been forecast to grow in line with forecast growth in equivalent 20mm water connections.

6.2 Forecast demand over PSP4 period

Based on the approach outlined above, the table below summarises the forecast number and growth rate for our major regulated services during the PSP4 period.

Table 6.1: PSP4 growth forecast for regulated services

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Water connections and usage				
Equivalent 20mm water connections (number)	262,074	264,258	266,466	268,699
Equivalent 20mm standard connections (% increase)	0.83	0.83	0.84	0.84
Equivalent 20mm fire service connections (number)	41,456	43,660	45,698	47,588
Equivalent 20mm fire service connections (% increase)	6.12	5.32	4.67	4.13
Water use (ML)	64,051	64,352	64,656	64,963

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Water use (% increase)	4.85	0.47	0.47	0.48
Sewerage services				
Sewerage Equivalent Tenements (number)	253,256	256,041	258,858	261,707
Sewerage Equivalent Tenements (% increase)	-0.71	1.10	1.10	1.10
Trade waste customers (number)	3,807	3,849	3,892	3,935
Trade waste customers (% increase)	1.12	1.10	1.12	1.10
Miscellaneous Services				
Miscellaneous services transactions (number)	40,655	40,993	41,336	41,682
Miscellaneous services transactions (% increase)	17.16[7]	0.83	0.84	0.84

[7] The increase in miscellaneous services is due to the introduction of a number of services as specified in Table 8.11

7 Regulated revenue requirement

The maximum prices we can charge for regulated services is determined using a notional revenue referred to as the Notional Allowable Revenue (NAR). The NAR is determined using the 'building block' approach, which is considered best-practice economic regulation. The building blocks include our operating expenditure, regulatory depreciation, tax allowance, inflation factor, and a return on capital.

The table below shows the NAR that the TER approved for setting maximum prices for the PSP4 period. Each of the NAR cost components are discussed in further detail below. Based on the NARs in the following table an annual increase of 3.71 per cent is required to recover the aggregate of the annual NARs over the PSP4 period and this percentage is used in setting the maximum prices in the TER's final determination published on 10 May 2022.

We will apply a lower uniform price increase of 3.5 per cent which will result in lower prices than the maximum prices approved by the TER.

Table 7.1: Notional Allowable Revenue ($'000s)

Component	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Return on capital – existing	89,734	90,653	91,399	92,121
Return on capital – new	82,419	91,220	100,712	110,565
Depreciation	104,208	108,836	115,765	126,998
Inflation factor	-126,702	-133,297	-139,337	-146,494
Operating expenditure	205,054	211,669	219,132	226,815
Tax allowance*	-	-	-	-
Total	**354,713**	**369,082**	**387,670**	**410,005**

Refer to section 7.6

7.1 Regulated Asset Base

The RAB represents the asset value that a business can earn a return on (return on capital), and the value that is returned to the business over the economic life of the assets as regulatory depreciation (return of capital). TasWater is required to establish, maintain and roll forward two separate RABs:

- $RAB_{EXISTING}$ – assets transferred to the previous regulated entities before 1 July 2011
- RAB_{NEW} – "new" assets purchased or constructed by the previous regulated entities and the current regulated entity after 1 July 2009.

The RAB for existing assets will therefore gradually decline over time due to regulatory depreciation and disposals reducing the value of those assets, while the RAB for new assets will increase with expenditure on capital projects. Each RAB is split between water and sewerage assets.

The opening RAB value in each financial year is equal to the closing balance from the previous financial year. The RAB roll-forward requires the calculation of the RAB on 1 July 2022. This is calculated by using the:

- Closing RAB from the second year of PSP3 (actual values at 30 June 2020)
- **Plus** forecast capex
- **Minus** forecast contributions
- **Minus** forecast regulatory depreciation
- **Minus** forecast asset disposals
- **Plus** forecast inflationary change.

During PSP4, the forecast RAB is rolled forward in the same way. The roll-forward of the total RAB for the PSP4 period is shown in the table below.

Table 7.2: Forecast RAB roll forward ($'000s)

	FY2018-19 PSP3	FY2019-20 PSP3	FY2020-21 PSP3	FY2021-22 PSP3-Ext	FY2022-23 PSP4	FY2023-24 PSP4	FY2024-25 PSP4	FY2025-26 PSP4
Opening RAB	3,182,625	3,288,498	3,323,113	3,516,205	3,826,597	4,025,763	4,208,196	4,424,357
Capex	129,386	128,800	174,924	229,843	274,249	287,762	215,435	212,926
Sales	5,098	6,158	6,843	547	63	2,905	11,519	3,350
Depreciation – existing	45,749	44,409	44,976	46,580	53,491	52,192	52,995	54,744
Depreciation – new	23,180	33,611	44,150	47,826	50,717	56,644	62,770	72,254
Contributions	408	142	12,142	17,890	97,513	126,885	11,328	34,170
Inflation adjustment	50,922	(9,865)	126,278	193,391	126,702	133,297	139,337	146,494
Inflation	1.60%	-0.30%	3.80%	5.50%	3.31%	3.31%	3.31%	3.31%
Closing RAB	3,288,498	3,323,113	3,516,205	3,826,597	4,025,763	4,208,196	4,424,357	4,619,259

7.2 Return on capital

7.2.1 Weighted average cost of capital

The return on capital provides us with a return on the capital we invest to build, renew and upgrade our assets. It is determined by calculating a Weighted Average Cost of Capital (WACC) which takes into account the assumed cost of equity and cost of debt and the risk profile associated with our operations. Separate WACCs are determined for new and existing assets.

The table below shows the parameters that have been approved by the TER to derive our respective WACCs for new and existing assets.

Table 7.3: Weighted Average Cost of Capital – existing and new assets

WACC component	Value
Gearing	60%
Risk free rate (equity)	2.83%
Cost of debt	4.24%
Debt issuance costs	0.08%
Total cost of debt (pre-tax)	4.32%
Market risk premium	6.00%
Equity beta	0.65
Statutory return on equity (existing)	3.00%
Cost of equity (new)	6.73%
WACC existing	**3.79%**
WACC new	**5.28%**

7.2.2 Calculation of return on capital

The relevant WACC is multiplied by an average of the opening and closing RAB value in each year of the regulatory period. This calculation is used to determine the return on capital to be recovered during the PSP4 period as shown in the tables below.

Table 7.4: Return on capital – existing assets ($'000s)

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
RAB (average)	2,366,394	2,390,627	2,410,302	2,429,358
WACC existing	3.79%	3.79%	3.79%	3.79%
Return on capital (existing assets)	**89,734**	**90,653**	**91,399**	**92,121**

Table 7.5: Return on capital – new assets ($'000s)

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
RAB (average)	1,559,786	1,726,352	1,905,974	2,092,450
WACC new	**5.28%**	**5.28%**	**5.28%**	**5.28%**
Return on capital (new assets)	**82,419**	**91,220**	**100,712**	**110,565**

7.3 Depreciation

The allowance for regulatory depreciation represents the recovery of capital invested by TasWater in its regulated assets. TasWater's proposed regulatory depreciation for the PSP4 period was calculated in accordance with the TER's PSP4 guideline as follows:

- For existing assets – based on a straight-line method using a weighted average value of TasWater's existing assets over each financial year period
- For new assets – based on a line-by-line approach as determined in TasWater's regulatory asset register.

For projects that began on or after 1 July 2018, depreciation expense will not begin until the project is completed and the asset is commissioned for use. However, for projects that began before 1 July 2018, depreciation expense is recognised as capex when expended.

Table 7.6: Regulatory depreciation ($'000s)

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Depreciation – existing	53,491	52,192	52,995	54,744
Depreciation – new	50,717	56,644	62,770	72,254
Total depreciation	**104,208**	**108,836**	**115,765**	**126,998**

7.4 Inflation adjustment

When rolling forward the past RAB, actual CPI is used, while forecast CPI is used for rolling forward the RAB into the future. Due to the use of a nominal rate of return and indexation of the RAB for inflation the inflationary adjustment in the RAB is deducted from our NAR to eliminate double counting.

Table 7.7: Inflationary gain offset for PSP4

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Opening RAB $'000s	3,826,597	4,025,763	4,208,196	4,424,357
Inflation (%)	3.31%	3.31%	3.31%	3.31%
Inflationary gain $'000	**-126 702**	**-133 297**	**-139 337**	**-146 494**

7.5 Operating expenditure

Under the regulatory framework, we are able to recover the operating expenditure that is considered by the TER to be prudent and efficient. Total operating expenditure for the PSP4 period is shown in the table below and further commentary on this expenditure is provided in Section 5.2.

Table 7.8: Operating expenditure - regulated ($'000s)

	FY2022 –23	FY2023 –24	FY2024 –25	FY2025 –26
Operating expenditure	205,054	211,669	219,132	226,815

7.6 Tax allowance

From 1 January 2019, we were withdrawn from the National Tax Equivalent Regime (NTER) after the passing of the *Water and Sewerage Legislation (Corporate Governance and Pricing) Amendment Act 2018*. As such, we are no longer required to pay income tax.

As part of developing our draft proposal, we engaged MJA to undertake a detailed review to determine the most appropriate way to address this change for the PSP4 period. This review found that because we are not subject to income tax, it is appropriate that the benchmark efficient private business that it is compared to would be one that does not pay income tax. Accordingly, the tax allowance has been set at zero for each year of the PSP4 period.

8 Prices and customer impacts

We recognise that affordability remains a key issue for our customers and that we need to balance the outcomes we can deliver over the PSP4 period with the impact of any price increases.

Whilst the TER has approved a maximum uniform price increase of 3.71 per cent for each year of PSP4, we have instead elected to apply an annual price increase of 3.5 per cent during this time. This is consistent with the commitment we have made to our customers, stakeholders and Owners Representatives to cap price increases at this level until 30 June 2025.

Taken together with price freezes adopted in FY2019-20 and FY2020-21, this means that our prices for the PSP4 period will remain well below full cost recovery. To ensure we can sustainably meet customer expectations and our regulatory obligations over the long term, it will be necessary to put in place a pricing path transition beyond PSP4 that recovers the full cost of providing contemporary water and sewerage services.

We will explore this further over the PSP4 period for consideration as part of PSP5.

8.1 Pricing zones

For the PSP4 period, we will continue to adopt a postage stamp pricing approach whereby customers pay the same prices regardless of where they live in Tasmania, or where their business is located in Tasmania. Postage stamp pricing has been retained for PSP4 as:

- The concept of paying the same price for the same service is viewed by customers as equitable for essential services such as water and sewerage
- Uniform pricing is simple to understand, particularly given the many different prices that applied when services were supplied by Tasmanian councils
- Customers have paid postage stamp prices since 2015 – change would be likely to create customer confusion and administrative burden
- The enhanced efficiency that can result from nodal pricing cannot occur until prices are cost-reflective
- Operating our business as a single network minimises costs for all customers and
- Costing for regions would take time, incur cost, and be uncertain.

8.2 Customer classes

For the PSP4 period, our customer classes for regulated services are:

- Full service (water) customers
- Full service (sewerage) customers

- Limited water quality customers
- Limited water supply customers
- Combined limited water quality and limited water supply customers
- Fire service customers
- Commercial trade waste customers
- STED customers.

8.3 Regulated water prices

8.3.1 Fixed water connection charge – full service

The fixed component of our water price is shown in the table below. All connections greater than 20mm are derived by applying a multiplier to the 20mm connection price. This accounts for the cost of providing extra system capacity needed to supply water to connections of a larger size.

Table 8.1 - Fixed water connection charge per connection size for full service customers ($)

Connection size (mm)	Multiplier	FY2022–23	FY2023–24	FY2024–25	FY2025–26
20	1.00	367.39	380.25	393.56	407.33
25	1.56	573.13	593.19	613.95	635.44
30	2.25	826.63	855.56	885.50	916.50
32	2.56	940.52	973.44	1,007.51	1,042.77
40	4.00	1,469.56	1,520.99	1,574.23	1,629.33
50	6.25	2,296.19	2,376.55	2,459.73	2,545.82
65	10.56	3,879.64	4,015.43	4,155.97	4,301.42
75	14.06	5,165.50	5,346.30	5,533.42	5,727.09
80	16.00	5,878.24	6,083.98	6,296.92	6,517.31
100	25.00	9,184.75	9,506.22	9,838.93	10,183.30
150	56.25	20,665.69	21,388.99	22,137.60	22,912.42
200	100.00	36,739.00	38,024.87	39,355.74	40,733.19
250	156.25	57,404.69	59,413.85	61,493.34	63,645.60

8.3.2 Fixed water connection charge – limited supply

Limited water supply customers do not receive the minimum pressure and flow that is guaranteed to customers under our serviced land definition. These customers pay 90 per cent of the fixed component for full-service customers to reflect the lower pressure and flow service levels.

Table 8.2: Fixed water connection charge per connection size for limited supply customers ($)

Connection size (mm)	Multiplier	FY2022–23	FY2023–24	FY2024–25	FY2025–26
20	1.00	330.65	342.22	354.20	366.60

8.3.3 Variable water charge

The variable component of the water price covers the cost to pump and treat water for delivery to customer properties. Limited water quality customers pay 80 per cent of the variable water price to compensate for measures they need to take as result of not receiving our standard water quality, such as boiling water for drinking purposes.

Table 8.3: Variable water charge per kilolitre of water ($)

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Full service (i.e. water of drinking water quality)	1.1376	1.1774	1.2186	1.2612

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Limited water quality	0.9100	0.9418	0.9748	1.0089

8.3.4 Fire service charges

Fire service charges recover the cost of supplying customers with water for fire sprinklers and/or fire hydrants that meet Australian Building Code requirements. They include a mix of fixed and miscellaneous price components. Consistent with PSP3, the fire service charge for the PSP4 period will continue to be set at 25 per cent of the fixed water price for the relevant connection size.

Table 8.4: Water prices – fire service charges ($)

Connection size (mm)	Multiplier	FY2022–23	FY2023–24	FY2024–25	FY2025–26
20	1.00	91.85	95.06	98.39	101.83
25	1.56	143.28	148.29	153.48	158.86
30	2.25	206.65	213.89	221.37	229.12
32	2.56	235.13	243.35	251.87	260.69
40	4.00	367.38	380.24	393.55	407.32
50	6.25	574.04	594.13	614.92	636.44
65	10.56	969.89	1,003.84	1,038.97	1,075.34
75	14.06	1,291.35	1,336.55	1,383.33	1,431.75
80	16.00	1,469.53	1,520.97	1,574.20	1,629.30
100	25.00	2,296.15	2,376.51	2,459.69	2,545.78
150	56.25	5,166.33	5,347.15	5,534.30	5,728.00
200	100.00	9,184.59	9,506.05	9,838.76	10,183.12
250	156.25	14,350.92	14,853.20	15,373.07	15,911.12

8.3.5 Water service charges for unconnected properties within serviced land

A charge is levied on properties that are within water serviced land area but are not connected to the network. If this was not the case, properties currently connected would carry the burden of those not currently connected. This charge represents the fixed 20mm water price and is designed to share more broadly the cost of our infrastructure in areas that may use its services between properties that currently use the infrastructure and those that may do so in the future.

Table 8.5: Water service charges for unconnected properties in serviced land ($)

Parameter	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Unconnected properties in serviced land	367.39	380.25	393.56	407.33

8.4 Regulated sewerage prices

8.4.1 Equivalent tenements: approach

It is not practical or cost-effective to install sewage meters on each property, so we estimate the load and, therefore, the cost to attribute to each property. Utilities around Australia estimate the loads that properties place on their networks in different ways. We use an ET method to calculate sewerage prices. The same method also determines the system capacity needed to provide for new developments and influences how water and sewerage systems are designed.

For sewage purposes, one ET is the estimated load of sewage from an average residential house in dry weather flow conditions. It is a proportion of a water ET, on the basis that a proportion of ‘water in’ will appear as ‘water out’. ET sewage rates for different land uses are calculated as a factor of this load. For example, where the use of a property has the potential to result in sewage flows four times

as much as that of one residential property, it will be assessed as four ETs and will pay four times the sewerage charge of a residential property.

Our ET approach is based on Section 64 of the Determination of Equivalent Tenements Guideline of the NSW Water Directorate. The Guideline is supplemented where there are gaps or to account for Tasmanian conditions. Supplements are the WSAA Sewerage Code of Australia: Part 1 and the TasWater Supplement to the WSAA Gravity Sewerage Code of Australia.

Water ETs are based on actual average water use. An assumed discharge factor is applied to arrive at a sewage ET. For one sewage ET, the assumed areas of water use in a house are set out below:

- Kitchen – 15 per cent
- Laundry – 25 per cent
- Toilet – 30 per cent
- Bathroom – 30 per cent.

The ETs from the Guideline have been adjusted for Tasmanian conditions, to reduce administrative complexity, increase fairness or to respond to customer concerns. Trade waste attracts separate trade waste prices.

ET assessments start at a minimum of one ET, except for unconnected properties within serviced land, which are assessed at 60 per cent of a full ET. Connected properties are charged a minimum of one ET. To calculate the number of ETs, the property type is first determined using combined data sources such as site visits, local knowledge, Google maps, direct customer contact and council data. For residential properties one ET is attributed.

For non-residential properties, the following steps are undertaken:

- Ascertain the ET units: such as number of beds or rooms, number of staff and students, gross building floor area (GBFA) and/or applicable amenities
- Determine unit price, based on property type, as a proportion of one ET
- Apply unit price to the ET number to get a total price.
- As above, 0.6 ET is attributed to properties within serviced land not connected to TasWater's infrastructure.

For the PSP4 period, we have made a number of refinements to improve the fairness and accuracy of our ET approach, including:

- Combining some ET categories to reduce complexity
- Updating ET unit measures to more accurately reflect load on the system
- Refining categories and ET units for customers who also pay trade waste charges.

The detailed summary and accurate current charges will be made available on our website www.taswater.com.au and for ease of use and clarity will include changes since PSP3 and relevant updates to reflect methodology alignment.

8.4.2 Fixed sewerage charges

The fixed sewerage charge per ET for full service, motor home dump points and unconnected properties within serviced land is set out in the table below.

Table 8.7: Fixed sewerage charge: per ET ($)

Category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Full service	705.04	729.71	755.25	781.69
Motor home dump points	705.04	729.71	755.25	781.69
Unconnected properties within serviced land	423.02	437.83	453.15	469.01

8.4.3 STED schemes – sewerage charge

We operate a small number of STED schemes that take liquid waste from customers' septic tanks through the network to a treatment plant. Customers in these areas buy and maintain their own septic tanks and engage a contractor to undertake maintenance, such as desludging. Properties within STED scheme areas are charged at 0.7 on an ET.

Table 8.8: STED scheme sewerage prices ($)

	FY2022–23	FY2023–24	FY2024–25	FY2025–26
STED scheme	493.53	510.80	528.68	547.18

8.5 Customer bill analysis

The table below shows example bills for customers over the PSP4 period with a 3.50 per cent per annum price increase compared to what they paid during PSP3. The impact for various levels of water consumption have been assessed, including the average residential water consumption in FY2019–20 of 178.5kL per annum.

