



Our Ref: TW:W255

Your Ref:

Enquiries: Gary Hallsworth
☎ (08) 9780 9505

27 June 2013

Economic Regulation Authority
PO Box 8469
PERTH BUSINESS CENTRE WA 6849

ATTENTION: RASMUS MOERCH, ASSISTANT DIRECTOR (LICENSING)

Dear Mr Moerch,

RE: APPLICATION TO AMEND WATER SERVICES OPERATING LICENCE 1

Aqwest requests an extension to its potable water operating area to match the boundaries of the Greater Bunbury Region Scheme.

The attached application form provides the details required by the Authority in accordance with the Electricity, Gas and Water: Application Guideline and Forms September 2011. This letter contains the “reason for details of the amendment”.

The current operating license boundary presents problems for Aqwest in a number of areas related to land development and forward planning.

Western Australian Planning Commission (WAPC)

During ongoing discussions with the WAPC regarding the Greater Bunbury Region Scheme (GBRS) Aqwest is often requested to state its capacity to provide water services, not only within its existing operating licence boundary but into areas of potential development within the GBRS boundary (see plan attached at Appendix 1).

On each occasion Aqwest can only respond by stating that while it is strategically desirable to provide services outside its operating license area it must first acquire an amendment to its operating license boundary from the Economic Regulation Authority.

This creates uncertainty for the WAPC when it considers servicing options for regional development.

Land Developers

Aqwest are frequently contacted by land developers seeking to understand its capacity to provide water services to potential developments. Again Aqwest can only respond by stating that while it is strategically desirable to provide services outside its operating license area it must first acquire an amendment to its operating license boundary from the Economic Regulation Authority.

This creates uncertainty for the Developers when considering servicing options and prevents them from gaining a competitive bid from more than one water supplier, especially in terms of Headworks Contributions and installation costs.

Aqwest currently has several requests to provide water outside its operating license area ranging from the provision of water to a proposed fast food outlet and service station to the development of a major urban residential precinct. Each of these is located within the GBRS boundary.

It is important to note that public comment is requested at various relevant stages throughout the Land Use Rezoning and the Land Development processes. As such, the granting of this request will not reduce the ability of the public or interested parties to raise important issues relating to developments.

References

- In June 2004 the Water Corporation requested the amendment of the Metropolitan Water Supply and Waste Water Services Operating Areas to make the boundary consistent with the WAPC's boundary for the Metropolitan Region Scheme. This request was approved.
- In June 2010 Aqwest responded to a request for public comment from the ERA regarding the amendment of the Water Corporations Operating Licence boundary to match the Water Services Controlled Area. In its response Aqwest noted "*the rationale supporting the Water Corporations application applies just as equally to other water utilities in Western Australia, including Aqwest Bunbury Water Board.*"

In support of this application Aqwest requests the ERA to consider the following responses to the requirements outlined in relevant legislation;

Water Services Licensing Act 1995 – Section 31

Section 31(1a)

The ERA is not to make a determination under subsection (1) unless the ERA is satisfied that it would not be contrary to the public interest to do so.

Public Interest is defined in section 19(1b)

The Governor, in determining whether the making of the order would not be contrary to the public interest, may take into account one or more of the following matters —

(a) environmental considerations;

Aqwest has a proven history of environmental management and commitment none the least of which is its initiative to move its coastal bore fields away from the sensitive sea/fresh water interface of its source aquifer.

Aqwest has in place an Environmental Policy requiring that it;

- Comply with all relevant statutory requirements.
- Apply best practice contemporary risk management principles.
- Identify environmental impacts as part of the risk management process.

(b) social welfare and equity considerations, including community service obligations;

Aqwest has in place a financial hardship policy that requires it to:

- Identify and actively engage customers who are in financial hardship
- Offer flexible payment arrangements to meet customer's needs
- Maintain a Financial Hardship policy that ensures continuing HUGS access for Aqwest customers

It also has a policy to manage water consumption charges – senior, and pensioner and Commonwealth Senior Health Care card holder (CSHC) tenants.

(c) economic and regional development, including employment and investment growth;

The extended Operating Area will fit WAPCs greater Bunbury Region Scheme Plan by making available water services to a wider area. This will provide developers and investors with an opportunity to utilise these services to achieve economic growth.

Relevant aims of the scheme include:

- (a) promote the sustainable development of land taking into account relevant environmental, social and economic factors;
- (b) provide for regional transportation, community services and infrastructure in a way that is efficient, equitable and timely;

(d) the interests of water services customers generally or of a class of water services customers;

The proposed Operating Area realignment will, over time, result in an increase in the number of water users with a guaranteed quality water supply.

- (e) **the interests of any licensee, or applicant for a licence, in respect of the controlled area or part of a controlled area to which the order, if made, would apply;**

This extension would provide logical alignment with the Greater Bunbury Region Scheme.

- (f) **the importance of competition in water services industry markets;**

As Operating Areas are non exclusive the granting of this extension will not prevent or lessen competition.

