

Decision on application to amend water services licence WL51

Aqua Ferre (Muchea) Pty Ltd (trading as Muchea Water)

27 October 2020

Economic Regulation Authority

WESTERN AUSTRALIA

D220251

Economic Regulation Authority

Level 4, Albert Facey House

469 Wellington Street, Perth WA 6000

Telephone 08 6557 7900

Email info@erawa.com.au

Website www.erawa.com.au

This document can also be made available in alternative formats on request.

National Relay Service TTY: 13 36 77

© 2020 Economic Regulation Authority. All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged

1. Decision

1. Pursuant to section 18 of the *Water Services Act 2012*, the Economic Regulation Authority has approved an amendment to Aqua Ferre (Mucnea) Pty Ltd's (trading as Mucnea Water) water services licence WL51 to expand the operating area. The amended operating area is set out in plan OWR-OA-317(A).
2. As required by section 47(2) of the *Water Act* and regulation 10 of the *Water Services Regulations 2013*, the ERA will publish a notice of the amendment of WL51 in the Government Gazette as soon as practicable.

2. Reasons

2.1 Licence amendment

3. Under section 18 of the Water Act, the ERA may amend a licence if it is satisfied that it would not be contrary to the public interest to do so.
4. On 23 July 2020, Muchea Water [applied](#) for an amendment to WL51 to extend its operating area to the area set out in plan OWR-OA-317(A).
5. The operating area has been expanded to include:
 - six additional lots on the Western side of Reserve Road
 - two additional lots on the Eastern side of Great Northern Highway.

2.2 Public consultation

6. On 16 September 2020, the ERA sought [public comment](#) on the application to amend WL51.
7. The ERA did not receive any submissions.

2.3 Assessment of public interest

Water Services Act 2012

8. Section 18(2) of the Water Act states that the ERA may amend a licence if it is satisfied that it would not be contrary to the public interest to do so. In determining whether the amendment would not be contrary to the public interest, section 46 provides that, without limiting the things that the ERA may take into account, the following matters must be taken into account to the extent to which the ERA considers them relevant:
 - a) Environmental considerations, including the value of economically sustainable development.
 - b) Public health considerations relating to the provision of reliable water services.

Economic Regulation Authority Act 2003

9. The ERA must also have regard to the matters set out in section 26(2) of the *Economic Regulation Authority Act 2003* (ERA Act):¹
 - a) The need to promote regulatory outcomes that are in the public interest.
 - b) The long-term interests of consumers in relation to the price, quality and reliability of goods and services provided in relevant markets.

¹ The ERA has discretion as to the weight it gives to each of the matters listed in section 26 of the ERA Act in making its decision on Muchea Water's licence amendment application.

- c) The need to encourage investment in relevant markets.
- d) The legitimate business interests of investors and service providers in relevant markets.
- e) The need to promote competitive and fair market conduct.
- f) The need to prevent abuse of monopoly or market power.
- g) The need to promote transparent decision-making processes that involve public consultation.

ERA assessment of public interest

- 10. The ERA has considered the matters set out in section 46 of the Water Act, section 26 of the ERA Act and the outcome of the public consultation.
- 11. As the amendment allows supply of potable water to customers, the ERA is satisfied that the amendment of the licence will best serve the long-term interests of consumers consistent with section 26(b) of the ERA Act.
- 12. All water services licences are non-exclusive and the proposed operating area supplied by Muchea Water is relatively small, which means that another water service provider could enter the market if conditions permitted. The ERA is therefore satisfied that the amendment of the licence will be consistent with sections 26(e) and (f) of the ERA Act.
- 13. The ERA conducted public consultation on the licence amendment application and has stated in this decision the reasons for amending the licence, which is consistent with section 26(g) of the ERA Act.
- 14. In all circumstances, after taking into account the matters in section 46 of the Water Act and section 26 of the ERA Act, the ERA is satisfied that amending WL51 would not be contrary to public interest.