Table 8.9: Impact on customer bills with 3.50 per cent per annum price increase over the PSP4 period ($)

Parameters	FY2021-22	FY2022-23	FY2023-24	FY2024–25	FY2025-26
	PSP3	PSP4	PSP4	PSP4	PSP4
Water consumption	**50kL/annum**				
Water – fixed	354.96	367.39	380.25	393.55	407.33
Water – variable	54.96	56.88	58.87	60.93	63.07
Sewerage	681.20	705.04	729.71	755.25	781.69
Total Bill	1,091.12	1,129.31	1,168.83	1,209.74	1,252.08
Water consumption	**100kL/annum**				
Water – fixed	354.96	367.39	380.25	393.55	407.33
Water – variable	109.92	113.76	117.75	121.87	126.13
Sewerage	681.20	705.04	729.71	755.25	781.69
Total Bill	1,146.08	1,186.19	1,227.71	1,270.68	1,315.15
Water consumption	**178kL/annum**				
Water – fixed	354.96	367.39	380.25	393.55	407.33
Water – variable	195.65	202.50	209.59	216.92	224.52
Sewerage	681.20	705.04	729.71	755.25	781.69
Total Bill	1,231.81	1,274.92	1,319.55	1,365.73	1,413.53
Water consumption	**250kL/annum**				
Water – fixed	354.96	367.39	380.25	393.55	407.33
Water – variable	274.79	284.41	294.36	304.67	315.33
Sewerage	681.20	705.04	729.71	755.25	781.69
Total Bill	1,310.95	1,356.84	1,404.32	1,453.48	1,504.35
Water consumption	**400kL/annum**				
Water – fixed	354.96	367.39	380.25	393.55	407.33
Water – variable	439.67	455.06	470.98	487.47	504.53
Sewerage	681.20	705.04	729.71	755.25	781.69
Total bill	1,475.83	1,527.48	1,580.94	1,636.28	1,693.55

8.6 Transitional prices

Water and sewerage prices used to be set by 29 individual councils and, since our formation, we have been transitioning individual prices towards a single set of target prices. Whilst it was originally

expected that all of our customers would be paying the same price for the same service by 30 June 2020, no progress was able to be made in FY2019–20 and FY2020–21 due to price freezes implemented in these years.

As at 1 July 2022, the final year of the PSP3 period, approximately 3 000 customers were paying less than current standard prices, translating to a revenue shortfall of approximately $1.2 million per annum. The number of customers and the percentage gap between their price and the target price are shown below.

Figure 8.1: Customers transitioning to target price

Prices will be set for these customers to ensure that the transition to target price is complete for all customers by the start of the second year of the PSP4 period (FY2023-24). This will necessitate annual price increases for these customers that are above the 3.5 per cent increase we will apply for the PSP4 period.

We are committed to keeping bills as affordable as possible but understand that even a modest price rise may be difficult for some customers to pay. As with all customers, we will work with customers transitioning to target prices who may have difficulty paying their accounts.

If a customer, as at 30 June 2022, is paying less than their respective fixed water and/or sewerage target tariff, and if the difference between what they are paying and the relevant target tariff in the first year of the PSP4 period is:

- Less than or equal to $50 (multiplied by the applicable connection size multiplier and/or number of ETs), then the customer will move straight to the relevant target tariff in the first year of the PSP4 period
- Greater than $50 (multiplied by the applicable connection size multiplier and/or number of ETs), then the customer's prices for water and sewerage respectively will increase each year by one half of the difference between the relevant target tariff in the second year of the PSP4 period and the price they paid at end of the third year of the PSP4 period.

In addition to the transition approach to target prices described above, customers will move immediately to the target price in the following circumstances:

- Change in the property's predominant use

- Altered connection arrangements due to a successful Development Application (DA)
- Previously unconnected properties connect to water and/or sewerage infrastructure (including new subdivisions)
- Where a customer's property is already connected to water and/or sewerage infrastructure, but is currently not receiving charges (previously un-billed customer)
- Newly discovered connection(s) to existing infrastructure
- Changes to existing connection points (i.e. change of connection size including installation of sub-meters)
- A customer should be receiving a fire service charge
- New trade waste customer (applying for a consent)
- Existing sewerage service customer who should be receiving a trade waste charge (previously unbilled trade waste)
- Adhesions
- Demolition resulting in land becoming vacant
- Change of ownership
- Change from a permanent BWA or public health alert (PHA) to a potable water supply (variable charge)
- Where an account adjustment is made to correct an overcharge of a service and a refund to the owner results and the value of the refund is equal to or more than the annual difference to target price.

At the direction of the TER, three fire service and five trade waste customers who are currently paying below the standard prices will transition straight to the current regulated price as at 1 July 2022 (all are paying more than 90 per cent of the current standard price for that service and are within $100 of the standard price).

8.7 Miscellaneous service prices

In addition to water and sewerage prices, we need to recover the costs of any ad-hoc activities connected to those services. This is done through miscellaneous prices. The miscellaneous prices for PSP4 are set out in the tables below, including a table showing the new prices, followed by a table with key changes.

Table 8.10: PSP4 miscellaneous service prices and revenue ($)

Miscellaneous services	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Water Connections				
Standard 20mm connection	No maximum price determined. TasWater-approved contractor carries out the work at a quoted price.			
Non-standard connection				
Sewerage Connections				
Standard 100mm connection	No maximum price determined. TasWater-approved contractor carries out the work at a quoted price.			
Non-standard connection				
Water Metering Fees				
Special meter reads	64.94	67.21	69.56	72.00
Meter testing - onsite	85.15	88.13	91.21	94.41
Meter testing - offsite	POA	POA	POA	POA
Meter downsizing (40mm to 20mm)	392.65	406.39	420.61	435.34
Meter downsizing (all others)	POA	POA	POA	POA
Sundry Fees				
Right to information request	25 fee units	25 fee units	25 fee units	25 fee units

Miscellaneous services	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Pressure and flow testing - new connection, single point. For multiple test points the additional time (field and administration) will be charged at 'Field inspection and supervision fee' rate	112.46	116.40	120.47	124.69
Pressure and flow testing - existing connection where a no-charge test has been previously provided	172.47	177.42	182.68	188.27
Land Information Certificate (Section 56ZQ) request	25 fee units	25 fee units	25 fee units	25 fee units
Field Inspection and supervision fee – (per hour)	63.28	65.49	67.79	70.16
Consent to register legal document	239.90	248.30	256.99	265.98
Restriction charge	112.65	116.59	120.67	124.90
Account establishment	26.79	27.72	28.69	29.70
Account administration bounced payments (per transaction)	7.61	7.88	8.15	8.44
Development Application				
Minor	226.71	234.64	242.85	251.35
Medium	376.68	389.86	403.51	417.63
Major	723.84	749.17	775.39	802.53
Significant	1,220.97	1,263.70	1,307.93	1,353.71
Complex	POA	POA	POA	POA
Certificate for Certifiable Work (CCW) (including building and plumbing applications)				
Minor	321.74	333.00	344.66	356.72
Medium	417.27	431.88	446.99	462.64
Major	470.01	486.46	503.49	521.11
Significant	593.15	613.91	635.40	657.63
CCW exemption	42.51	44.00	45.54	47.13
Engineering design approval				
Minor	318.76	329.92	341.46	353.41
Medium	702.79	727.38	752.84	779.19
Major	1,520.19	1,573.39	1,628.46	1,685.46
Significant	2,169.22	2,245.14	2,323.72	2,405.05
Complex	POA	POA	POA	POA
Legacy certificate of compliance for applications made before 1 July 2018 application)				
Minor	111.81	115.72	119.77	123.97
Medium	279.52	289.30	299.43	309.91
Major	559.04	578.61	598.86	619.82
Development Miscellaneous fees				
Request for approval to build near infrastructure (Section 56W consent fee)	49.36	51.09	52.87	54.73
Additional Planning Assessment Fee (per hour)	70.20	72.66	75.20	77.83
Other regulated services				
Private filling stations (fixed charge per annum for 20mm, scaled by size)	367.38	380.24	393.55	407.32
Private filling stations (/kL)	1.1376	1.1774	1.2186	1.2612
Public filling stations (/kL)	1.7537	1.8151	1.8786	1.9444
Account key security deposit (one off fee for public filling stations)	53.56	55.44	57.38	59.38
Account keeping fee (per account)	6.58	6.81	7.05	7.30

Miscellaneous services	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Portable metered standpipes (fixed charge per annum for 20mm, scaled by size)	367.38	380.24	393.55	407.32
Portable metered standpipes (/kL)	1.1376	1.1774	1.2186	1.2612

Note All prices are GST exempt, unless specified

Table 8.11: Summary of key changes to miscellaneous prices

Charge	Change	Explanation
Standard connections	Modify	During the PSP3 period, we had seven separate regulated prices for different types of connections works, including disconnections, relocations, meter only installations and a larger size (25mm) water connection. For PSP4, this has been reduced to just two standard connections – a 20mm water connection and 100mm sewerage connection, both of which will be charged on a price-on-application basis. As outlined in 4.2.2.2 the new operating model removes the distinction between standard and non-standard connections. After Taswater approves the connection, the connection will be carried out by a contractor who is on the pre-approved panel of contractors at a price quoted by the contractor. This modification (direct engagement) will enable customers to choose the price and timing suited to their individual connection requirement.
Property information plan	Removed	These plans are no longer provided. Customers can obtain information about TasWater assets and infrastructure from The List (Land Information System Tasmania) free of charge.
Account establishment	Modify	This fee (previously 'account establishment and closure') has been reassessed after internal efficiency improvements relating to account closures and, as a result, time and costs will now only be charged for account establishment.
Consent to register a legal document	Modify	Previously, these were assigned various levels. A reassessment has found that there is very little difference in the time or cost to assess documents affecting assets of greater risk or complexity. Therefore, there will be only one level of charge.
Account administration bounced payments	New	New fee for payments that are declined due to customer factors, such as incorrect card numbers or insufficient funds. The charge is at a flat rate for each time the payment fails.
Pressure and flow testing	Revised and new	New charge for testing with more than one hydrant. Traditionally, TasWater has used one hydrant for these tests, but are increasingly using more where developers request tests at multiple locations on sites – for areas further from treatment plants or at high or low elevation. New 'existing connection' charge when customers require TasWater to test the pressure or flow at a meter that has already been found, by previous testing, to be within the required range of service. The charge is discretionary and authorised under Section 10.3 of TasWater's Customer Service Code.
Filling station prices	Revised	The e-card credit top-up fee is no longer charged, but an account administration fee is charged as well as a rate per kilolitre in addition to TasWater's variable water price. The security deposit fee is reduced to reflect the lower cost of the deposit since PSP3.

8.8 Developer Charges

As outlined in Section 4.3.1, a new developer charges framework will commence from 1 July 2023. The Shared Infrastructure Contribution Charge to be applied under this framework is shown below.

Table 8.12: Shared Infrastructure Contribution Charge – per ET ($)

Charge	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Shared Infrastructure Contribution Charge	–	3,514.00	3,514.00	3,514.00

8.9 Trade waste

8.9.1 Pricing approach

Prices for trade waste services cover the costs of collection, conveyance, treatment and disposal of trade waste or the biosolids it produces. The risk-based pricing is based on the WSAA Australian Sewage Quality Management Guideline 2012, the accepted guideline for managing trade waste discharges into sewerage networks and plant. Customers are required to have a consent to discharge trade waste into the sewerage infrastructure as per Section 56ZI of the WSI Act. Trade waste is required to be of an appropriate volume and quality for acceptance into the sewerage infrastructure. Conditions of acceptance and prices are based on risk.

Prices for trade waste services may be regulated or unregulated, depending on customer categories. Prices for commercial customers in categories 0, 1 and 2 are fully regulated. These customers typically provide services such as hairdressing, restaurant or café meals and beverages, and motor mechanical services. Their waste, while typically greater in volume and intensity than a domestic residence (except for Category 0) carries lower risk than trade waste from industrial customers.

Categories 3 and 4 are industrial customers and have unregulated pricing. Trade waste services for industrial customers involve a higher risk due to waste size or composition or a higher load (volume). A separate review of industrial pricing structures in 2019 enabled the development of a Trade Waste Strategy. Throughout PSP4 this strategy will be used to assess the risk of industrial flows and loads into sewerage systems, which will enable further negotiation with these customers on pre-treatment and pricing requirements.

8.9.2 Application fee

The application fee relates to the cost imposed by us for assessment of an application and making a determination about accepting trade waste into our sewerage infrastructure.

Table 8.13: Trade waste application fee ($)

Charge	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Application fee	157.90	163.43	169.14	175.06

Customers that fail to submit a trade waste application and obtain a Consent to Discharge will also be subject to this fee.

8.9.3 Annual Fee

The annual management fee for trade waste customers for the PSP4 period is shown below.

Table 8.14: Trade waste annual fee ($)

Customer category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Category 0	No trade waste charges, customers pay sewerage charges only			
Category 1	610.04	631.39	653.49	676.36
Category 2A	1,000.01	1,035.01	1,071.24	1,108.73
Category 2B	1,403.26	1,452.38	1,503.21	1,555.82
Category 2C	2,104.57	2,178.23	2,254.47	2,333.38

8.9.4 Non-compliance fees

We may apply a non-compliance fee to a trade waste customer if they do not comply with the requirements of their Trade Waste Consent. Price levels vary according to risk category and actual waste volumes discharged. The expected trade waste load is determined according to what is typically discharged by different business types, with this used as a basis for risk assessment.

A multiplier is applied to the trade waste charge depending on the nature of the non-compliance. For a minor non-compliance, the annual trade waste charge is multiplied by two and for a major non-compliance, the annual trade waste charge is multiplied by three.

Minor non-compliance is a failure to maintain pre-treatment or operate within a consent or install adequate pre-treatment for up to 12 months. For a minor non-compliance, the charges on the customer invoice will be an annual charge and minor non-compliance fee, the combined charges being equal to two times the annual charge.

Table 8.15: Annual trade waste non-compliance (minor) fees ($)

Customer category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Category 0	No trade waste charges, customers pay sewerage charges only			
Category 1	610.04	631.39	653.49	676.36
Category 2A	1,000.01	1,035.01	1,071.24	1,108.73
Category 2B	1,403.26	1,452.38	1,503.21	1,555.82
Category 2C	2,104.57	2,178.23	2,254.47	2,333.38

Major non-compliance is where pre-treatment is inadequate and there is a failure to take reasonable steps to upgrade, or to discharge substances or trade waste that poses an unacceptable risk to the sewerage system or the safety of people. For major non-compliance, the charges on the customer invoice will be an annual charge and major non-compliance fee, the combined charges being equal to three times the annual charge.

Table 8.16: Annual trade waste non-compliance (major) fees ($)

Customer category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
Category 0	No trade waste charges, customers pay sewerage charges only			
Category 1	Not applicable	Not applicable	Not applicable	Not applicable
Category 2A	2,000.02	2,070.02	2,142.47	2,217.46
Category 2B	2,806.52	2,904.75	3,006.42	3,111.64
Category 2C	4,209.14	4,356.46	4,508.94	4,666.75

8.9.5 Catchment management fee

During the PSP3 period, we introduced a site constraint fee that applies to customers that are unable to comply with their trade waste requirements due to heritage or other site constraints at their properties. This fee applied in addition to the trade waste annual fee.

For the PSP4 period, we have renamed this fee as the catchment management fee and also extended it to food businesses where the cost of purchasing and installing a grease trap is unreasonable. This includes circumstances where installation costs are significantly higher than for comparable properties.

Should a customer refuse to pay the catchment management fee, they will be deemed noncompliant with our trade waste requirements and may be subject to the relevant non-compliance fee as listed above.

Table 8.17: Catchment management fee by kL of trade waste per annum ($)

Volume	FY2022–23	FY2023–24	FY2024–25	FY2025–26
High and medium volume – 500 to 1,500 kL per annum	2,135.00	2,209.73	2,287.07	2,367.11
Low volume – up to 499 kL per annum	1,273.00	1,317.56	1,363.67	1,411.40

8.9.6 Macerator Fee

During the PSP3 period, we introduced a macerator fee for aged-care and healthcare facilities that use disposable paper bedpans that are shredded by a macerator device before discharge to the sewerage system. This macerated waste frequently causes blockages in the sewerage network, causing time and machinery cost to clear blockages.

The macerator fee for the PSP4 period is shown below. Noting that the TER found that equivalent charges by mainland service providers may be more than 10 times the level of this fee, we will conduct further research during the PSP4 period to ensure that the fee enables us to fully recover our costs for the PSP5 period.

Table 8.18: Annual trade waste macerator fee ($)

Customer category	FY2022–23	FY2023–24	FY2024–25	FY2025–26
All trade waste categories	56.62	58.61	60.66	62.78

List of acronyms and abbreviations

Acronym	Meaning
ABS	Australia Bureau of Statistics
ADWG	Australian Drinking Water Guidelines 2011
ALARP	as low as reasonably practicable
ANCOLD	Australian National Committee on Large Dams
BWA	boil water alert
CCW	certificate for certifiable work
CDO	Capital Delivery Office
CPI	Consumer Price Index
Customer Service Code	Tasmanian Water and Sewerage Industry Customer Service Code
CWP	capital works program
DA	development application
DNRET	Department of Natural Resources and Environment Tasmania
DoH	Department of Health
DoPH	Director of Public Health
DWQRMP	Drinking Water Quality Risk Management Plan
EPA	Environment Protection Authority
ET	equivalent tenement
EUC	end use code
FTE	full-time equivalent
GBFA	gross building floor area
GCP	growth and capacity plan
HSIP	Hobart Sewerage Improvement Plan
IAP2	International Association for Public Participation
LGA	Local Government Area
LSIP	Launceston Sewer Improvement Plan
LTSP	Long-Term Strategic Plan
MJA	Marsden Jacob and Associates
NPR	National performance report
NRW	non-revenue water
NTER	National Tax Equivalent Regime
PHA	public health alert
PoA	price on application
PSP3	Price and Service Plan 3 (1 July 2018 to 30 June 2022)
PSP4	Price and Service Plan 4 (1 July 2022 to 30 June 2026)
PSP5	Price and Service Plan 5 (1 July 2026 to 30 June 2030)
RAB	regulated asset base
SPS	sewage pump station
STED	Septic Tank Effluent Disposal
STP	sewage treatment plant

Acronym	Meaning
TDWQG	Tasmanian Drinking Water Quality Guidelines 2015
TER	Tasmanian Economic Regulator
TERHAP	Tamar Estuary River Health Action Plan
WACC	weighted average cost of capital
WSI Act	Water and Sewerage Industry Act 2008
WSAA	Water Services Association of Australia
WTP	water treatment plant
WWRMP	Wastewater Risk Management Plan
SCADA	Supervisory Control and Data Acquisition

Appendix 1 – Customer Contract

Price and Service Plan 2022–26

Customer Contract

CUSTOMER CONTRACT

TASMANIAN WATER & SEWERAGE CORPORATION PTY LTD

ACN 162 220 653

This Contract is effective from 1 July 2022

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SCHEDULE 1 – DEFINITIONS 12

This Contract sets out the terms and conditions under which we will provide Water Services and/or Sewerage Services to You.