- (g) **public health considerations in relation to the provision of a safe drinking water supply;**

In conjunction with the DoH, Aqwest has developed and implemented rigorous drinking water quality processes and procedures that will apply to this extension of the operating area. These processes and policies are described in the Aqwest / Department of Health - Memorandum of Understanding for Drinking Water

- (h) **the policy objectives of government in relation to water services;**

Broad high level State Government strategic goals are supported at Aqwest level by a more specific desired outcome. Aqwest supplies drinking water in order to achieve the desired outcome, which ultimately contributes to meeting the higher level State Government strategic goal. The information below demonstrates the relationship between Aqwest's desired outcome and the most appropriate Government Goal, Government Goal 3.

Government Goal 3: Outcome Based Service Delivery

Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

Economic Regulation ERA Act 2003 – Section 26

Section 26 (1)

In performing its functions the ERA must have regard to –

- (a) **the need to promote regulatory outcomes that are in the public interest;**

As above, *Water Services Licensing Act 1995* section 19(1b).

(b) the long-term interests of consumers in relation to the price, quality and reliability of goods and services provided in relevant markets;

Aqwest has a proven history for over 100 years of providing water services to the Bunbury community.

Aqwest would apply the same method and principles for determining prices and charges to the proposed extension as it currently uses. Under the relevant by-law the ERA must recommend all pricing and charges to the Government.

The same methods and principles used to provide services within Aqwest's existing Operating Areas will apply to the proposed extension, as will the methods and processes used in the construction, operation and maintenance of its assets.

Aqwest has an existing Customer Service Charter that would apply to the proposed extension of the operating area.

(c) the need to encourage investment in relevant markets;

Aqwest's ability to provide water services to the extended Operating Area will introduce opportunities for growth and future investment and we don't believe it will have the effect of limiting competition.

(d) the legitimate business interests of investors and service providers in relevant markets;

Currently, considerations to extend the Operating Area are made mainly as a result of the developer / investor approaching Aqwest to become the provider of choice.

(e) the need to promote competitive and fair market conduct;

As Operating Areas are non exclusive, this extension presents no impediment to competition and fair market conduct.

(f) the need to prevent abuse of monopoly or market power;

As above.

(g) the need to promote transparent decision-making processes that involve public consultation.

The ERA engages in public consultation for all matters concerning Operating Licences and Operating Areas. The public has ample opportunity to comment on all issues.


Aqwest is firmly of the view that matching the Operating Area for services with the Greater Bunbury Region Scheme, will generate greater efficiencies in the delivery and management of water services without limiting the opportunity for competition, fair market conduct and the opportunity for the public to make comment on developments.

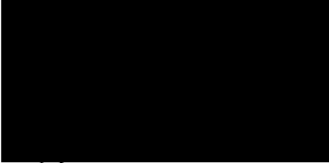
It should also be noted that Aqwest has a strategic vision to enter into other areas of water service provision after the implementation the Water Services Act 2012.

These would include Waste Water and Recycled Water and application for licences to provide these services within the same proposed licence boundary will follow at an appropriate time in the future.

I trust this information is sufficient for the purpose of making application for a license amendment however if there are any questions please call Gary Hallsworth 9780 9512 or Aqwest Chief Executive Officer, Mr Brad Bevis on 97 809505.

Thank you for your consideration.

Yours faithfully 



Gary Hallsworth
MANAGER WATER SERVICES

Enc. (x2)

Applicant Details	
Name	Aqwest – Bunbury Water Board
Registered Office (if a Corporation)	-
Principal Place of Business (if different from Registered Office)	5 MacKinnon Way BUNBURY WA 6230

Contact Details	
Primary Contact Name	Gary Hallsworth
Mail Address	PO Box 400 BUNBURY WA 6231
Email	Gary.hallsworth@aqwest.wa.gov.au
Telephone	(08) 9780 9512
Mobile	0417 559 553
Fax	(08) 9780 9509

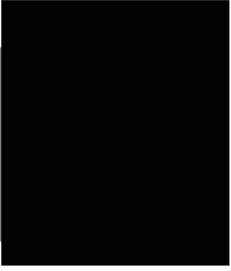
Company Structure	
ABN or ACN	18 568 918 143
Legal Nature of applicant	
Place of Incorporation	

Amendment Details	
Licence No	
Reason for and Details of the Amendment	As per attached letter Note: Aqwest does not believe that this submission contains exempt matter under clause 4 of schedule 1 of the FOI act.

Certification – Acknowledgement of Commitment

I declare that the information provided in this application is correct to the best of my knowledge and I am aware of the requirements under the Act for the licence being applied for and that I have the authority to make this application on behalf of the above entity.