The Contract is approved by the Regulator and commences without You having to sign any documentation.

In addition to this Contract, we will comply with all applicable laws (including consumer laws) in our dealings with You.

1 DEFINITIONS AND INTERPRETATION

Terms used in this Contract have the same meanings as they have in the Act, Regulations and Code. Capitalised terms used in this Contract which are not defined in the Act, Regulations or Code are defined in Schedule 1.

2 THE PARTIES

2.1 What is a Customer Contract?

The Contract is between:

- Tasmanian Water & Sewerage Corporation Pty Ltd ACN 162 220 653 (TasWater) (in this Contract referred to as 'we', 'our' or 'us'); and (b) You, the Customer.

2.2 Am I covered by this Contract?

You are our Customer and covered by this Contract if You are:

- the Owner and Occupier of a property that is connected to our Infrastructure; or

(b) the Owner (but not an Occupier) of a property that is connected to our Infrastructure; or

(c) the Occupier of a property that is connected to our Infrastructure and is liable for our charges.

If You are the Owner or Occupier of a property that is not connected to our Infrastructure but to which a Service is available and we impose a Service Charge, You are also our Customer and covered by the applicable provisions of this Contract.

You may be classified as a Limited Water Quality Customer or a Limited Water Supply Customer. These terms are defined in Schedule 1.

You must notify us if You require Services for the use of a dialysis machine or other medical needs, as You may be classified as a Special Needs Customer. If You are registered with us as a Special Needs Customer, we will comply with our obligations set out in the Code to, where

possible, provide advance notice to You and to prioritise the restoration of Services to You in the event of Service interruption.

2.3 What if I have entered into a separate agreement?

To the extent of any inconsistency, if You have entered into a separate agreement with us (for example, in relation to Trade Waste or for the supply or use of Water for irrigation purposes), the terms of that agreement will take precedence over the terms of this Contract in respect of the matters covered by that agreement.

2.4 When does this Contract commence?

This Contract commences on the later of 1 July 2022 or upon you becoming a Customer under clause 2.2.

Upon commencement, this version of the Contract replaces any previous contract between You and us. Any rights and liabilities that have accrued under any previous contract or agreement with us will be merged into this Contract.

For the avoidance of doubt, if You have entered into a separate agreement with us, that other agreement will continue to apply for its duration with respect to the matters covered by that agreement.

2.5 How can this Contract be varied?

We may vary this Contract as permitted by the Act.

2.6 When does this Contract terminate?

If You cease to be a Customer as defined, this Contract will terminate between You and us. Termination does not affect any of your or our rights or obligations that accrue prior to termination.

3 TASWATER WARRANTIES

We will provide Services to You:

(a) exercising due care and skill; and

(b) in a proper and workmanlike manner and to a standard expected of a member of the water and sewerage industry in Tasmania; and

(c) so that Services comply with the applicable Health Regulations; and

(d) so that Services comply with applicable Environmental Regulations.

4 WHAT WATER SERVICES DO WE PROVIDE?

4.1 Provision of Water to your property

If your property is lawfully connected to our Water Infrastructure, we will:

(a) deliver Water to the Connection Point in accordance with our warranties under clause 3;

(b) deliver Water to the Connection Point at the Minimum Flow Rate set out in our Price and Service Plan;

(c) use reasonable endeavours to deliver Water to the Connection Point at the Minimum Pressure set out in our Price and Service Plan;

unless:

(d) You are a Limited Water Quality Customer; or

(e) You are a Limited Water Supply Customer; or

(f) there is a Planned Interruption or Unplanned Interruption to the Water Service as detailed in clause 9; or

(g) we restrict or disconnect the Water Service under clause 10; or (h) the Act or other law provides otherwise.

Testing of flow rates and water quality upon request by You will be undertaken in accordance with the obligations and process set out in the Code.

4.2 Water connections to your property

As long as your property has not been disconnected by us (or, if disconnected, the issues that led to the disconnection have been rectified) and meets the connection requirements specified in our Connection Policy, then we will permit connection(s) to your property in accordance with the Code and the Act.

4.3 Non-potable Water

(a) If You are a Limited Water Quality Customer, we will supply Non-potable Water to the Connection Point at your property, and an alert will be issued to You regarding the use and/or consumption of the Non-potable Water.

(b) You should adhere to any advice issued by the Department of Health and/or the Director of Public Health with respect to your use of the Non-potable Water.

(c) You accept all risks associated with the use of the Non-potable Water.

5 WHAT SEWERAGE SERVICES DO WE PROVIDE?

5.1 Provision of a sewerage service to your property

If your property is lawfully connected to our Sewerage Infrastructure, we will provide a Sewerage Service to your property at the Connection Point in accordance with clause 3, unless:

(a) there is an interruption to the Sewerage Service as detailed in clause 9; or

(b) we restrict or disconnect supply of a Sewerage Service under clause 10 ; or

(c) the Act or other law provides otherwise.

5.2 Sewerage connections to your property

As long as your property has not been disconnected by us (or, if disconnected, the issues that led to the disconnection have been rectified), and meets the connection requirements specified in our Connections Policy, we will permit connection(s) to your property in accordance with the Code and the Act.

6 FAILURES OR FAULTS IN OUR INFRASTRUCTURE

Upon notification, we will attend to any faults or failures in our Infrastructure in accordance with the Minimum Service Standards and other obligations set out in the Code relating to blockages, leaks, bursts or spills. We will do this at our cost, but if You contribute to the damage, You may be liable to pay some or all of those costs.

7 TRADE WASTE

You may only discharge Trade Waste into our Sewerage Infrastructure if You are a Category 0 Trade Waste customer, Category 1 Trade Waste customer or a Category 2 Trade Waste customer.

If You are a Category 0 Trade Waste customer, Category 1 Trade Waste customer or a Category 2 Trade Waste customer:

(a) this Contract and the Consent (available at www.taswater.com.au) apply to your discharge of Trade Waste to our Sewerage Infrastructure; and

(b) if the Consent deals with a matter that is not contained in this Contract then the Consent applies in relation to that matter; and

(c) the minimum acceptable means of Trade Waste pre-treatment apply, as specified in our Pre-treatment Guideline (available on our website at www.taswater.com.au); and

(d) if You do not comply with the requirements of this Contract and/or the Consent, we may apply the Trade Waste non-compliance charges that are contained in our Price and Service Plan.

8 METER INSTALLATION, TESTING AND MAINTENANCE

We will install, read, test, maintain, and replace a Meter at your property in accordance with the Act and the Code. The Meter remains our property.

9 FACTORS AFFECTING SERVICE

Your Water Service and/or Sewerage Service may be affected by:

(a) Planned Interruptions: where we have operational, protective or other works planned for our Infrastructure that require an interruption to Services; and/or

(b) Unplanned Interruptions: where a failure or fault in our Infrastructure caused by an event beyond our reasonable control requires immediate or emergency repair, an interruption to Services is necessitated, or there is a situation where we need to avert risk of danger to any person or property; and/or

(c) where we impose water restrictions under the Regulations, a water supply emergency is declared under the *Water Management Act 1999* (Tas), and/or other event or factor beyond our reasonable control impacts our ability to provide Services to You.

For Planned Interruptions and Unplanned Interruptions, we will comply with our obligations set out in the Code, including those relating to Minimum Service Standards, information, notice, and provision for Special Needs Customers. We will restore Services to You as soon as practicable.

10 DISCONNECTION OR RESTRICTION OF SERVICES

Other than as set out in clause 9, we will only:

(a) disconnect the supply of a Sewerage Service to a customer; and/or

(b) disconnect or restrict the supply of a Water Service to a non-residential customer; and/or

(c) restrict the supply of a Water Service to a residential customer; in accordance with the Act, Regulations and Code and will comply with our obligations relating to notices, limitations on restriction and disconnection, and restoration of service requirements.

11 SERVICES WE ARE NOT RESPONSIBLE FOR

We are not responsible for:

(a) the supply, installation, commissioning, maintenance or replacement of a Backflow Prevention Device installed at the outlet of a Meter where the Backflow Prevention Device is 25 millimetres or greater; or

(b) a private fire service; or

(c) private extension, trunk services or property service pipes from private extensions; or

(d) Your Infrastructure or infrastructure belonging to any other person located beyond the Connection Point (excluding the Meter); or

(e) shared private pipes as detailed in clause 14.5; or

(f) any illegal connections; or

(g) any services installed contrary to requirements under the Act; or

(h) the provision of facilities and parts for the repair of any goods supplied to You pursuant to this Contract.

12 YOUR ACCOUNT

We will issue You with a Bill setting out the amounts payable by You for each Billing Period in accordance with the requirements and process set out in the Code.

You must pay us the amount of your Account by the due date specified, unless circumstances exist as set out in the Code.

If You:

(a) are entitled to a concession under the *Water and Sewerage Industry (Community Service Obligation) Act 2009* (Tas) we will apply the concession to your Account from the day after we grant the concession to your Account and for each billing period in which you are a Customer and entitled to a concession;

(b) are in financial hardship or are experiencing financial difficulty, we have policies and offer flexible payment plan arrangements to assist You, and, if You are eligible, we will apply these to your Account;

(c) have an overdue Account balance, we may charge You interest; or

(d) have been overcharged or undercharged by us, we will undertake any adjustment or refund to your Account (including any interest that may be payable);

in accordance with the Act and Code.

13 THE AMOUNT THAT WE CHARGE YOU

13.1 What Fees and Charges may be included on your Account?

Our Fees and Charges are set out in our Price and Service Plan, and may include:

(a) A Variable Water Charge;

(b) A Fixed Water Charge;

(c) A Fixed Sewerage Charge;

(d) Trade Waste Charges;

(e) A Service Charge;

(f) Any other Charge included in our Price and Service Plan; and

(g) Any other fee, charge or amount imposed under the Act or passed onto us by any government.

13.2 How are Prices, Fees and Charges determined?

The Regulator has approved the maximum Prices, Fees and Charges as set out in our Price and Service Plan.

13.3 How are our Prices, Fees and Charges varied?

Our Prices, Fees and Charges may vary for each financial year only as set out in our Price and Service Plan.

For each financial year, the amount of each of our Prices, Fees and Charges are set out in our pricing handbook, available on our website (www.taswater.com.au).

13.4 Dishonoured or declined payments

If payment of your Account is dishonoured or declined, we may recover from You an amount charged by our financial institution as set out in the Code.

13.5 Security Deposits

We may require you to pay us a Security Deposit as set out in the Code.

14 YOUR RESPONSIBILITIES

14.1 Your Infrastructure

You are responsible for maintaining, repairing and replacing all of the pipes and fittings (excluding the Meter) beyond the Connection Point to our Infrastructure and any building

and/or taps on your property. These pipes and fittings comprise Your Water System and/or Your Sewerage System).

14.2 Backflow Prevention Device

If your property has a connection to our Water Infrastructure that is 25 millimetres or greater, You must supply, install, commission, maintain and, if required, repair and/or replace a Backflow Prevention Device that is approved by us on Your Water System. The Backflow Prevention Device will be owned by You.

14.3 Altering and unauthorised connection or use

You must not unlawfully:

(a) take, use or divert any Water supplied by us; or

(b) interfere with the operation of a Meter including prevent it from registering the quantity of Water supplied by us; or

(c) discharge any substance into a System owned by us; or

(d) otherwise act in contravention of our rights under the Act.

You must obtain our consent before carrying out any activity that may cause destruction of, damage to, or interference with our System.

14.4 Changes to personal circumstances

You are responsible for notifying us of any changes to your personal circumstances that may affect the amount that You are required to pay us, or the Services that we provide to You, including when you vacate, sell or lease your property to another person.

14.5 Shared private assets

If Your Water System or Your Sewerage System connects to Shared Private Assets before connecting to our Infrastructure, TasWater is not responsible for the maintenance, replacement and costs associated with these Shared Private Assets, or any damage arising from a fault or failure of Shared Private Assets.

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15 LIABILITY

15.1 Conditions and warranties of the Contract

Except as otherwise provided in this Contract or prohibited by law, all other terms, conditions, or warranties implied by law (except those statutory guarantees implied pursuant to Australian Consumer Law), custom, or usage are excluded.

Despite any other provision of this Contract, nothing in this Contract is to be read as excluding, restricting or modifying the application of Australian Consumer Law which cannot be excluded, restricted or modified.

Notwithstanding any other provision of this Contract, our liability, if any, for anything arising out of or in connection with the provision of any Service under this Contract (including a breach of a guarantee or warranty implied by Australian Consumer Law in relation to the supply of any Service, not of a kind ordinarily acquired for personal, domestic or household use or consumption) is limited, at our option, to:

(a) the supplying of the Service again; or

(b) the payment of the cost of having the Service supplied again.

Notwithstanding any other provision of this Contract, our liability, if any, for anything arising out of or in connection with the supply of goods under this Contract (including a breach of a guarantee or warranty implied by any law (including any Legislative Requirements), except for any guarantee or warranty implied by Sections 51, 52 or 53 of Australian Consumer Law, in relation to the supply of any goods and services, not ordinarily acquired for personal, domestic or household use or consumption) is limited, at our option, to the: (c) replacement of the goods or the supply of equivalent goods;

(d) repair of the goods, however we cannot provide facilities and parts for the repair of any goods supplied to You by us pursuant to this Contract;

(e) payment of the cost of replacing the goods or of acquiring equivalent goods; or (f) payment of the cost of having the goods repaired.

16 PRIVACY

We will treat your personal information in accordance with our Privacy and Credit Reporting Policy (available at www.taswater.com.au).

SCHEDULE 1 – DEFINITIONS

Account has the same meaning as in the *Water and Sewerage Industry (Customer Service Standards) Regulations 2019* (Tas).

Act means the *Water and Sewerage Industry Act 2008* (Tas).

Australian Consumer Law means the law as set out in Schedule 2 of the *Competition and Consumer Act 2011* (Cth).

Backflow Prevention Device means protection against the reverse flow of liquid within a piped plumbing system which could cause contaminants being drawn into our Water Infrastructure.

Category 0 Trade Waste customer means a Customer discharging Trade Waste of very low volume and impact, equivalent to, or less than, that of a standard residential dwelling.

Category 1 Trade Waste customer means a Customer discharging low volume and low impact Trade Waste which is minimal risk to the Sewerage Infrastructure and can be managed through cleaner production methods.

Category 2 Trade Waste customer means a Customer discharging low to medium volume and low impact Trade Waste which requires physical pre-treatment system at the source to make it acceptable for discharge to the Sewerage Infrastructure, and includes those Customers in subcategories 2A, 2B and 2C as set out in TasWater's Trade Waste policy.

Charge includes the charges set out in clause 13.1.

Code means a customer service code issued under section 57 of the Act.

Consent means the specific terms and conditions that a Customer must comply with in order for us to accept discharge of Trade Waste to our Sewerage Infrastructure from Category 0 Trade Waste customers, Category 1 Trade Waste customers or Category 2 Trade Waste customers, in addition to any general terms and conditions in this Contract that are consistent with those terms and conditions. The Consent is available on our website (www.taswater.com.au).

Contract means this document and includes any schedules, appendices and annexures to this Contract.

Environmental Regulations means the *Environmental Management and Pollution Control Act 1994* (Tas) and associated subordinate legislation.

Health Regulations means the regulation of health, public safety and monitoring with respect to the supply of drinking Water by the Director of Public Health, the *Public Health Act 1997* (Tas), the *Fluoridation Act 1968* (Tas) and associated subordinate legislation.

Limited Water Supply Customer means a Customer that:

(a) is connected to a Water main that periodically does not contain Water under positive pressure; or

(b) has a connection designed to provide low or intermittent flow, for example where the Customer has been required to install, operate and maintain an individual tank or pump; or

(c) is connected to a non-reticulation Water main that is subject to significant pressure variations due to either:

  (i) a pumped supply where the low pressure is below 50kPa and the high pressure is above 500kPa; or

  (ii) an inlet supply to a trunk reservoir such that when the reservoir inlet valve is open the pressure is below 50kPa; or

(d) is otherwise receiving a supply of Water that we determine to be inadequate.

Limited Water Quality Customer means a Customer receiving Water from a supply (or part of a supply) which has an alert in place in relation to the use and/or consumption of Water.

Non-potable Water means Water that, on the basis of health and/or aesthetic considerations, does not comply with the health guideline values contained in the Australian Drinking Water Guidelines published by the National Health and Medical Research Council.

Owner means the person(s) who holds the freehold interest in any land that is connected to our Infrastructure or to which a Service is available to from us.

Price and Service Plan means our price and service plan approved by the Regulator under section 65 of the Act.

Regulations means any regulation pursuant to statute and includes the *Water and Sewerage Industry (General) Regulations 2019* (Tas), the *Water and Sewerage Industry*

(Customer Service Standards) Regulations 2019 (Tas), the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021* (Tas), and the *Water and Sewerage Industry (Community Service Obligation) Regulations 2019* (Tas).

Regulator means the Tasmanian Economic Regulator appointed under section 9 of the *Economic Regulator Act 2009* (Tas).

Service means the provision of a Water Service or a Sewerage Service by us.

Service Charge means a charge levied on a Customer under section 68A of the Act in relation to a property classified as serviced land which is not connected to either Water Infrastructure or Sewerage Infrastructure.

Shared Private Assets means a private water and/or sewerage infrastructure that is shared by more than one person, at least one of whom is a Customer, and is not owned or shared by TasWater.

System means our Water Infrastructure or Sewerage Infrastructure.

Trade Waste Charge means a recurrent charge or a one off charge for the acceptance of Trade Waste from a Customer but does not include a Fixed Sewerage Charge.

We, our or us means TasWater its officers, employees, agents and contractors.

Your Infrastructure means Your Sewerage System and/or Your Water System.

Your Water System and **Your Sewerage System** have the meaning described in clause 14.1 of this Contract.

Appendix 2 – Water and Sewerage Network and Charges Policies

Water and Sewerage Network and Charges Policies

1 July 2022

Policy approval and responsibilities

The Chief Executive Officer of TasWater is responsible for implementing these policies.

Approved by the Board at its meeting on ..... of ..... 2022.

.....

Chairman

Table of contents

1 Introduction

This document details our policies in relation to water and sewerage connections to our network and provides information about relevant charges.

This document incorporates a number of policies required by the *Water and Sewerage Industry Act 2008,* by the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021* and by the Regulator in connection with our Price and Service Plan for the period 1 July 2022 to 30 June 2026.

The policies and information included are specific to:

- Connections
- Serviced land
- Sub-metering
- Service charges
- Service introduction charges
- Service replacement.

1.1 Further information

For further information about these policies and how they apply to your circumstances, please contact us on 13 6992 or enquiries@taswater.com.au.

1.2 What's not covered in this document

Information regarding land development, including developer charges and the circumstances in which we will consider allowing properties in unserviced land to connect to our network, can be found in our *Land Development Policies* document or *Conditional Connections Policy*. These policies are available on our website at www.taswater.com.au.

1.3 Relevant legislation

- Strata Titles Act 1998
- Water and Sewerage Industry Act 2008 (the Act)
- Water and Sewerage Industry (Community Service Obligation) Act 2009
- Water and Sewerage Industry (Customer Service Standards) Regulations 2019 (Customer Service Standards Regulations)
- Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021 (Pricing Regulations)

1.4 Customer Charter

Our *Customer Charter* explains our obligations consistent with the requirements under the Act, the Customer Service Standards Regulations and the Code issued by the Regulator. It also outlines the rights and responsibilities of our customers and our commitment to providing reliable water services and sewerage services. It explains our business practices and provides the customer with reasonable expectations of our services, pricing, processes and responsibilities.

2 Our serviced land

2.1 Background

- Section 56U(1)(b) of the Act requires our Price and Service Plan to include a description of the land, identifiable by individual title or locality, that we will permit to be

connected to our water infrastructure and/or sewerage infrastructure. This description of land is referred to as 'serviced land'.

- We have identified serviced land using individual land titles that meet the requirements of Section 2.2 below.

2.2 Description of serviced land – water

We identify serviced land based on servicing factors and the standards in the TasWater Supplement to WSAA Water Supply Code of Australia (MRWA Edition) (available on our website www.taswater.com.au). This Supplement details our minimum service pressure at peak hour demand and minimum flow rate as follows:

- Minimum service pressure at the connection point is 220kPa, static head of 22m (Section 2.5.3.3 of the Supplement)
- Minimum flow rate at the connection point is 15 litres/minute (Section 2.12 of the Supplement)

Land titles are defined as water serviced land when they meet all the following criteria:

- Can be supplied with treated water;
- Are within 30 metres of our water reticulation main;
- Can receive the minimum flow and pressure at the connection point as described in the Supplement;
- Connection to our reticulation would not cross a land title owned by a third party; and
- The physical characteristics or location of the property are not such as to require the application of unusual or unusually costly infrastructure, design, or installation techniques in order for the connection to be made.

Treated water means either fully treated water or disinfection-only water supplies. Raw water supplies are excluded. Customers in serviced land who may, from time to time, receive water that is not safe for drinking will receive a discount on the regulated variable consumption rate.

Land titles that do not meet the criteria listed above are unserviced for water.

Existing connections that receive untreated water (raw water) or are directly connected to a bulk transfer main are connections outside our serviced land and are dealt with in accordance with our Customer Contract (www.taswater.com.au) or other agreement.

Applications for new connections for untreated water (raw water) or direct connection to a bulk transfer main are considered connections outside our serviced land and are dealt with in accordance with our *Conditional Connections Policy* (www.taswater.com.au).

2.3 Description of serviced land – sewer

We have a range of sewerage infrastructure around the State depending on local conditions and topography.

Land titles are defined as sewer serviced land when they meet all the following criteria:

- Are within 30 metres of our sewer reticulation main and can be serviced via gravity connection

Connection to our reticulation main would not require installation of infrastructure on land owned by a third party beyond distances set out in the TasWater Supplement to WSA 02-2014-3.1 WSAA Gravity Sewerage Code of Australia version 2.0 Section 5.2.8

- The physical characteristics or location of the land title are not such as to require the application of unusual or unusually costly infrastructure, design, or installation techniques in order for the connection to be made and
- Are not otherwise considered unserviced land in accordance with Section 2.4 below.

Land titles that do not meet the criteria listed above are unserviced for sewer.

2.4 Unserviced land

Unserviced land is land, identified by land title, that does not meet the criteria for serviced land. We do not have any obligation to provide a connection to titles that are outside serviced land.

Both our *Conditional Connections Policy* and *Land Development Policies* (available on our website) outline the circumstances in which we will consider allowing properties in unserviced land to connect to our network.

2.5 Pre-July 2015 pressure sewer and septic tank effluent disposal schemes

Pressure sewer schemes established before 1 July 2015 are defined as unserviced land, but connected customers are classified as full sewerage service customers. Table A6.1 below lists these areas.

Septic tank effluent disposal (STED) schemes established before 1 July 2015 are defined as unserviced land, but connected customers are classified in the STED customer class. Table A6.2 below lists these areas.

In addition, Garthfield Avenue in Cygnet (which was part of a 2008 sewer extension project) is defined as unserviced land.

Table A6.1: Pressure sewer schemes established before 1 July 2015 (indicative only)

Area	Type of system
Bell Buoy Beach	Pressure sewer scheme with privately owned pump stations
Boat Harbour	Pressure sewer scheme with TasWater-owned pump stations
Dunalley (near Dunalley Hotel)	Pressure sewer scheme with TasWater-owned pump stations
Lauderdale	Pressure sewer scheme with TasWater-owned pump stations
Low Head	Pressure sewer scheme with privately owned pump stations
South Arm (Blessington Street)	Pressure sewer scheme with TasWater-owned pump stations
Sisters Beach (Tink Taylor Avenue)	Pressure sewer scheme with TasWater-owned pump stations
Wynyard (Stennings Road area)	Pressure sewer scheme with TasWater-owned pump stations

Table A6.2 : STED schemes established before 1 July 2015 (indicative only

Area
Arthur River
Beauty Point
Bronte Lagoon
Cowrie Point
Granville Harbour
Trial Harbour

3 Connection Policy – connections to our water and sewerage network

3.1 Aim

The aim of this policy is to specify the circumstances in which we will permit an owner of land to connect, relocate or adjust a connection to our water infrastructure and/or sewerage infrastructure.

3.2 Connection to our water infrastructure and/or sewerage infrastructure

We will permit an owner of land to connect a property that is owned or occupied by a person to our infrastructure within 10 business days, or such later date agreed to between us and the person, if all of the following criteria are met:

- The property is classified as serviced land (that is, it meets the criteria for our serviced land set out in Section 2 of this document) and
- The person requests permission to connect the property to our infrastructure and
- There is no plan of subdivision, or other instrument of a type approved by the Regulator, that specifies that connection to our infrastructure, or provision of regulated services by us, will not occur and
- The person has complied with all reasonable terms and conditions of connection imposed by us and
- The person has paid, or has agreed to pay, all applicable fees for connection.

If these requirements are met, and the connection is not of a type listed below, we will classify the connection as a standard water connection (20mm) or a standard sewerage connection (100mm).

To facilitate connection to our infrastructure we also require all the following:

- A land title has been issued for the property or consent has been received from the owner of the land
- A certificate for certifiable work has been issued (if required) or any other formal approval obtained
- An application to connect has been submitted to us and has been completed to our satisfaction.

The following connections will not be classified as standard water connections or standard sewerage connections:

- The property requiring connection is classified as unserviced land
- There is an existing connection in place
- The property is not required under the relevant planning scheme to have water services and sewerage services installed
- The property is being developed for purposes other than as a single residential dwelling (including for a subdivision, commercial development, industrial development or multiunit development)
- The property fits the definition of a standard water connection or standard sewerage connection, but difficult construction conditions exist that require the application of unusual or unusually costly infrastructure, design, or installation techniques when undertaking the connection. Difficult construction conditions include (but are not limited to) the following:
    - excavation deeper than 1.5 metres

- where the connection extends into the road pavement
- directional drilling
- works requiring special permits and approvals including rail crossing, heritage, arborist, Aboriginal heritage, environment, etc
- known prevalence of rock
- works for pressure sewer units, whether or not installed within a pressure sewer scheme
- passing over, under or through any structure (including retaining structures)
- underground water, including high water table or tidal impacts
- multiple utility services impact the connection works.

Such connections are considered non-standard connections and other considerations and/or charges may apply, as set out in Section 3.4 below.

3.3 Relocation or adjustment of a connection to our water infrastructure and/or sewerage infrastructure

Adjustment includes downsizing and/or disconnecting a water connection and disconnecting a sewerage connection, noting that a property cannot have connections reduced or removed below a standard water connection size and a standard sewerage connection size (of 20 mm and 100 mm respectively).

We will permit an owner of land to relocate or adjust a water connection or sewerage connection on that land if all of the following criteria have been met:

- The relocation or adjustment will not result in our infrastructure crossing property owned by a third party, and for sewerage connections will not require installation of infrastructure on land owned by a third party beyond distances set out in the TasWater Supplement to WSA 02-2014-3.1 WSAA Gravity Sewerage Code of Australia version 2.0 Section 5.2.8; and
- A certificate for certifiable work or other formal approval has been issued (if required); and
- For water connections, the minimum pressure and minimum flow rate described in the Supplement will be received at the connection point following relocation or adjustment of the water connection; and
- The person has complied with all requirements of relocation or adjustment of connection imposed by us; and
- The person who has applied for the relocation or adjustment has paid, or has agreed in writing to pay, all applicable fees and charges; and
- A person requests the relocation or adjustment of the connection to our infrastructure, and submits an application (completed to our satisfaction) for the relocation or adjustment of the connection; and
- We have issued a formal document approving the change to the connection.

3.4 Connection, relocation of connection and adjustment of connection costs

Costs for the water and sewerage works component of connections, relocations of connections and adjustments of connections are as follows:

- For standard water connections or standard sewerage connections as defined in Section 8 of this document, pricing is determined by service providers as further explained on our website at www.taswater.com.au
- For non-standard water connections or non-standard sewerage connections, pricing is determined by service providers as further explained on our website at www.taswater.com.au.

These costs are in addition to any other fees and charges applicable under the Price and Service Plan and set out in our *Pricing Handbook*, including:

- Recurrent fixed charges and volumetric consumption charges in respect of the provision of water services and/or sewerage services to the property
- Relevant development assessment fees.

3.5 Other connections

In addition to standard water connections or standard sewerage connections, we may permit other types of connections to our network, including for land development. Additional charges and fees may apply for these connections. Refer to our *Land Development Policies* document and *Conditional Connections Policy* for more information.

Land development

New developments have the potential to increase demand on the capacity of our water infrastructure and sewerage infrastructure. Our *Land Development Policies* document provides details on how we support and manage development, including the extension and expansion of existing systems outside serviced land.

New services to existing localities

We will consider requests for the introduction of water and/or sewerage services to existing localities in accordance with Section 6 of this document.

Connections outside serviced land

Under limited circumstances we may permit connection to our network outside serviced land. Further information is available in our *Conditional Connections Policy* on our website at www.taswater.com.au.

4 Sub-metering Policy

4.1 Aim

The aim of this policy is to outline our approach to water metering and billing for existing and new multi-unit properties as well as existing and new strata schemes. This policy applies to all residential and non-residential multi-unit properties and strata schemes.

4.2 Multi-unit properties

The following section describes our policies for metering and billing multi-unit properties that are not strata titled.

4.2.1 Metering

All existing multi-unit properties have a master meter installed at the connection point. The master meter is used to determine the charges that apply to the property.

The owner of a multi-unit property may use a third party to install and read sub-meters to assist in the private apportioning of variable charges to each unit if desired, in accordance with the

Residential Tenancies Act 1997, any other legislative requirements and the relevant tenancy agreement.

For new multi-unit properties, our default position is to have a master meter installed at the connection point. However, we may, at our discretion, approve each unit being directly connected to our water reticulation main with individual meters, or multiple units being connected to our water reticulation main via a water meter manifold.

4.2.2 Charges and billing

The owner of the property will be billed for the fixed and variable charges for the property. The fixed charge is based on the master meter size and the variable charge based on the volume of water supplied through the master meter.

Sub-meters, where installed, are not used for calculating our charges.

For new multi-unit properties where we have approved each unit being directly connected, or connected via water meter manifold, to our water reticulation main, the owner of the property will be billed a fixed charge based on the meter sizes and a variable charge based on water used for each property.

4.3 Strata schemes overview

Metering and billing arrangements for fixed and variable charges in strata schemes may vary, depending on whether the strata scheme is a new scheme or an existing scheme.

This policy sets out the various metering and billing arrangements that are available for new and existing schemes. It also covers billing for a range of other metering configurations that may exist in older strata scheme with legacy plumbing arrangements.

Information relating to all strata schemes, including changes to unit entitlements, common property, fire services and concessions is included at the end of this policy.

4.3.1 New strata schemes

Until a property is strata titled, it will have a water meter installed at the connection point and the fixed and variable charges will be the responsibility of the property owner. The fixed charge will be determined by the size of the water meter, and the variable charge will be determined by the volume of water measured by the water meter.

New strata schemes will be metered in one of the following ways:

- Single master meter only, or
- Lots individually connected to our water main, or via a water meter manifold.

Further information, including the relative costs of each metering configuration for new strata schemes, is available on our website (www.taswater.com.au) and is provided as part of the Development Application process.

Single master meter only

Where general or special unit entitlement information is provided to TasWater or is available from the Land Information System on the cadastre spatial layer (https://maps.thelist.tas.gov.au), each lot owner will be billed a proportion of the fixed and variable charges based on those entitlements.

Each lot owner will be billed for a proportion, determined by their respective general or special unit entitlement, of the fixed charge for the master meter. The fixed charge is determined by the size of the master meter.

The applicable variable charge will be determined by the volume of water measured by the master meter. The amount of the variable charge for each lot owner will be apportioned on the basis of the general unit entitlement of the lot, or, if there is a special unit entitlement relating to the lot in respect of the liability for charges for water use, on the basis of the special unit entitlement of the lot.

In accordance with regulation 17 of the Pricing Regulations, if unit entitlement information is not available from the Land Information System, the fixed and variable charges may be billed to the strata scheme's body corporate.[8]

Individual connection directly to our water main or individual connection to our water main via a water meter manifold

Where there is no interposing pipe work and no requirement for a master meter we may, at our discretion, approve each lot being individually connected directly to our water main or being individually connected to our water main via a water meter manifold.

Where each lot is individually connected to our water main, or connected via a water meter manifold, each lot owner will be billed a fixed charge (based on the size of each lot's individual water connection) and a variable charge based on the volume of water supplied to each lot as measured by the lot's individual water meter.

If all lot owners in a strata scheme agree to install a water manifold (which enables individual connection of each lot to our water reticulation main) and the body corporate provides TasWater with a copy of a unanimous resolution authorising the installation of a manifold together with a completed application form, TasWater will install and maintain a manifold.

Once the manifold has been installed and tested, each lot owner will be billed a fixed charge and a variable charge based on the size of each lot's water connection and volume of water supplied to the lot as measured by the lot's individual water meter.

4.3.2 Metering scenarios in existing strata schemes

The following section outlines the range of sub-metering arrangements in existing strata schemes, including:

- Single master meter only (applies as set out in 4.3.1 above)
- Master meter and sub-meters
- No master meter and individual lot water meters
- Lots connected individually to our water main or via a water meter manifold
- Master meter but with some individual lots connected directly to our water main
- Multiple master meters
- Multiple master meters but with some individual lots connected directly to our water main

Master meter and sub-meters

Existing strata schemes may have sub-meters that were installed by us (or our predecessor(s)). Where sub-meters are already installed, we will continue to maintain and read the sub-meters, which will remain our property.

[8] Regulation 17(1) of the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021.*

In this case, each lot owner will be billed a fixed charge, based on the size of the sub-meter, and a variable charge, based on the volume of water supplied to the lot as measured by the sub-meter.

Where the master meter reading is less than the sum of the individual sub-meter readings, each lot owner will be billed on the volume of water supplied to the lot as measured by the relevant sub-meter.

In addition, each lot owner's bill may include an amount for common property water usage (including fixed and variable charges as applicable) set out in Section 4.3.4 below.

No master meter and individual lot water meters

Where there are water meters on individual lots but no master meter, each lot owner will be billed a fixed charge (based on the size of each lot's water meter) and a variable charge based on the volume of water supplied to the lot as measured by the lot's individual water meter.

If the individual lot water meters are not installed at the connection point we may, at our discretion and at our cost, install a master meter at the connection point to measure any water potentially lost between the connection point and the individual lot water meters. Before the installation of a master meter we will consult with the body corporate regarding its location.

If we install a master meter, the individual lot water meters and common property water meter(s) (if applicable) will be deemed to be sub-meters and each lot will be billed a fixed charge (based on the size of the sub-meter) and a variable charge based on the volume of water supplied to the lot as measured by the sub-meter.

Where the master meter reading is less than the sum of the individual sub-meter readings, each lot will be billed on the volume of water supplied to the lot as measured by the sub-meter.

In addition, each lot owner's bill may include an amount for common property water usage (including fixed and variable charges as applicable) set out in Section 4.3.4 below.

Individual connection to our water main or connection via a water meter manifold

Where each lot in a strata scheme is individually connected to our water main, or connection is via a water meter manifold, and there is no interposing pipe work and no requirement for a master meter, each lot owner will be billed a fixed charge (based on the size of the individual lot's water meter) and a variable charge based on the volume of water delivered to each lot as measured by the individual lot's water meter.

Other metering configurations

Due to legacy plumbing arrangements some strata schemes are metered as follows:

- Master meter plus some lots individually metered or
- Multiple master meters or
- Multiple master meters plus some lots individually metered.

Where the above metering configurations apply, each lot owner will be billed for a proportion, determined on the basis of the general or special unit entitlement, of the sum of the individual fixed charges for all the water meters required to meter all the lots in the strata scheme. The fixed charges will be determined based on the size of the individual water meters.

In addition, each lot owner will be billed a variable charge for a proportion, determined on the basis of the general or special unit entitlement, of the sum of the volume of water measured by each of the water meters in the strata scheme.

4.3.3 Changes to unit entitlements

Lot owners may change the unit entitlements that apply to their strata scheme in accordance with the requirements set out in Section 17 of the *Strata Titles Act 1998*.

Any change to unit entitlements is solely the responsibility of the lot owners.

A lot owner may choose to, at their own cost, engage a third party to install and read a sub-meter in a new strata scheme in order to better understand their water consumption. This information is not used for our billing purposes but may of use be used by a lot owner as the basis for a change in unit entitlements.

The body corporate must provide us with a copy of the unanimous resolution authorising the change of unit entitlements together with evidence that the change to the plan has been registered in line with Section 17(2) of the *Strata Titles Act 1998*. This can be done by phoning us on 13 69 92 or sent via email to enquiries@taswater.com.au).

4.3.4 Common property and fire services

New strata schemes

Common property sub-meters are not installed by us for new strata schemes. Instead, the volume of water measured by the master meter (and apportioned to each lot owner on the basis of the general or special unit entitlement of the strata scheme) includes any amount used for the whole property and/or common property.

If all lot owners in a strata scheme unanimously agree to install a water manifold or where each lot is individually connected to our water main as per 4.3.1 and the strata scheme includes common property, TasWater must be provided with details of the strata scheme's general or special unit entitlements or details of the body corporate. The variable charges for common property will be billed to the individual lot owners or to the strata scheme's body corporate.

Existing strata schemes

For existing strata schemes, common property sub-meters may have been installed by us (or our predecessor(s)) and if so, we will continue to maintain these sub-meters (which will remain our property). Each lot owner's bill will include a proportion, determined on the basis of the general or special unit entitlement under the strata scheme, of the fixed and variable charge for the common property sub-meter.

Where there is a master meter and sub-meters, but no common property sub-meter(s), then the difference between the volume of water measured at the master meter and the sum of the volume of water measured by each of the sub-meters for the individual lots will be deemed to be the water supplied to common property.