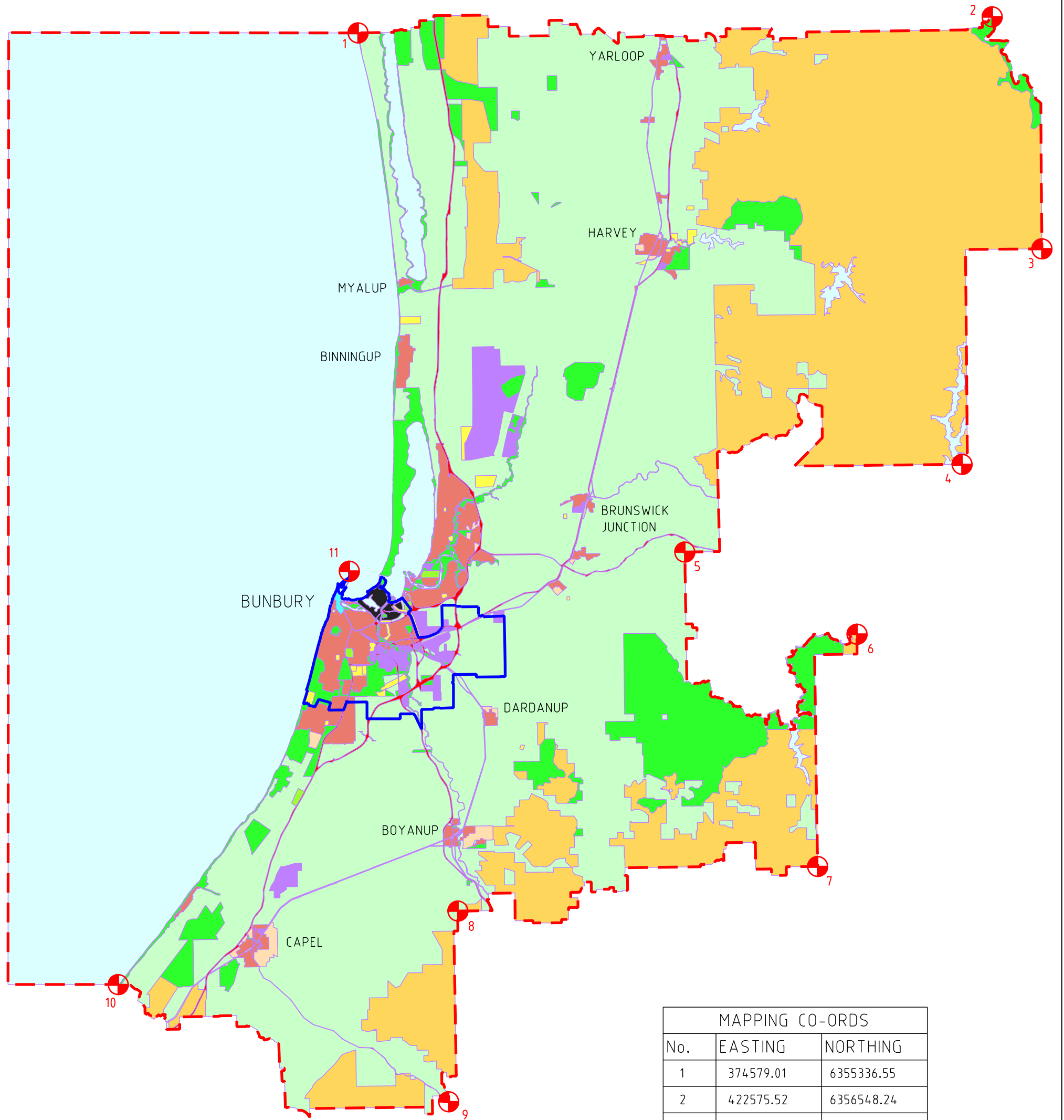
Signed by or on behalf of the applicant.

Name: Gary Hallsworth..... 

Position: Manager Water Services.....

Signed: 

Date: 28 June 2013.....



LEGEND:

- EXISTING AQWEST LICENCE BOUNDARY
- - - PROPOSED LICENCE BOUNDARY

MAPPING CO-ORDS		
No.	EASTING	NORTHING
1	374579.01	6355336.55
2	422575.52	6356548.24
3	426339.90	6338990.80
4	420296.45	6322681.63
5	399308.11	6316041.13
6	412344.95	6309822.93
7	409364.32	6292245.99
8	382137.29	6288870.02
9	381437.83	6274438.64
10	356425.73	6283305.58
11	373916.67	6314592.28



NO.	DATE	BY	PM	APP	DESCRIPTION
A	05/07/2013	JL	GH	GH	PROPOSED OPERATING LICENCE - GENERAL ARRANGEMENT

AQWEST PROPOSED LICENCE BOUNDARY GENERAL ARRANGEMENT					
DRAWING NO. AQWEST PROPOSED LICENCE BOUNDARY.dgn			DRAWN BY. J.LAMB		
PROJ MANAGER	APPROVED BY	DATE	REV	SCALE	A3
GH	GH	05/07/2013	A	1:30000	