Each lot owner's bill may include a proportion, determined by the general or special unit entitlement of the strata scheme, of the difference between the master meter reading and the sum of the individual sub-meter readings when the master meter reading is greater than the sum of the individual sub-meter readings.

The variable charges for common property in both cases can be billed to the individual lot owners (where general or special unit entitlement information is available from the Land Information System), or to the strata scheme's body corporate.

If all lot owners in a strata scheme with a master meter unanimously agree to install a water manifold as per 4.3.1 and the strata scheme includes common property, TasWater must be provided with details of the strata scheme's general or special unit entitlements or details of the body

corporate. The variable charges for common property will be billed to the individual lot owners or to the strata scheme's body corporate.

Fire service charge

Strata schemes may have a dedicated water service to a fire hydrant for fire protection purposes. Where such a service is provided, a fire service charge will apply to the strata scheme and each lot owner's bill will include a proportion, determined by the general or special unit entitlement, of the fire service charge.

4.3.5 Concessions

A lot owner's eligibility for a concession is unaffected by a strata scheme's water meter configuration.

4.4 Associated documents

TasWater Water Metering Guidelines

TasWater Property Services Connection Standards Drawing – Water Services

TasWater Boundary Backflow Containment Selection Requirements

TasWater Sub-metering Application Form

5 Service Charges Policy

5.1 Aim

This policy outlines the circumstances when we will impose a service charge in relation to serviced land and the amount of, or the method of determining the amount of, the service charge.

5.2 Policy

A service charge will be imposed on unconnected properties classified as serviced land to ensure equity with other connected customers who would otherwise have to pay for the infrastructure.

5.3 Amount of service charge

The amount of the relevant service charge is listed in our website www.taswater.com.au.

5.4 Notice to affected titles

We will not impose a service charge unless we first serve notice on the owner(s) of the land and publish a notice in a newspaper circulating generally in the area in which the affected land is situated. We will provide a copy of the notice for inspection at our offices and on our website www.taswater.com.au.

The notice will:

- Define the locality to which it applies
- Specify the services available
- Generally, identify the land to which the services are available
- Fix a date on and from which the service charge will be payable, being a date not less than three months from the date of the notice.

We are not required to serve written notice when imposing a service charge in respect of land that was the subject of a service rate or service charge under (the now repealed) Section 95 of the *Local Government Act 1993* immediately prior to 9 July 2008.

6 Service Introduction Charges Policy

6.1 Aim

This policy outlines the circumstances and the terms and conditions that must be met for us to introduce water services and/or sewerage services (service introduction) to an area not previously receiving those services and the charges that will apply.

6.2 Introduction of service

We will consider service introduction for water services and/or sewerage services when a proposal is put forward by:

- A community or a council on behalf of the community or
- The relevant council's Environmental Health Officer, the Environment Protection Authority or the Department of Health who have identified that the absence of water services and/or sewerage services is causing significant and/or wide-scale environmental harm and/or public health issues.

6.2.1 Stage 1 – Initial consultation

We will consult with each relevant community on any service introduction proposal. As part of this consultation we will define the proposed service introduction area(s). Using the proposed service introduction area(s), we will provide property owners and the community generally the following information:

- High-level, preliminary design work and
- Estimated service introduction charges per title for the service(s).

In order to proceed to Stage 2, the service introduction proposal must be commercially viable. External funds will offset the costs and subsequent service introduction charges.

6.2.2 Stage 2 – Indicative community support

Consideration of service introduction will only proceed to Stage 3 if at least 50 per cent of each relevant community supports the proposal.

6.2.3 Stage 3 – Community commitment to service introduction

A detailed design and business case will be developed for service introduction as part of this stage. These will provide a more accurate estimate of the project costs and the service introduction charges. Approval of the business case by the TasWater Board will be conditional, among other factors, on the 80 per cent community threshold (detailed below) being achieved.

For the proposal to progress to the procurement and construction stage, at least 80 per cent of the owners of developed land within the proposed service introduction area must enter into an agreement committing to connect to the relevant system and to pay the service introduction charge.

Developed land means land titles where there is an existing development and/or use that would reasonably be expected to require or receive reticulated drinking water services and/or sewerage services. This may include, but not be limited to, a residential dwelling or commercial premises. It would not include other uses that do not require drinking water, for example, irrigation or stock watering.

Following the conclusion of the Stage 3 consultation, we will advise the community of the results of the consultation and the next steps for the project.

6.3 Service introduction charges

Service introduction charges will reflect the reasonable costs of providing the infrastructure less what would be recovered from customers in the new service area through ongoing annual water charges and/or sewerage charges.

We will calculate service introduction charges at two stages of the consultation process:

- Stage 1 – estimated service introduction charges based on the net present value (NPV) of the cost of providing the infrastructure specific to the service introduction, less the present value of the amount that would be recovered from 80 per cent of customers through ongoing annual water charges and/or sewerage charges.
- Stage 3 – final service introduction charges based on the NPV of the cost of providing the infrastructure specific to the service introduction, less the present value of the amount that would be recovered from the actual percentage of committed customers (more than 80 per cent) through ongoing annual water charges and/or sewerage charges.

Any third-party funding contributions will be subtracted from the NPV calculations. This calculation determines the commercial viability. We will provide, to a person on whom a service introduction charge is imposed, information as to how we have determined the amount of the charge.

Service introduction charges will be levied on the owner of land who has signed a contract committing to a connection from the date on which the property is able to connect to our water infrastructure and/or sewerage infrastructure and the agreement has commenced.

The owner of a property to which a service introduction charge relates may elect to pay the charge:

- Over a period of not less than 12 months; or
- At the owner's request, over a period of less than 12 months.

6.4 Other charges

In addition to service introduction charges, a connection charge for water services and/or sewerage services will be payable when the property is connected to our water infrastructure and/or sewerage infrastructure in accordance with the requirements set out in Section 3 of this document. The list of connection and other charges is available at www.taswater.com.au).

Ongoing fixed and variable charges will also apply once the property is connected and service provision has commenced.

Owners of land who choose not to connect to our services will become liable to pay service charges following completion of works and availability of services and once the requirements of our *Service Charges Policy* have been met (see Section 5 of this document).

7 Service replacement process

7.1 Aim

The aim of this document is to detail the process we will follow where service replacement may be required for existing water services.

7.2 Overview

A number of our water services have in the past not complied with the *Tasmanian Drinking Water Quality Guidelines 2015* and by extension the *Australian Drinking Water Guidelines 2011* (ADWG).

The Regulator, through our water and sewerage operating licence, and the Director of Public Health, through the provisions of the *Public Health Act 1997*, require all drinking water systems to comply

with the health requirements of the ADWG. In practice, this means that most of our drinking water systems require full treatment. Historically this provided us with only two options: conform to the requirements of ADWG or instigate service replacement.

Service replacement means that we cease providing a reticulated drinking water service to a locality. Where service replacement is required, we provide impacted customers with an alternative water supply, either through provision of appropriate infrastructure (such as a water tank or water filters), or a one-off payment to cover the reasonable costs of an alternative water supply. Service replacement is only considered when all other reasonable solutions have been assessed.

We may provide, at our discretion, an irrigation supply in response to community demand and confirmed support. All costs for this unregulated supply will be borne by the local community through individual agreements.

7.3 Service replacement process

Our framework for assessing options to provide water services to small towns includes our *Drinking Water Quality Policy* available on our website at www.taswater.com.au.

The policy seeks to balance the compliance obligation to provide a safe drinking water supply and the economic justification, in line with our legislative obligations, of major investment in towns with very small populations. This also incorporates non-economic considerations that may warrant the installation of treatment infrastructure in meeting compliance obligations. These include consideration of a range of criteria relating to community health, regional planning, growth and demographic issues, town sustainability and organisational reputation. Public safety is the principal objective in determining our preferred approach for a locality.

We will follow the process outlined in this policy where service replacement is a possible solution to address water quality issues.

7.3.1 Review points

The process provides 'review points' at the end of each major stage to allow us to engage with the Regulator and other industry regulators as appropriate, such as the Department of Health (DoH), Environment Protection Authority and Tasmania Fire Service (TFS). At each review point, the relevant regulator/s need to give their in-principle agreement before we can proceed to the next stage in the process.

The relevant regulator/s will be provided with information and asked to consider certain matters outlined below and detailed in the series of flowcharts that follow. The list below is not prescriptive and does not seek to limit regulators' ability to request further information at the review points or at any time during the process.

7.3.2 Stage 1.1 – Initial assessment

Review point regulators: The Regulator and DoH.

Regulators asked to consider our assessment of the town against key assessment criteria and the need to commence the service replacement process.

7.3.3 Stage 1.2 – Engage with community and regulators

Review point regulators: The Regulator, DoH and TFS.

The Regulator is asked to consider the adequacy of community engagement.

The Regulator and DoH are asked to consider:

- Whether the options assessment presented to the community adequately address the risks, costs and benefits of each option and

- Whether the proposed implementation approach (reimbursement or upfront payment) is justified.

All relevant regulators are asked to consider whether options adequately address their particular regulatory concern(s). For example, TFS may consider the impacts of the proposed service replacement on firefighting capability within the locality.

7.3.4 Stage 1.3 – Customer offers and review

Review point regulators: The Regulator, DoH and TFS.

The Regulator is asked to consider whether the Service Replacement Offer(s) matches the outcomes of the community engagement and the needs of customers, and the robustness of the process of gaining customer agreement.

The Regulator and DoH are asked to consider:

- Whether the Service Replacement Offer(s) presented to customers adequately explains the costs and ongoing requirements and the proposed implementation approach.

All regulators asked to consider whether the Service Replacement Offer(s) adequately addresses their particular regulatory concern(s).

7.3.5 Stage 1.4 – Amendment to serviced land

Review point regulators: The Regulator, DoH and TFS.

This stage includes the Regulator consulting with other regulators and, if required, undertaking public consultation in relation to our service replacement process report.

The Regulator undertakes final review.

7.3.6 Stage 1.5 – Installation of alternative supply

Review point regulator: The Regulator.

Advice to DoH and TFS of completion of the service replacement process.

7.3.7 Customer complaints

Customers who have a complaint with any part the process may lodge a formal complaint with us through a range of avenues, as detailed on our website www.taswater.com.au. If the customer remains dissatisfied with our response; we will advise the customer of their right to lodge a complaint with the Tasmanian Ombudsman.

7.3.8 Engagement

Engagement informs and drives the service replacement process. We will engage with our customers in the relevant localities, the local council and regulators. Other stakeholders will also be engaged as required.

This engagement is an important part of the decision-making process for determining the preferred solution and to make sure we meet our legal obligations.

As part of Stage 1.2 – Engagement with community and regulators (refer to flowchart below) we will provide the community with detailed options and the associated ongoing costs and obligations. The options presented will weigh up matters such as:

- Quality and quantity of water supply (e.g. rainfall, surface and bore)
- Upfront infrastructure costs (costs borne by TasWater)
- Ongoing costs and maintenance obligations (costs borne by customers)

- Existing investment by customers in their own water supplies e.g. rainwater tanks
- Community composition e.g. the proportion of permanent residents to occasional and temporary visitors. Lower permanent resident levels may influence the option(s) proposed by TasWater.

Community requirements will determine whether the preferred option will be implemented through provision of the alternative water source or an upfront payment to cover the reasonable costs of an alternative water supply. In some cases, it is not possible to get all customers to indicate their preferences. We will make all reasonable endeavours to engage with the community, including methods such as telephone contact, direct mail-outs, advertisements in local shops and/or newspapers and community meetings.

The second part of the community engagement is to get formal agreement from individual customers. For each customer we will provide details of the service replacement offer and an agreement to accept the offer.

Customers will be provided with up to 150 days (five months) to accept or reject the offer (the 'offer period').

Our policies regarding serviced land, connections and service charges are available at Sections 2, 3 and 5 respectively of this document.

We will proceed to seek an amendment to serviced land at the end of the offer period if 80 per cent or more of customers have accepted the offer. Should this threshold not be met at the end of the offer period, we will consult with the relevant regulators to determine an acceptable resolution.

The service replacement process is detailed in the series of flowcharts that follow.

Figure A6.1: Service replacement overview

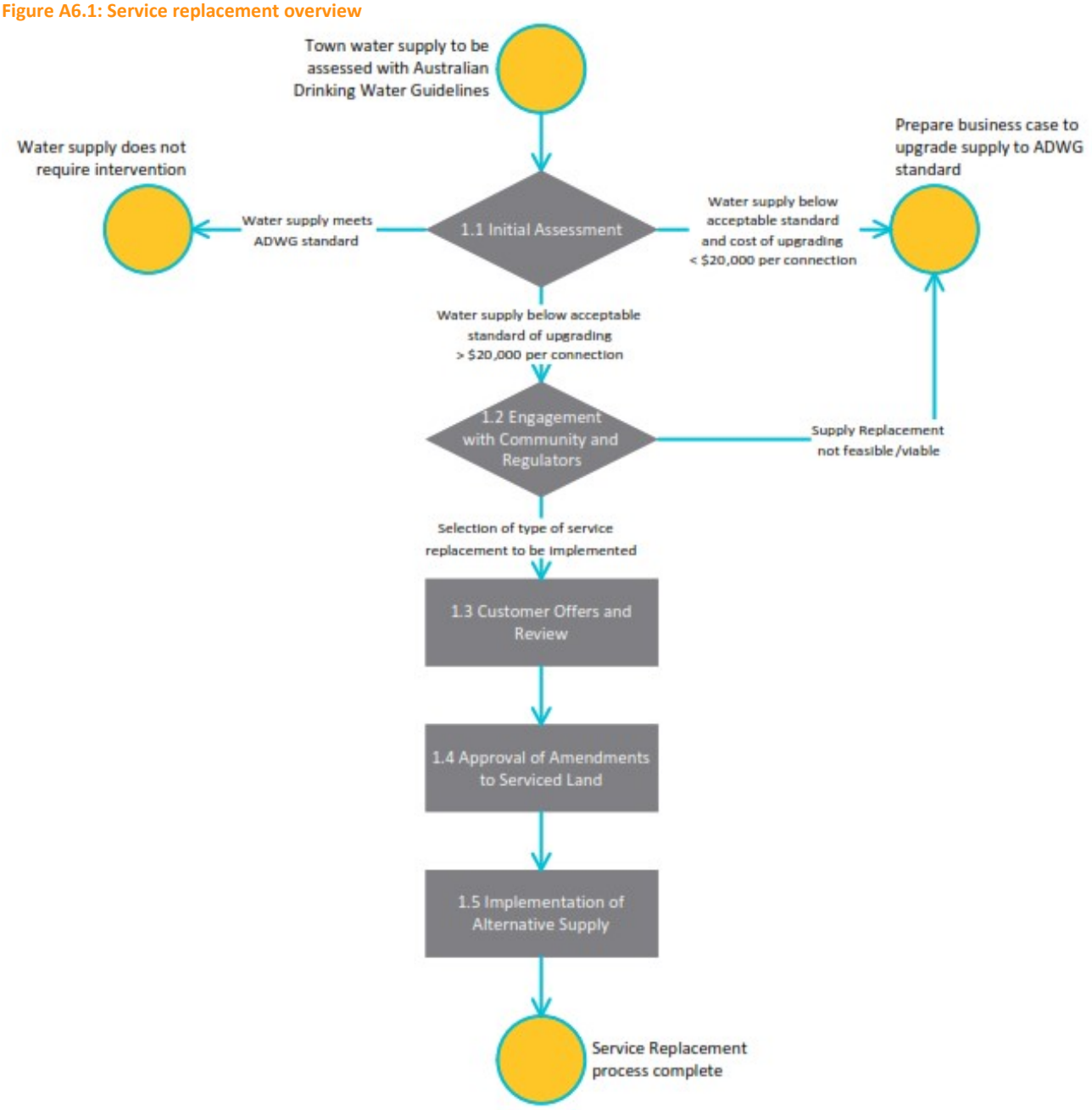


Figure A6.2: Initial assessment

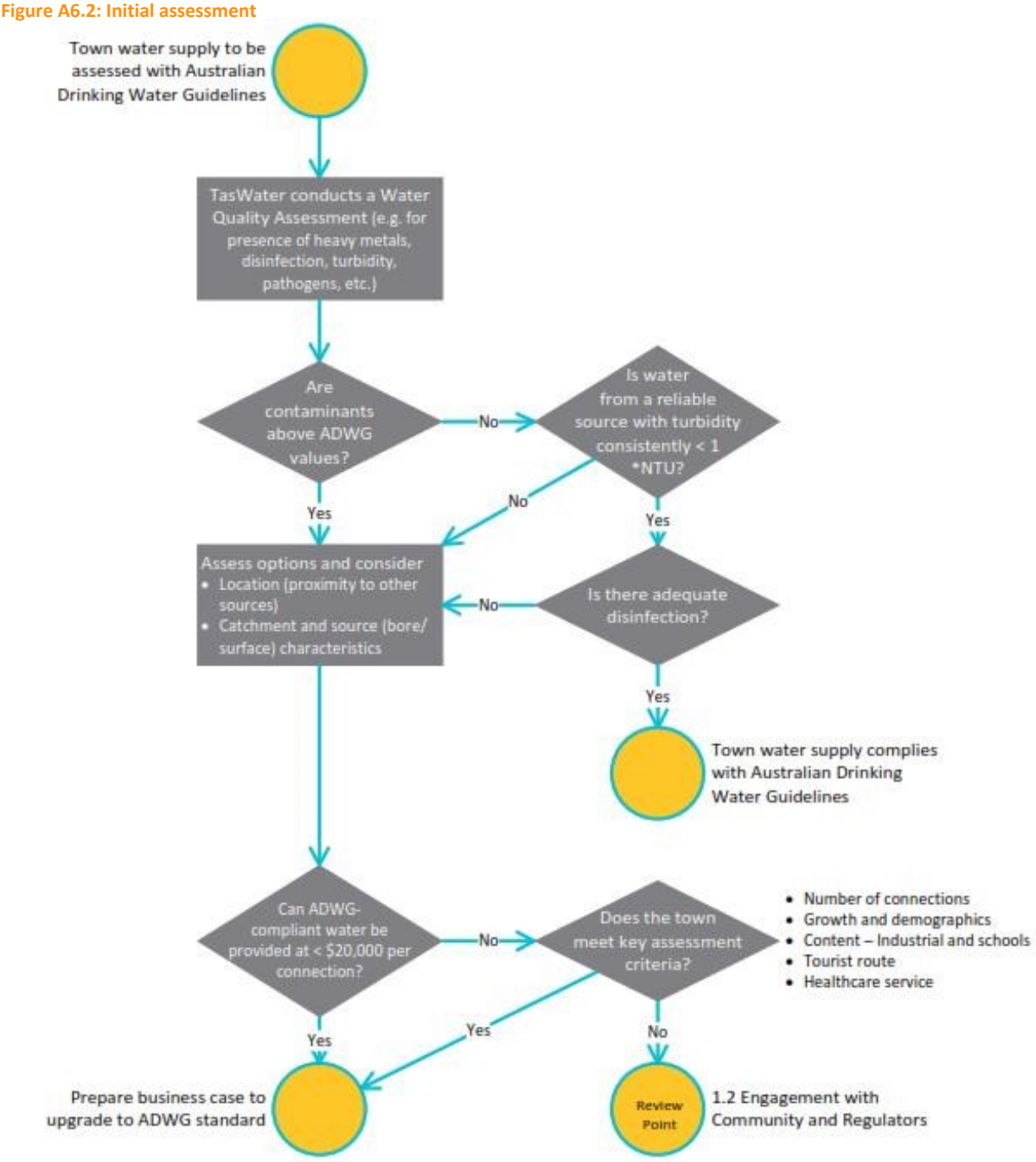


Figure A6.3: Engagement with community and regulators

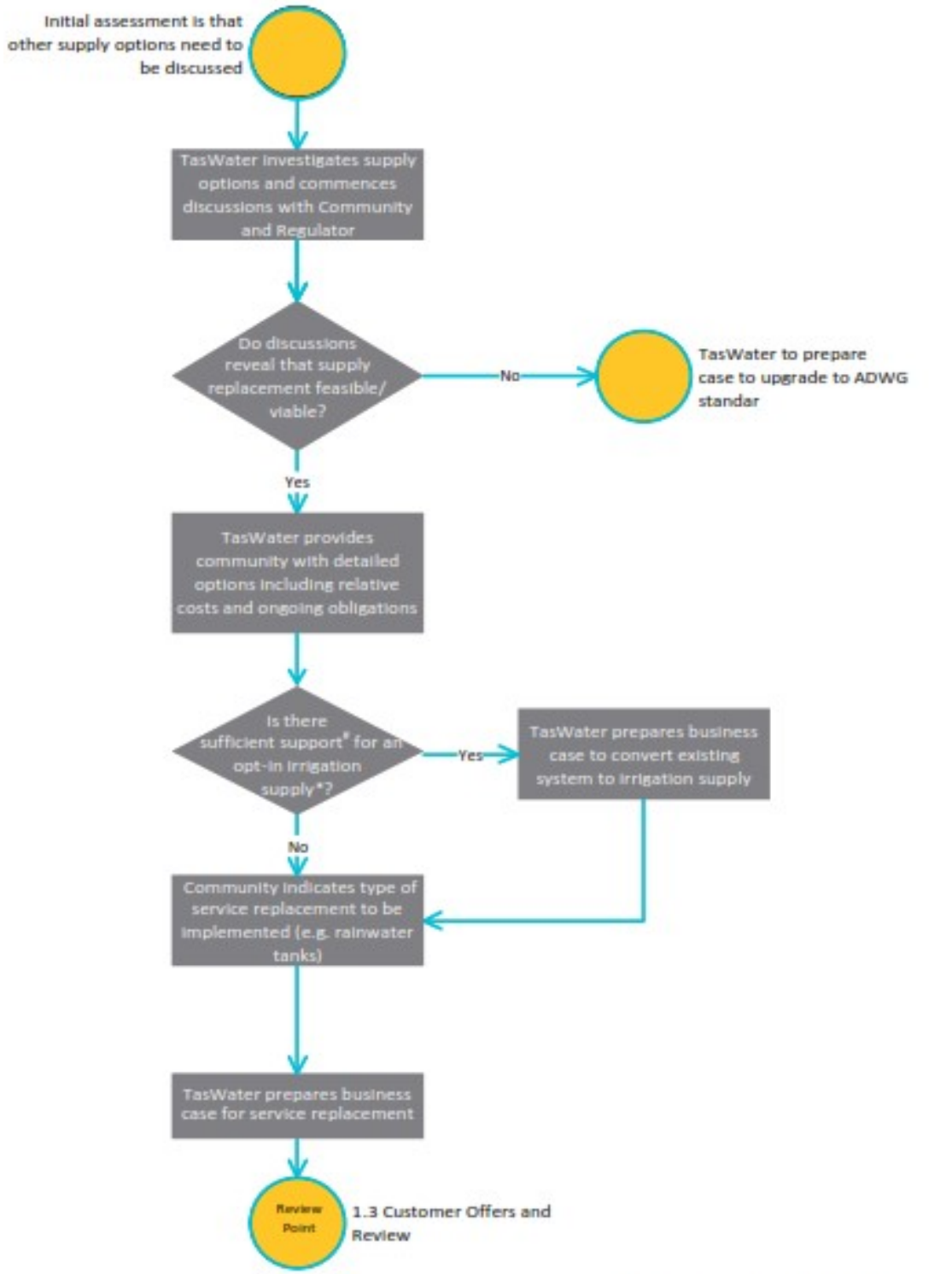


Figure A6.4: Customer offers and review

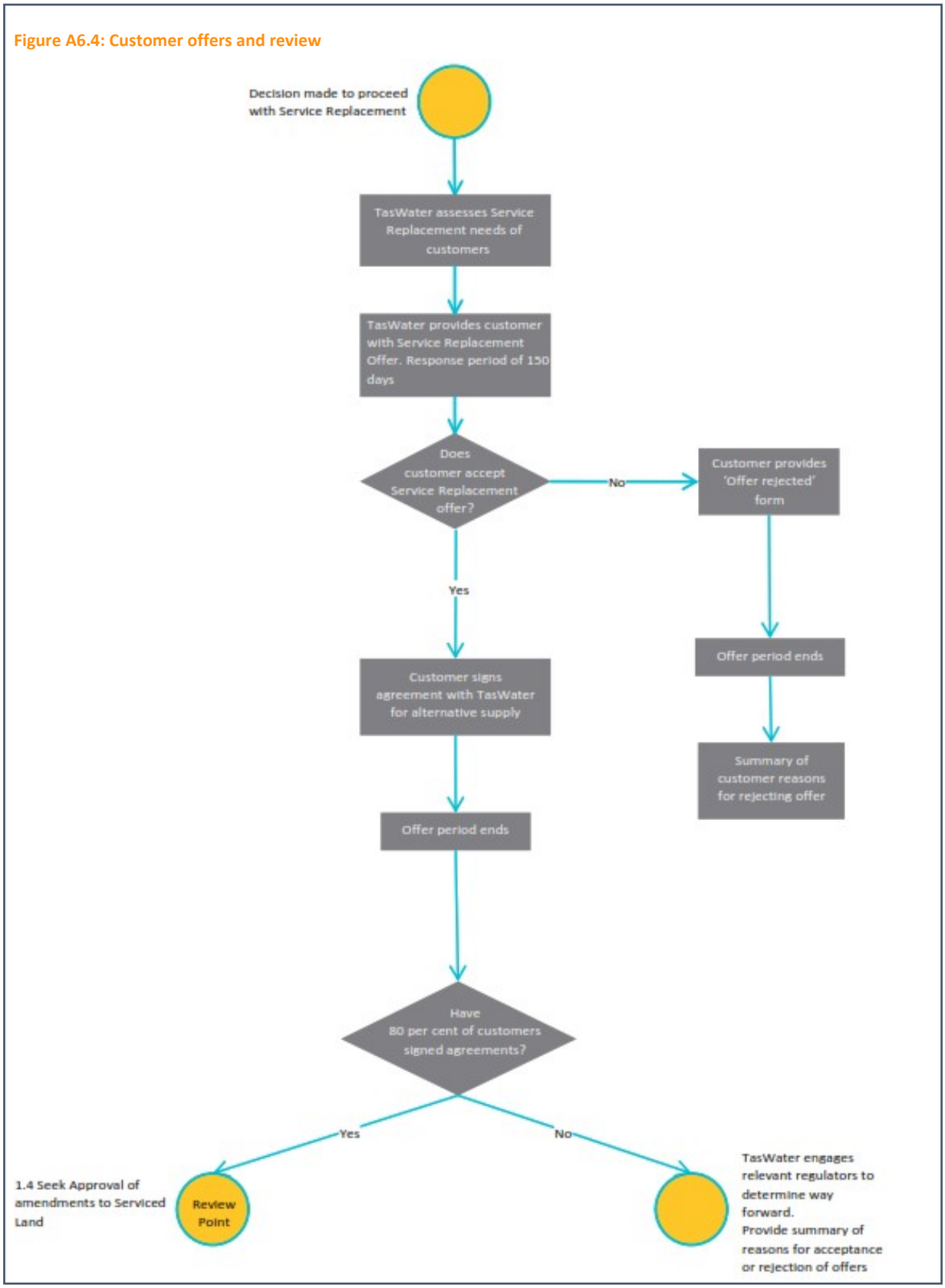


Figure A6.5: Amendment to Serviced Land

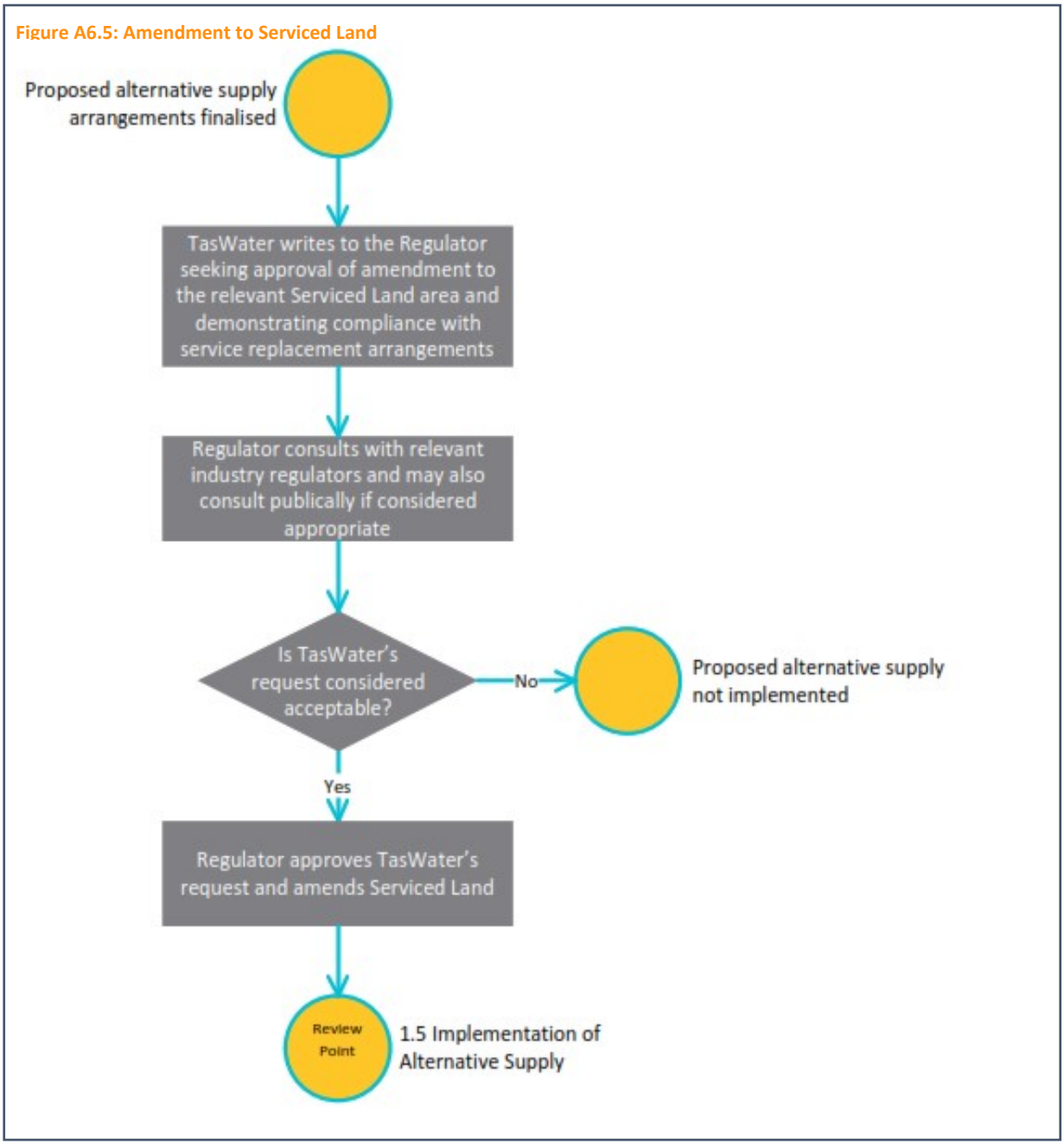
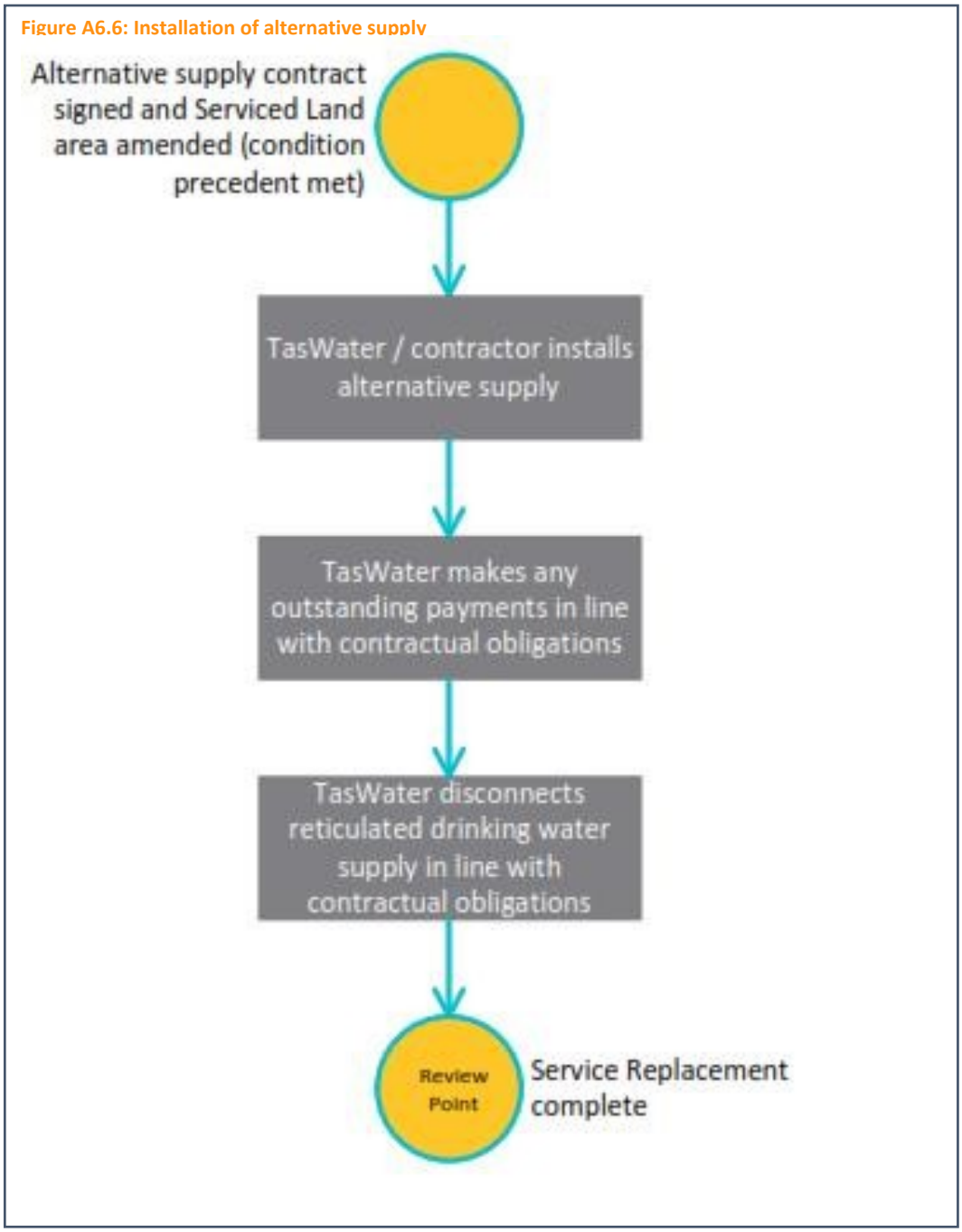


Figure A6.6: Installation of alternative supply



8 Definitions

Table A6.3: Definitions

Term	Meaning
Act	Means the *Water and Sewerage Industry Act 2008*.
body corporate	Has the same meaning as in Section 3 of the *Strata Titles Act 1998*.
certificate for certifiable work	Means a certificate referred to in Section 56TC(3) or Section 56TC(4) of the Act that is issued by us under Section 56TC of the Act.
Code	Means the Tasmanian Water and Sewerage Industry Customer Service Code issued by the Regulator under the Act.
common property	Has the same meaning as in Section 3 of the *Strata Titles Act 1998*.
concession	Means a concession granted under Section 8 of the *Water and Sewerage Industry (Community Service Obligation) Act 2009.*
connection point	Has the same meaning as in Section 3 of the Act.
connection charge	Means a charge calculated by reference to the costs that are associated with installing assets that are dedicated to the provision of water services and/or sewerage services to a particular customer.
Customer Service Standards Regulations	Means the *Water and Sewerage Industry (Customer Service Standards) Regulations 2019*.
fixed charge	Has the same meaning as in Section 3 of the Pricing Regulations.
infrastructure	Means water infrastructure or sewerage infrastructure.
interposing pipe work	Means any pipe work that is between the connection point and the sub-meter and between the sub-meter and the strata titled lot. We do not own and are not responsible for providing and/or maintaining interposing pipe work.
lot	Has the same meaning as in Section 3of the *Strata Titles Act 1998*.
master meter	Means a water meter installed at the connection point that measures the total volume of water supplied to a strata scheme or a multi-unit property. A master meter may be connected to sub-meters.
multi-unit property	Means a property that has more than one sole occupancy unit on one freehold title (i.e. a property not established as a strata scheme).
owner	Means the person(s) who holds the freehold interest in any land that is connected to our infrastructure or that a water or sewerage service is available to from us.
Price and Service Plan	Means a price and service plan approved under Section 65 of the Act.
Pricing Regulations	Means the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021*.
Regulator	Means the Regulator referred to in Section 11 of the Act.
service charge	Means a charge levied under Section 68A of the Act and detailed in Section 5 of this document.
service introduction	Means the construction of water infrastructure and/or sewerage infrastructure by us to provide reticulated water services and/or sewerage services to established communities/townships not previously receiving reticulated water services and/or sewerage services.
service introduction charge	Means a charge, in respect of a property, that relates to the installation, alteration or utilisation of assets by us to enable the provision by us of a regulated service to the property but does not include: • a connection charge • a fixed charge • a developer charge.

Term	Meaning
serviced land	Means land that we will permit to be connected to our water infrastructure or sewerage infrastructure. We have identified this land by individual title, in accordance with Section 56U(1)(b) of the Act. Serviced land boundaries will change over time as the capacity and reach of our systems change. Note: Information about our serviced land boundaries, including maps, is available on our website www.taswater.com.au, The List (maps.thelist.tas.gov.au) and for inspection by customers at our offices. For further information contact us during business hours on 13 6992.
sole occupancy unit	Means a building or other part of a building for occupation by one lessee, tenant or other occupier to the exclusion of any other lessee, tenant, or other occupier. A sole occupancy unit also includes any part of the building that is common property.
standard sewerage connection	Means a 100 mm sewerage connection to an unconnected property that is classified as serviced land and meets the requirements set out in Section 3.2 of this document.
standard water connection	Means a 20 mm water connection to an unconnected property that is classified as serviced land and meets the requirements set out in Section 3.2 of this document. (TasWater has identified serviced land where, based on historical practices, some 25 mm water connections are also considered to be a standard water connection as defined above.)
strata scheme	Has the same meaning as in Section 3 of the *Strata Titles Act 1998*.
sub-meter	Means a water meter that measures individual usage of water downstream of a master meter. The minimum sub-meter size is nominally 20 mm.
sub-metering	Means the installation of individual water meters to measure the volume of water supplied downstream of a master meter.
Supplement	Means the TasWater Supplement to Water Supply Code of Australia WSA 03-2011-3.1 (MRWA Edition) (available on our website at www.taswater.com.au).
unanimous resolution	Has the same meaning as in Section 3 of the *Strata Titles Act 1998*.
unit entitlement (also general unit entitlement and special unit entitlement)	Has the same meaning as in Section 16 of the *Strata Titles Act 1998*.
variable charge	Has the same meaning as in Section 3 of the Pricing Regulations.
water meter	Means a device, including equipment related to the device, for measuring the volume of water delivered to a property.
water meter manifold	Means a device that enables distribution of water from a single source to properties connected to the manifold. It involves a single water connection to the TasWater water main at the property boundary, which then separates into several smaller diameter connections that allows us to install a number of water meters for individual property/unit connection (Water Metering Guidelines version 2.0 (June 2015), available at www.taswater.com.au).

Appendix 3 – Land Development Policies

Land Development Policies

1 July 2022

TasWater

Policy approval and responsibilities

The Chief Executive Officer of TasWater is responsible for implementing these policies.

Approved by the Board at its meeting on ..... of ..... 2022.

.....

Chairman

Table of contents

1 Introduction

This document provides our policies for land development, including developer charges and service extension and expansion. These policies are required by the *Water and Sewerage Industry Act 2008*, by the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021* and by the Regulator in connection with our Price and Service Plan for the period 1 July 2022 to 30 June 2026.

Information regarding connections to our water infrastructure and/or sewerage infrastructure can be found in our *Water and Sewerage Network and Charges Policies* document. We have developed growth and capacity plans (GCPs) that detail the long-term infrastructure needs for each of our water and sewerage systems. These GSPs are updated periodically and will be used as the basis for determining whether there is sufficient capacity available, in the relevant system, for the proposed development.

As outlined in our Price and Service Plan 4, a new developer charges framework will commence on 1 July 2023 (the second year of the PSP4 period). Until this time, the framework adopted for the PSP3 period will continue to apply. Taking this into account:

- Section 2 of this Policy outlines the developer charges framework that will apply from 1 July 2022 to 30 June 2023
- Section 3 of this Policy outlines the developer charges framework that will apply from 1 July 2023 to 30 June 2026

1.1 Further information

For further information about these policies and how they apply to your circumstances, please contact our Development Services Department on 13 6992 or development@taswater.com.au.

1.2 Relevant legislation

- Land Use Planning and Approvals Act 1993
- Water and Sewerage Industry Act 2008 (the Act)
- Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021 (Pricing Regulations)

1.3 Customer Charter

Our *Customer Charter* explains our obligations consistent with the requirements under the Act, *the Water and Sewerage Industry (Customer Service Standards) Regulations 2019* and the Code. It also outlines the rights and responsibilities of our customers and our commitment to providing reliable water and sewerage services. It explains our business practices and provides the customer with reasonable expectations of our services, pricing, processes and responsibilities.

1.4 Support for economic development

We will waive water and/or sewerage service charges on newly created lots for a period of two years from the date the Recorder of Titles issues title to a lot, when all the following conditions are met:

- The lot is classified as serviced land
- The effective date of the of the newly created lot is not before 3 November 2012, as shown on the Recorder of Titles' plan of survey • The lot remains in the ownership of the developer
- The lot is not developed.

2 Developer Charges Policy – 1 July 2022 to 30 June 2023

2.1 Aim

The aim of this policy is to specify how and when we will impose developer charges and development assessment fees for new developments approved by the relevant planning authority.

2.2 Policy

Developer charges may apply to new developments/uses approved by the relevant planning authority, where we decide to provide water and/or sewerage services to a development/use. If applicable, developer charges will be imposed as follows:

Developments within serviced land where:

- The existing water and/or sewerage infrastructure can accommodate the demands of the proposed development/use (capacity) – developer charges will not apply for the available capacity or
- Capacity is not available - will require the developer to pay the cost of expansion of the system to the level of capacity required to service the development/use.

Developments outside serviced land where:

- Capacity is available within an existing system - the developer pays the costs of extension, including connection, to that system and may access the available capacity in that system at no additional charge or
- Insufficient capacity is available within an existing system - the developer pays the costs of extension, including connection, to that system and expansion of the system to the level of capacity required to service the development/use. Any existing spare capacity in that system that is less than the total required for the development will be made available at no additional charge or
- Isolated Developments - all costs are paid by the developer.

At our absolute discretion, we may contribute to the costs of development/use in accordance with section 2.2.2 below.

Additional charges may apply under our Price and Service Plan and our *Water and Sewerage Network and Charges Policies* document.

For new developments we refer to two types of water and/or sewerage infrastructure:

- Works Internal
- Works External.

This approach is summarised in the following table:

	Sufficient System Capacity	Insufficient System Capacity
Works Internal	Developer pays all costs	Developer pays all costs
Works External – Extension	Developer pays costs of Extension required for the development*	Developer pays costs of Extension required for the development*
Works External – Expansion	Not applicable	Developer pays costs of Expansion required for the development**

* Any development connecting to an existing system will as a minimum pay for the cost of connection to the mains of the existing system.
** We will refer to the system's Growth and Capacity Plan (where available) regarding capacity upgrades or other works planned. We will discuss these plans with the developer.

2.2.1 Advice Regarding Works Required

Works external required for a development/use will be assessed by us on a case by case basis. A developer will only pay Works External costs directly attributable to servicing their specific development/use.

As assessment is on a case by case basis, we will, upon request, provide details of the works required to service a proposed development/use (including mains connection costs) relating to any extension. The total works can then be independently costed by the developer.

2.2.2 Strategic Opportunities

In assessing a proposed development/use, we will consider any potential strategic benefits, such as alleviating public health issues or supporting economic development. If we believe there are sufficient strategic benefits we may fund any additional capital expenditure over and above the cost of assets required to service the proposed development/use. The developer will pay the costs for assets required to support the development.

2.2.3 Development Services Fees

The following fees apply in relation to assessments, approvals and compliance activities for developments/use. Invoices will be issued in relation to the relevant fees and are to be paid within 30 days of issue.

- Land Information Certificate (Section 56ZQ) Request fee: payable when you apply for a land information certificate (which provides information concerning our infrastructure at a specified location)
- Section 56W Consent fee: payable when we issue consent to build within two metres of our infrastructure
- Certificate for Certifiable Works (CCW) fee: payable when you apply to us for a Certificate for Certifiable Works that requires a Certificate of Compliance for either building and/or plumbing works
- Development Application (DA) fee: payable when you act on a planning permit that contains our conditions and prior to the issue of any other approval from TasWater
- Engineering Design Approval fee: payable when you apply to us for approval:
- Of an engineering design for a development or
- To construct water and sewerage assets for a development that are to be transferred to us
- Consent to Register a Legal Document fee: payable when we issue our consent to the planning authority to seal or register legal documents, such as a consent for registration of title documents for a subdivision development.

3 Developer Charges Policy – 1 July 2023 to 30 June 2026

The aim of this policy is to specify how and when we will impose developer charges and development assessment fees for new developments approved by the relevant planning authority.

3.1 Policy

A *Shared Infrastructure Contribution Charge* (standard charge) will be applied to all developments that are included in growth and capacity plans (GCPs). Developments that fall outside our GCPs and are materially different in terms of size, cost or timing will have a *Bulk Infrastructure Capacity Charge* (bulk charge) applied.

The table below provides further detail on the application of the standard charge and bulk charge.

Charge type	Description
Standard charge	The standard charge will apply to all developments that are included in GCPs for each new equivalent tenement (ET) created. The standard charge aims to cover the incremental costs associated with expected capacity upgrades (i.e. not system extensions) driven by new customers, with remaining costs to be recovered through water and sewerage charges. The standard charge is to be set with reference to a net incremental cost associated with new customers and is calculated as follows: + NPV incremental capex driven by new customers + NPV forecast opex driven by new customers - NPV forecast revenue from new customers. For water-only or sewerage-only customer connections, 50 per cent of the standard water and sewerage charge will apply. A standard charge of $3 514 per ET will apply for each of the FY2023-24, FY2024-25 and FY2025-26 financial years.
Bulk charge	The bulk charge will apply to any development that requires an unexpected network capacity augmentation (i.e. not system extensions). This will include developments that require: • bringing forward the timing of a network capacity augmentation that has been planned for • building a network capacity augmentation that has not been planned for. The bulk charge for a specific development will be based on the net incremental costs per ET of the capacity augmentation required for the individual development, and will be calculated as follows: + NPV incremental capex associated with the network capacity upgrade required for this development + NPV forecast opex driven by new customers connected to that upgrade - NPV forecast revenue from new customers projected to connect to the network capacity upgrade. This charge per ET will apply to all subsequent developments that connect to the capacity upgrade included in the bulk charge. Alternatively, where a capacity upgrade is deemed to be a large cost and high risk to TasWater, it may require the developer to fully fund the upgrade upfront. Where a bulk charge is applied, it will be charged in addition to the standard charge.

If applicable, developer charges will be imposed as follows:

For developments within serviced land:

- where the existing and/or planned water and/or sewerage infrastructure can accommodate the demands of the development/use (capacity), the standard charge will apply
- where the existing and/or planned water and/or sewerage infrastructure cannot accommodate the demands of the development/use (capacity), the developer will be required to pay the bulk charge for the additional capacity upgrade plus the standard charge.

For developments outside serviced land:

- where capacity is available within an existing system, the developer may access the available capacity in that system and pays the standard charge and the costs of extension, including connection, to that system.
- where capacity is not available within an existing system and no works are planned, the developer pays the standard charge and the costs of extension, including connection, to that system plus a bulk charge for the additional capacity upgrade.
- where they are isolated developments, all costs are paid by the developer.

In our absolute discretion, we may contribute to the costs of development/use in accordance with Section 3.2.2 below.

Additional charges may apply under our Price and Service Plan and our *Water and Sewerage Network and Charges Policies* document.

For new developments, we refer to two types of water and/or sewerage infrastructure:

- Works internal
- Works external.

This approach is summarised in the following table:

	Sufficient system capacity	Insufficient system capacity
Works internal	Developer pays all costs	Developer pays all costs
Works external – extension	Developer pays costs of extension required for the development*	Developer pays costs of extension required for the development*
Works external – expansion	Developer pays a standard charge per ET.	Developer pays a standard charge per ET for planned works and an additional bulk charge for unplanned works. **

** Any development connecting to an existing system will, as a minimum, pay for the cost of connecting to the mains of the existing system, in addition to the standard charge and, if applicable, the bulk charge*
*** We will refer to the system's GCP (where available) regarding capacity upgrades or other works planned. We will discuss these plans with the developer.*

3.2.1 Advice regarding works external required

We will assess works external required for a development/use on a case-by-case basis. In addition to the standard charge, a developer will only pay works external costs directly attributable to servicing their specific development/use.

As assessment is on a case-by-case basis, we will, upon request, provide details of the works required to service a proposed development/use (including mains connection costs) relating to any extension. The total works can then be independently costed by the developer.

3.2.2 Strategic opportunities

In assessing a proposed development/use, we will consider any potential strategic benefits, such as alleviating public health issues or supporting economic development. If we believe there are sufficient strategic benefits, we may fund any additional capital expenditure over and above the cost of assets required to service the proposed development/use. The developer will only pay the costs for assets required to support their development.

3.2.3 Development services fees

The following fees are in addition to the applicable standard and bulk charges and apply in relation to assessments, approvals and compliance activities for developments/use. Invoices will be issued in relation to the relevant fees and will be due within 30 days of issue.

- Land Information Certificate (Section 56ZQ) Request fee: payable when you apply for a land information certificate (which provides information concerning our infrastructure at a specified location)
- Section 56W Consent fee: payable when we issue consent to build within two metres of our infrastructure
- Certificate for Certifiable Works (CCW) fee: payable when you apply to us for a Certificate for Certifiable Works that requires a Certificate of Compliance for either building and/or plumbing works

- Development Application (DA) fee: payable when you act on a planning permit that contains our conditions and prior to the issue of any other approval from TasWater
- Engineering Design Approval fee: payable when you apply to us for approval:
- Of an engineering design for a development or
- To construct water and sewerage assets for a development that are to be transferred to us
- Consent to Register a Legal Document fee: payable when we issue our consent to the planning authority to seal or register legal documents, such as a consent for registration of title documents for a subdivision development.

3.2.4 Requests for estimates or information

Standard charge

In response to a request for an estimate or information, TasWater will provide:

- an estimate of the amount of the charge that is to apply, in respect of a property, to a person who -
  - proposes a new development in respect of the property; and
  - provides sufficient information about the proposed development to enable an estimate to be determined.
- information, as to how the amount of the charge has been determined to a person on whom such a charge is imposed.

Bulk charge

In response to a request for an estimate or information, TasWater will:

- advise whether the proposed development is outside of TasWater's Growth and Capacity Plans and is therefore likely to be subject to the charge; and
- provide information, as to how the amount of the charge has been determined to a person on whom such a charge is imposed.

3.2.5 Schedule of development fees

A full schedule of our development fees is provided on our website at www.taswater.com.au.

4 Service Extension and Expansion Policy

4.1 Aim

The aim of this policy is to outline the circumstances, and the terms and conditions, under which we will extend and expand our water infrastructure and/or sewerage infrastructure, including at the request of a person.

This policy supports the objectives of the Tasmanian Resource Management and Planning System, as detailed in Schedule 1 of the *Land Use and Planning Approvals Act 1993* and the associated planning processes.

4.2 Policy

Our approach to service extension and expansion is as follows:

4.2.1 Growth and capacity plans – works as listed

We will systematically extend and expand our water and sewerage infrastructure as detailed in our growth and capacity plans (GCPs).

4.2.2 Growth and capacity plans – works brought forward

A person may request in writing that we undertake extension and/or expansion works in existing systems sooner than they are listed in our GCPs. The person must agree to pay any relevant charges under the *Developer Charges Policy* for undertaking the works sooner than was planned.

In considering whether we will permit the bringing forward of works, we will consider matters including, but not limited to, the nature and timeframes for the works, impacts on our existing infrastructure programs and the risks posed to us and our customers. In this case a Bulk Infrastructure Capacity Charge may apply for any works brought forward.

Serviced land

For both standard and non-standard connections (as defined in our *Connections Policy*), the cost of extending and/or expanding our infrastructure will be in accordance the *Developer Charges Policy*. Connection will be undertaken in accordance with our *Connections Policy*, and connection costs will be borne by the proponent.

Other circumstances

We may permit extension and/or expansion to our infrastructure following the request of a property owner in circumstances other than those listed above when:

- A person makes a request in writing
- The person agrees to pay any relevant charges under the *Developer Charges Policy*.

This policy does not cover:

- Circumstances covered by the *Service Introduction Charges Policy* where services are proposed to be introduced to a community that has not previously received them.
- Non-standard historical service connections. TasWater will address issues arising from historical infrastructure arrangements in accordance with its *Non-Standard Legacy Water Connection Policy*.

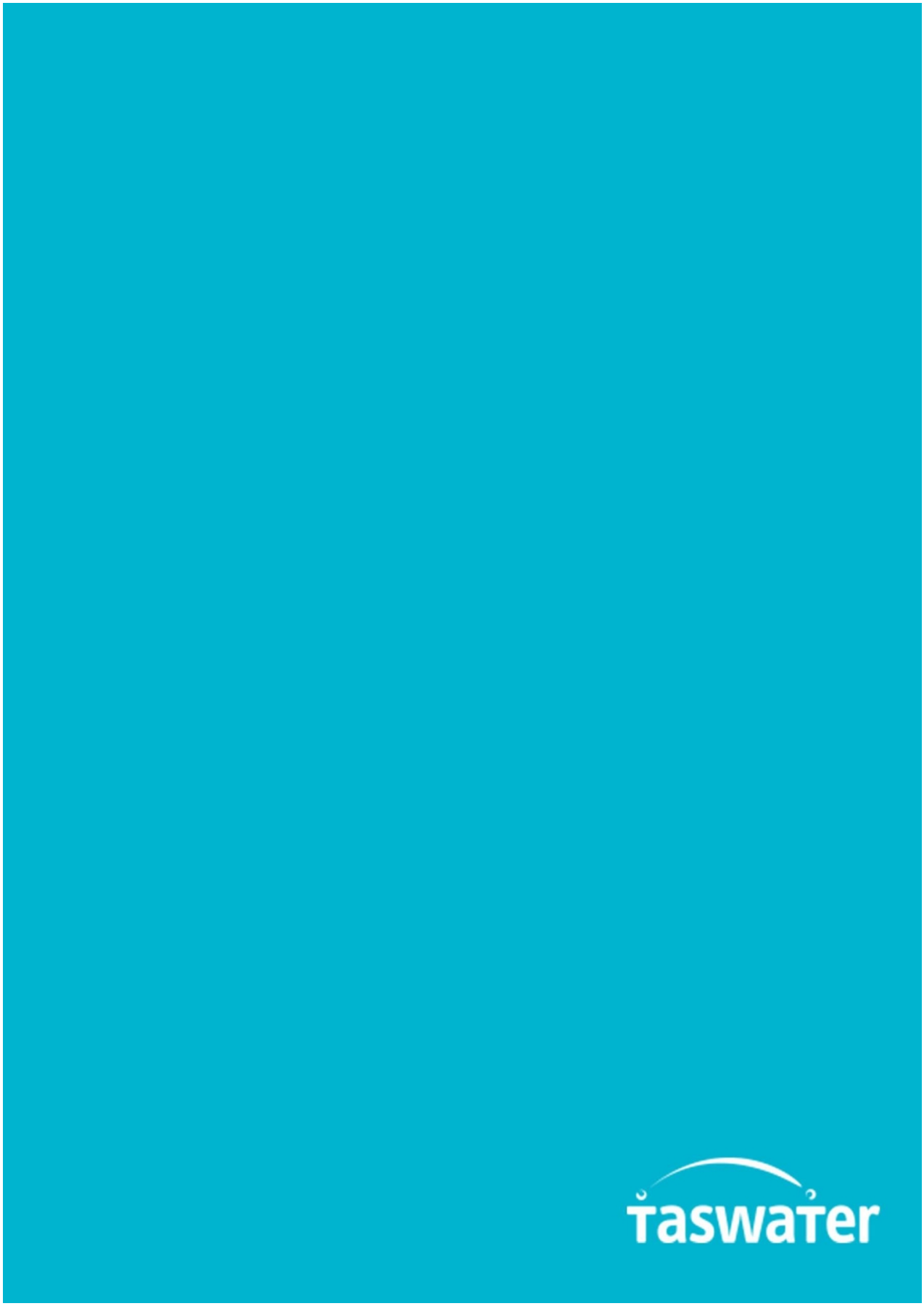
Related policies and costs

For information regarding the connection of property classified as serviced land to a current water system and/or sewerage system, including requests and associated costs, refer to our *Water and Sewerage Network and Charges Polices* document (in particular, the *Connections Policy)* and prices available at www.taswater.com.au

5 Definitions

Term	Meaning
Act	Means the *Water and Sewerage Industry Act 2008*.

Term	Meaning
certificate for certifiable work	Means a certificate referred to in Section 56TC(3) or section 56TC(4) of the Act that is issued by us under Section 56TC of that Act.
Code	Means the Tasmanian Water and Sewerage Industry Customer Service Code issued by the Regulator under the Act.
expansion	Means the augmentation of water infrastructure and/or sewerage infrastructure to accommodate the development or connection of a property that cannot be catered for by a current water system's capacity and/or current sewerage system's capacity.
extension	Means the lengthening of water infrastructure and/or sewerage infrastructure to enable connection of a property to an existing water system and/or sewerage system.
isolated development	Means land that is proposed for development / change in use that is not designed to connect to our existing infrastructure.
planning authority	Has the same meaning as in Section 3 of the *Land Use Planning and Approvals Act 1993*.
Price and Service Plan	Means a price and service plan approved under section 65 of the Act.
Regulator	Means the Regulator referred to in Section 11 of the Act.
serviced land	Means land that we will permit to be connected to our water infrastructure or sewerage infrastructure. We have identified this land by individual title, in accordance with Section 56U(1)(b) of the Act. Note: Information about our serviced land boundaries, including maps, is available on our website (www.taswater.com.au), The List (maps.thelist.tas.gov.au) and for inspection by customers at our offices. We can also be contacted during business hours on 13 6992 for further information. Serviced land boundaries will change over time as the capacity of the system changes.
works external	Means infrastructure that is external to a development site, for extension and/or expansion, required to service the development and is installed at a developer's cost and gifted to us.
works internal	Means infrastructure that is within a development site that is installed at a developer's cost and gifted to us.



Appendix 4 – Trade Waste Policy

Trade Waste Policy

Aim

This policy outlines our commitment to the efficient and effective management of liquid trade waste and sets out how we levy trade waste charges.

Policy

We are committed to the effective and efficient management of trade waste to prevent harm to people, the environment and our sewerage infrastructure.

Our principles for the management of trade waste include:

- Application of a responsive, risk-based approach
- The use of appropriate, clear and specific agreements (including the customer contract and consent with trade waste customers that detail their obligations)
- Moving to fully recover the costs of providing trade waste services on an equitable basis, including the cost of conveyance, treatment, storage, disposal, maintenance and repair of damage to our sewerage infrastructure
- Promotion of trade waste minimisation and encouraging customers to apply sustainable, clean and innovative trade waste management practices.

Trade waste consent

A person must obtain our consent under Section 56ZI of the *Water and Sewerage Industry Act 2008* (the Act) before discharging anything to our sewerage infrastructure. The process for obtaining consent is set out on our website at www.taswater.com.au.

Customer categories

We determine a trade waste customer's category by calculating a risk score based on four elements: business activity, substance of most concern, pre-treatment requirements (as set out in the *Pre-treatment Guidelines*) and trade waste volume.

We classify trade waste customers into the following primary categories:

- **Category 0 Trade Waste customer** means a customer discharging trade waste of very low volume or strength, equivalent to or less than that of a standard residential dwelling.
- **Category 1 Trade Waste customer** means a customer discharging low volume and low impact Trade Waste which is minimal risk to the Sewerage Infrastructure and can be managed through cleaner production methods.
- **Category 2 Trade Waste customer** means a customer discharging low to medium volume and low impact Trade Waste which requires physical pre-treatment at the source to make it acceptable for discharge to the sewerage infrastructure, and includes those customers in subcategories 2A, 2B and 2C as set out in the Price and Service Plan.
- **Category 3 Trade Waste customer** means a customer discharging trade waste which through volume, composition or quality, individually or combined, poses a medium risk to the operation of our sewerage infrastructure.

- **Category 4 Trade Waste customer** means a customer discharging trade waste which through volume, composition or quality, individually or combined, poses a high risk to the operation of our sewerage infrastructure.
- **Tankered waste** means trade waste that is accepted (at our discretion) directly at designated receiving facilities that is not otherwise permitted to be discharged at the source into our sewerage infrastructure, in accordance with regulation 15 of the *Water and Sewerage Industry (General) Regulations 2019.*

Our *Trade Waste Customer Category Guideline* provides further detail on the categorisation of customers.

Fees and charges

The fees, charges and associated indexation related to commercial (Category 0, 1 & 2) trade waste are determined by the Tasmanian Economic Regulator. The following fees and charges apply for these categories, as set out in our approved Price and Service Plan:

- **Category 0 trade waste**

  We will levy application fees and sewerage charges. We will not levy trade waste charges on Category 0 Trade Waste customers.

- **Category 1 and 2 trade waste**

  We will levy application fees and trade waste charges and may (if applicable) levy a catchment management fee or non-compliance charge.

Fees and charges for industrial Trade Waste customers (Category 3 and 4) and tankered waste are unregulated services where the fees charged are determined by TasWater and specified within individual customer agreements.

- **Category 3 and 4 trade waste**

  These customers must enter into a contract with us under Section 61 of the Act.

  We will levy application fees, volumetric charges and mass load charges, and may, if applicable, levy non-compliance charges.

  We may negotiate tailored agreements (including fees and charges) with each customer that reflect the implementation of appropriate trade waste risk controls.

- **Tankered trade waste**

  We will levy charges composed of management, volumetric and mass load and may levy non-compliance charges.

We will publish the approved schedule of fees and charges for each category of trade waste customer on our website.

Definitions

Terms used in this policy that are defined in the Act have the same meaning as in the Act.

Act means the *Water and Sewerage Industry Act 2008*.

application fee means the cost imposed by us for assessment of an application and making a determination about accepting trade waste into our sewerage infrastructure.

consent has the same meaning as in the customer contract.

fixed sewerage charge has the same meaning as in the *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021*.

management charge is the management component calculated as an apportionment of the time spent on the administrative and technical tasks required to adequately manage each trade waste customer.

mass load charge is the charge applied to the quantity (in kilograms) of pollutant discharged by a customer into our sewerage infrastructure.

non-compliance charge is the charge levied when a customer fails to comply with the conditions of our consent. -

trade waste charge means a recurrent charge for accepting trade waste from a customer but does not include a fixed sewerage charge. The trade waste charge comprises:

- An annual management component that is calculated as an apportionment of the time spent on the administrative and technical tasks required to adequately manage each category of trade waste customers
- A usage component that is calculated based on the deemed average trade waste discharge volumes for trade waste customers in each category.

volumetric charge is the charge applied to the volume (in kilolitres) of trade waste discharged by a customer into our sewerage infrastructure.

Legislation

- *Environmental Management and Pollution Control Act 1994*
- *Water and Sewerage Industry Act 2008*
- *Environmental Management and Pollution (Waste Management) Regulations 2020*
- *Water and Sewerage Industry (General) Regulations 2019*
- *Water and Sewerage Industry (Pricing and Related Matters) Regulations 2021*

Responsibilities

The Chief Executive Officer of TasWater is responsible for implementing this policy.

Approved by the Board at its meeting on ..... of ..... 2022.

.....
Chairman

In addition to this Consent, if you are a Category 0, 1, 2A, 2B or 2C Trade Waste Customer, a standard TasWater Customer Contract (available at www.taswater.com.au) applies to your discharge of Trade Waste to our Sewerage Infrastructure.

1. Non-Acceptance of Trade Waste

You must not discharge any substances into our Sewerage Infrastructure that do not comply with the Regulations, the Act, any other law, this Consent or that are:

(a) flammable and/or explosive substances;

(b) radioactive substances (other than in accordance with the *Radiation Protection Act 2005*); infectious wastes such as medical, clinical, veterinary or other pathological wastes that may pose a threat to human health;

(c) genetically engineered organisms;

(d) persistent and/or toxic substances.

2. Pre-treatment

(a) Where required, you must have installed Pre-treatment Equipment to pre-treat and manage the Trade Waste from your property before it is discharged to our Sewerage Infrastructure.

(b) This Pre-treatment Equipment:

  (i) can be existing, where it is accepted by us; or

  (ii) can be new Pre-treatment Equipment as accepted by us, including requirements regarding the dates for installation and operation; and

  (iii) must be designed, installed and operated in accordance with any legislative requirements and manufacturer's specifications; and

  (iv) design and specification documentation must be provided to our satisfaction if we so request; and

  (v) must be modified, replaced or repaired as directed by us if it is apparent to us that it is inadequate, outdated, faulty or requires replacement.

3. Maintenance

(a) You must maintain all Pre-treatment Equipment, together with any other plant or infrastructure associated with the Trade Waste, in good and efficient working order.

(b) If we advise you of specific maintenance requirements for Pre-treatment Equipment, you must comply with those requirements.

(c) You must ensure that any Trade Waste residues removed from any part of the Property are collected and disposed of by a licenced tankered waste operator. If we request, you must provide the maintenance schedule held by the tankered waste operator via email to tradewaste@taswater.com.au .

(d) Records and evidence (such as invoices or receipts) of maintenance and cleaning of Pre-treatment Equipment must be maintained by you for a period of not less than three years.

4. Monitoring

(a) We may from time to time direct you to undertake monitoring of the Trade Waste you discharge and you must comply with any such direction.

(b) You must maintain and provide to us records of monitoring in accordance with our direction, and submit to tradewaste@taswater.com.au

5. Inspection

You must allow a water and sewerage officer access to your property generally and to inspect/ assess/undertake as appropriate:

(a) any Pre-treatment Equipment and any works associated with the creation, treatment, conveyance and discharge of Trade Waste;

(b) any records, samples or other information relating to the maintenance or monitoring of Trade Waste;

(c) further samples or carry out inspections as we think fit.

6. Directions of Corporation

You must comply with any written or verbal notice or direction from us in accordance with the rights and obligations under the Customer Contract.

In this Consent, any reference to a notice or direction to be given by us or any power, right or discretion expressed in our favour, will be effectively given or exercised by any TasWater officer, employee or agent and must be complied with by you.

7. Customer must Notify

You must give not less than 30 days' written notice to us of any of the following events:

(a) any change to the business conducted by you which may materially affect the Trade Waste discharge;

(b) any intended change to the method of Pre-treatment undertaken by you in relation to the Trade Waste;

(c) any proposed transfer, sale or closure of the business or any proposal to cease possession of any part of the business premises.

8. Significant Events

You must notify us as soon as practicable by telephone and then in writing within 48 hours of the occurrence of any of the following events: (a) any major breach of this Consent; and/or

(b) any event which has already or is likely to cause material or detrimental impact to human health, the environment generally, property, or our Sewerage Infrastructure; and

(c) that written notice must include details of the cause of the event, remedial actions that have or will be taken, together with actions proposed to ensure that the risk of the event occurring again is addressed, all to our satisfaction.

9. Powers and Obligations

(a) Where obligations are imposed on you under this Consent, you must ensure that any officer, employee, agent or any other party associated with you complies with such obligations and any failure to comply by such other party will constitute a breach of this Consent by you.

(b) This Consent does not operate to limit or fetter in any way any power, right or discretion we have arising under the Act, Regulations or any other law.

10. Definition/Terminology

All capitalised terms defined in the Consent have the same meaning as in the Customer Contract.

"**Customer Contract**" means a customer contract approved by the Regulator under Section 58 of the Act.

"**Pre-treatment Equipment**" means equipment specified by us to be installed at a customer's property or business for the purpose of reducing or removing substances prior to the trade waste being discharged to sewer.

Appendix 5 – Major capital expenditure items (projects)

Table A14.1: Top 25 capital projects for the PSP4 period ($'000)

Project Name	Asset Class	Driver	FY2022-23	FY2023-24	FY2024-25	FY2025-26	PSP4 period
North-West Water Supply Upgrade	Water Treatment	Compliance	509	311	5,270	70,140	**76,230**
Macquarie Point STP Relocation	Sewage Treatment	Compliance	3,000	12,000	36,000	9,000	**60,000**
Regional Towns Water Supply Program Stage 4	Water Treatment	Compliance	2,836	33,505	22,166	479	**58,986**
Bryn Estyn WTP major upgrade/replacement	Water Treatment	Compliance	53,554	1,038	405	1,918	**56,915**
Ridgeway dam upgrade	Dams/Catchments	Compliance	1,246	1,759	24,217	24,368	**51,590**
Tamar Estuary River Health Action Plan	Sewage Treatment	Improvement	4,710	17,271	9,421	-	**31,402**
Launceston Sewer Improvement Plan	Sewage Treatment	Compliance	1,231	1,548	3,289	24,338	**30,406**
Bridport Water Surety	Water Networks	Growth	633	5,185	19,763	1,900	**27,481**
Wynyard STP Upgrades	Sewage Treatment	Compliance	294	174	2,152	15,732	**18,352**
Pet Dam - Safety Upgrade	Dams/Catchments	Compliance	1,113	9,311	5,958	-	**16,382**
Davis St, Smithton SPS Upgrade	Sewer Networks	Growth	7,781	7,027	-	-	**14,808**
UV Program Stage 2A	Water Treatment	Compliance	9,498	2,527	-	-	**12,025**
UV Program Stage 2B	Water Treatment	Compliance	11,101	-	-	-	**11,101**
Ulverstone STP Upgrade	Sewage Treatment	Compliance	5,023	5,872	-	-	**10,895**
Stubbs Point SPS Upgrade	Sewer Networks	Growth	120	5,234	4,128	-	**9,482**
Scottsdale STP optimisation	Sewage Treatment	Improvement	287	6,137	2,810	-	**9,234**
Mt Leslie WTP Sludge Handling	Water Treatment	Growth	206	8,954	-	-	**9,160**
Geeveston STP Outfall	Sewage Treatment	Compliance	6,130	2,876	-	-	**9,006**
Flagstaff Gully Dam Risk Reduction Works	Dams/Catchments	Improvement	-	1,850	6,983	-	**8,833**
Tasman Highway, Orford - Trunk Main	Water Networks	Growth	5,292	2,482	-	-	**7,774**
Chimney Saddle Raw Water Storage	Dams/Catchments	Growth	352	2,382	4,743	-	**7,477**
Cameron Bay STP Odour Improvement Works	Sewage Treatment	Compliance	3,402	4,015	-	-	**7,417**
Distillery Creek - Raw Water Storage	Dams/Catchments	Growth	273	352	855	5,284	**6,764**
Cygnet STP Outfall	Sewage Treatment	Compliance	4,849	1,785	-	-	**6,634**
Lower Reservoir Dam Upgrade	Dams/Catchments	Compliance	944	5,365	-	-	**6,309**

Appendix 6 – Major capital expenditure items (programs)

Table A14.2: Forecast PSP4 capex – programs ($'000s)

Program	Category	FY2022-23	FY2023-24	FY2024-25	FY2025-26	PSP4 total
Water Treatment						
WTP Renewal Program	Asset Management	1,558	1,564	1,894	1,976	**6,992**
Fluoride Stations Upgrade program	Compliance	2,400	555	655	652	**4,262**
Total Water Treatment		**3,958**	**2,119**	**2,549**	**2,628**	**11,254**
Sewage Treatment						
Ambient Monitoring	Investigations	362	342	403	402	**1,509**
STP AS4024 Machine Safety Audit and Upgrade	Asset Management	196	185	218	217	**816**
STP Renewal Program (STP Renewals)	Asset Management	1,884	1,880	2,143	2,237	**8,144**
Total Sewage Treatment		**2,442**	**2,407**	**2,764**	**2,856**	**10,469**
Dams						
Dams - Minor CAPEX	Dams - Minor CAPEX	467	497	970	1,025	**2,959**
Dams - Compliance Reporting	Dams - Compliance Reporting	1,086	1,026	1,209	2,205	**4,526**
Total Dams/Catchments		**1,553**	**1,523**	**2,179**	**2,230**	**7,485**
Sewer Networks						
CCTV Inspection Program	Condition Assessment	637	602	710	708	**2,657**
Combined System Program	N/A	327	326	431	456	**1,540**
Inflow and Infiltration Rectification Program	Capacity	543	513	605	603	**2,**264
Sewers Main Renewals	Asset Management	2,166	2,163	2,036	2,123	**8,488**
SPS Renewals Program	Asset Management	1,583	1,674	1,855	2,009	**7,121**

Program		Category	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Total Sewer Networks		**5,256**	**5,278**	**5,637**	**5,899**	**22,070**
Water Networks						
WPS Renewal Program	Asset management	245	231	227	227	**930**
Fireplug condition assessment	Condition Assessment	362	342	404	402	**1,**510
Metering Program	Asset Management	6,534	6,394	6,822	6,812	**26,562**
Reservoir Renewal/Upgrade Program	Asset Management	1,060	1,057	1,097	1,169	**4,383**
Key asset automation program	Asset Management	882	833	818	815	**3,348**
Non-Revenue Water Reduction Program	Asset Management	588	555	545	544	**2,232**
Water Main Renewals	Asset Management	2,346	2,570	2,667	3,969	**11,552**
Total Water Networks		**12,017**	**11,982**	**12,580**	**13,938**	**50,517**
Business Systems and Other						
Electrical Program	Asset Management	915	913	2,299	2,430	**6,557**
IT Business initiatives	Business Systems / Corporate / Safety	1,939	1,650	1,621	1,615	**6,825**
Minor Projects Program	Business Systems / Corporate / Safety	1,552	1,458	1.947	1,940	**6,897**
Non-network IT	Electrical program	3,102	2,931	3,273	3,173	**12,479**
Non-network Other - Fleet	Business Systems / Corporate / Safety	3,539	3,494	3,038	3,300	**13,371**
Intelligent Vehicle Safety Systems	Business Systems / Corporate / Safety	637	602	-	-	**1,239**
Non-network Other - Plant and facilities	Business Systems / Corporate / Safety	700	728	709	707	**2,844**
SCADA Program	Asset Management	2,743	5,553	7,000	7,702	**22,998**

Program		Category	FY2022-23	FY2023-24	FY2024-25	FY2025-26
End of Life Renewal Program	Asset management	9,775	8,718	8,591	8.108	**35,192**
Total for Business Systems / Other		**24,**902	**26,047**	**28,478**	**28,975**	**108,402**
Total Program Capex for All Activity Streams		**48,815**	**48,023**	**52,520**	**54,777**	**204,135**

TasWater

Price and Service Plan 4

1 July 2022 - 30 June 2026